



Economic Development Partnership

Meeting Notes

11th February, 2009: 3-5pm

Hackney Community College
Falkirk Street
London, N1 6HQ

Attendance

Role	Name	Organisation	Present	Apology
Co- Chair	Cllr Guy Nicholson	LBH Cabinet Member		x
Co- Chair	Ian Ashman	Hackney Community College	x	
Member	Tania Fletcher	London Development Agency		x
Member	Fiona Fletcher-Smith	LBH, Corporate Director for Neighbourhoods & Regeneration		x
Member	Sue Foster	LBH, Assistant Director Regeneration & Planning		x
Member	Sonia Khan	Hackney Community Empowerment Network	x	
Member	Hilary Potter	City Fringe Partnership		x
Member	Helen Redmond	LBH, Economic Policy Officer		x
Member	Yvonne Servante	Learning Trust		x
Member	Clive Tritton	LBH, Interim Head of Regeneration	x	
Member	Cecily Wint	Jobcentre Plus		x
Member	Louise Muller	ELBA, Programme manager	x	
Member	Derek Harvey	Job Centre Plus	x	
Member	Andrew Panniker	Homerton University Hospital		x
Member	Bisi Ojuri	Hackney Community Empowerment Network		x
Member	Janet Bywater	Learning and Skills Council	x	
Member	Ian Freshwater	LBH, Inward Investment Officer	x	
In attendance	Nadeem Malik	LBH, CSP Programme Manager	x	
In attendance	Martin Calleja	LBH, Head of Performance (Neighbourhoods and Regeneration)	X	
Support	Francis Kaikumba	LBH, Partnership Adviser	x	
Support	James Palmer	LBH, Head of Partnerships	x	
Support	Lin Cotterrell	LBH, Strategic Policy and Research	x	

Agenda Item	Items Discussed	Action
1.	<p>1.1 <u>Welcome and apologies</u></p> <p>Introductions made and apologies conveyed.</p> <p>1.2 <u>Notes from previous meeting</u></p> <p>Accepted as an accurate reflection.</p> <p>1.3 <u>Matters arising</u></p> <ul style="list-style-type: none"> - <i>Invest in Hackney</i>: Lindsay Tripp will be invited to next EDP board to update the on the progress of this report. - <i>Skills for Work Skills for Hackney</i>: The board recommended that this should be taken to the Worklessness Policy and Performance Group who will discuss aligning this report with existing policy frameworks¹. - <i>Hackney Skills and Employment Strategy</i>: The Skills Strategy Working Group has met and began discussing mainstreaming this work. This entails identifying relevant policy leads and finalising the implementation plan. - <i>Worklessness Policy and Performance Group (WPPG)</i>: The board was given an update of what took place at the last WPPG meeting. Noting that the evaluation of both the City Strategy Pathfinder and Team Hackney worklessness interventions were discussed in length. The WPPG will develop a template for collecting and amalgamating worklessness data and this will be shared with the board. 	<p>FK</p> <p>HR</p>
2.	<p>Sustainable Communities Strategy (SCS)</p> <p>The board noted an action plan is currently being developed, focusing on aligning council's and partnership activities to SCS's outcomes.</p> <p>The development and roll out of this action plan will involve the following:</p> <ol style="list-style-type: none"> 1. Mapping and aligning with LBH's policy commitments. 2. Discussing it with key partner agencies – mapping, reviewing, and aligning with their business plans. 3. Identifying gaps and opportunities for further work. 4. Producing an action plan (by April 2009). <p>A discussion ensued and the following question was raised:</p> <ul style="list-style-type: none"> - <i>What is the relationship between the LAA priorities and the SCS?</i> <p>The LAA was developed with the SCS in mind. There has also been an exercise to link priorities – however this may need updating to take into account developments such as the Economic Downturn.</p>	<p>RS</p>

¹ *Update*: The Skills for Work Skills for Hackney findings have been incorporated into the Hackney Skills Strategy – so no further action is needed.

	<i>Randal Smith, Head of Policy and Research, will be approaching key stakeholders for their input into the action planning for the SCS.</i>	RS
3.	<p>City Strategy Pathfinder</p> <p>The board was given a brief summary of various evaluations and reviews taking place that evaluate or concern the CSP programme. Namely, evaluation by Rocket Science, the Scrutiny Commission's review on Worklessness, and the Houghton Report.</p> <p>The board was then given a overview of key programme outcomes achieved:</p> <ul style="list-style-type: none"> - Engaged over 400 beneficiaries. - Over 100 job opportunities created. - The programme looks set to meet end of year target of engaging with 700 beneficiaries. <p>Board then noted that this programme would like to:</p> <ul style="list-style-type: none"> - Do more focused activity around anti-child poverty - Continue to work closely with JCP providers and with clients claiming IB. <p>A discussion then ensued and the following questions were raised:</p> <ul style="list-style-type: none"> - <i>Has the economic downturn had an adverse affect on the CSP?</i> <p>The impact has generally been felt in industries such as construction and fashion retail, where the availability of vacancies has fallen dramatically. This has led to a slight shift in the CSP's focus to other larger retailers, who are proving to fare better in the current climate.</p> <p>ELBA is starting to see the effects of job losses within their member companies.</p> <p>The following points were made in summary:</p> <ul style="list-style-type: none"> • The programme is coming to the end of its first year and there is a plan to appoint an independent evaluator to validate it's the programmes performance. • The CSP programme does not try to replicate the JCP but complement it and offers a programme of activities not one off projects. • The first phase of the CSP evaluation will be completed and circulated to EDP board in advance of the next meeting. • It was also agreed that the Scrutiny Review on Worklessness should be added to May's Agenda and it was suggested to invite someone from this review to present. 	<p>NM</p> <p>FK</p>
4.	<p>Team Hackney Worklessness Interventions and Evaluation</p> <p>The board was given a brief update on the developments around current Team Hackney interventions. The following key points were raised:</p> <ul style="list-style-type: none"> - Current data shows that the Young Black Men intervention is on track and delivering. - The Hospitality intervention (HOST) is currently showing amber on the 	

	<ul style="list-style-type: none"> - The Ignition and Gym Train interventions are now closed but additional information is being sought. - The board then noted that there are issues and mitigating factors affecting all EDP commissioned interventions. - It was added that future commissioning should be conducted in line with recommendations coming out of the evaluation. We are still waiting for longitudinal analysis information, but an interim revised report has been received. They have been circulated to the intervention leads who will sign them off for accuracy. <p>The board noted the following findings from the evaluation report –(with the caveat that they have not yet been agreed by intervention leads):</p> <ul style="list-style-type: none"> - All interventions have displayed issues around engagement and drop out. Therefore, innovative and engaging recruitment methods will greatly assist this. - They have also had problems with finding suitable vacancies and work experience opportunities. - The consortium based interventions have had various problems. - They have all had problems with marketing and recruitment. 	
5.	<p>Strategic Commissioning</p> <p>The board were reminded that they agreed to direct future Area Based Grant funding to the CSP in November's meeting. This will however pose a few challenges that the board will need to take into account, namely:</p> <ul style="list-style-type: none"> • How does economic downturn affect the approach adopted to get people into work? • What have we learnt from current EDP interventions? • How do we take this on board and shape future activity? • How can we build the recommendations from the Hackney Skills and Employment Strategy into the new commissioning specifications? • We need to identify if there is any additional work required, that the CSP does not cover – is there a budget for any additional work? <p><i>The board ratified the strategic commissioning approach suggested – noting that members will be closely involved in this process.</i></p>	

6.	<p>Multi Area Agreement (MAA)</p> <p>The board was given a brief overview and outline of MAA development and roll out. The MAA is a sub-regional multi-area agreement, which is likely to focus on tackling the following issues that are best addressed in partnership:</p> <ul style="list-style-type: none"> • Skills deficits • Housing market imbalances • Transport and infrastructure projects • Economic development <p>Hackney is leading on the Housing market imbalances element, this will involve:</p> <ul style="list-style-type: none"> - Aligning to our CSP programme - Developing new ways to work with RSLs. - Testing new initiatives such as mortgage guarantee schemes. - Utilising spending on the public realm. - Clarifying and influencing governance arrangements and MAA targets. <p>The board noted that the merits outweigh the challenges and it will have an impact on flexible New Deal commissioning.</p>	
7.	<p>Hackney Apprenticeship Taskforce Changing Hackney (HATCH)</p> <p>The board was given an outline of this initiative that is aimed at drawing together key public sector agencies to increase and enhance the apprenticeship offer. This programme also aims to improve the diversity and quality of the apprenticeship training.</p> <p>The board noted the following actions and issues:</p> <ul style="list-style-type: none"> - Public Sector agencies have made a commitment of at least 2% job availability for apprentices. - The HATCH will lead on identifying what providers currently offer and joining this up with the needs and supply of potential apprentices. There is pump-primed funding available to assist this. - The HATCH aims to target marginalised groups and make the apprenticeship offer inclusive and based on good practice. - Issues such as the economic downturn and the availability of attracting SME organisations to this programme could hinder the progress of this initiative. <p>A discussion then ensued, questions were raised and the board noted the following points:</p> <ul style="list-style-type: none"> - The model adopted for this apprenticeship scheme is NVQ accredited and aimed at developing key skills. - Identifying training support, tackling bureaucracy, and funding are potential barriers/challenges that this programme will have to overcome. - For further information about the apprenticeship programme, The National Apprenticeship Service was suggested as a good information source. A FAQ or factsheet will also be produced that EDP members will be able to use to share information about the programme with others. 	JB

	The board was then asked to endorse this programme, to which they did.	
8.	<p>Regeneration Inspection</p> <p>The board noted that this inspection will take place in the first week of March and will focus primarily on two geographical areas; Shoreditch and Dalston.</p> <ul style="list-style-type: none"> - The inspection will have an emphasis on economic development and worklessness - The inspection involves conducting and submitting a self assessment, as well as a series of one to one interviews and focus groups in early March, and the inspectors will be wanting to talk to a range of people including some of the EDP members - This process is outside of the CAA but will feed into it. 	
9.	<p>AOB</p> <p>Joint Action Plan: Derek Harvey to produce a briefing on this to the next EDP Board.</p>	DH
<p><u>Next Meeting Dates</u></p> <ul style="list-style-type: none"> ▪ 12th May, 2009: 3-5pm: Hackney Community College 		

New Offers for Unemployed People

From 6 April we are offering newly unemployed people:

- additional support around modern recruitment methods, jobsearch techniques, CV completion, etc via one hour groups sessions
- an enhanced service incorporating the above and more via one day workshops delivered by a provider
- a variation of the one day workshop for professional and executive customers
- further one to one coaching by our advisers
- day one access to financial support through the Adviser Discretionary Fund and access to Work Trails and our Programme Centres for more sustained jobsearch support.

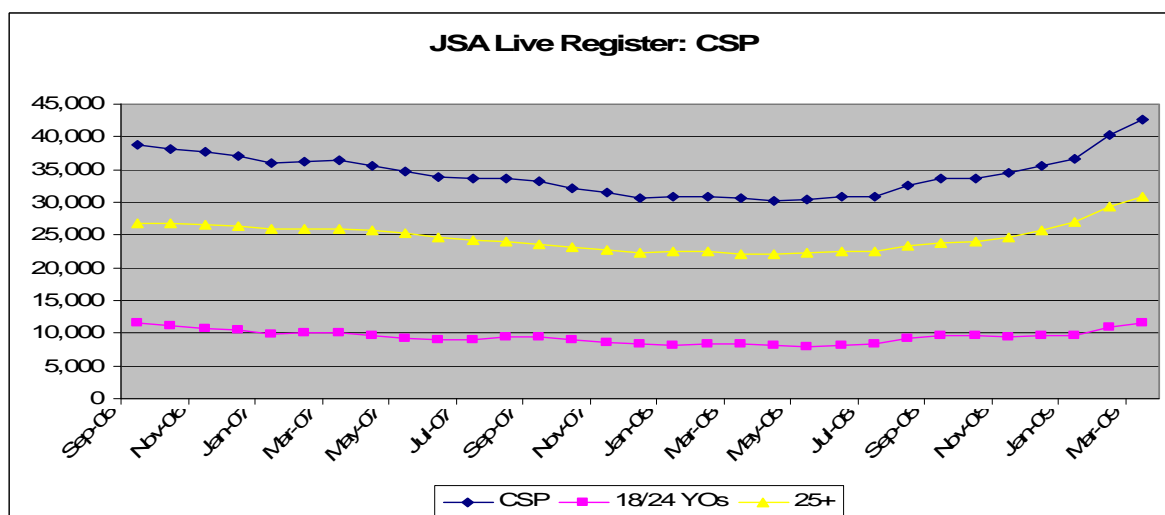
For those 6 months unemployed and over there is:

- a £1000 employment subsidy for employers recruiting people who have been unemployed over 6 months. This will be paid in two stages, £500 at the outset and £500 when they are still in employment after 26 weeks. This will be supplemented by up to £1500 worth of Train to Gain support to help train the person whilst in work.
- A self employment package accessed through Business Link which will also feature in-work payments of £50pw for 16 weeks to ease the financial burden of those early weeks off benefit.
- Work Focused training funded via the LSC comprising 2 weeks full time and 4/6 weeks part time training that is vocationally based but also leads to a qualification. This training can be continued once in work. There is also shortly to be the facility to undertake 8 weeks full time training and still retain benefit.
- A Volunteering option for people who wish to retain their employment skills and remain in contact with the world of work. Placements will be sourced by an external broker, customers will remain on benefit.

These measures are to equip the newly unemployed with information and techniques to navigate the modern labour market and to ensure the longer term unemployed are equipped to compete for jobs and remain attractive to employers, and are in addition to existing provision ie New Deals, etc.

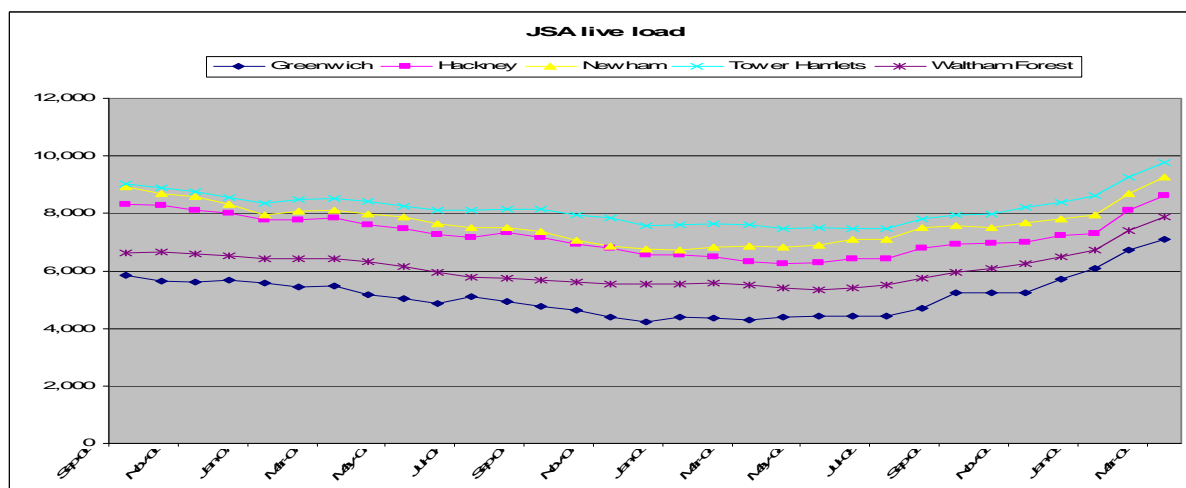
Labour Market Characteristics: Update April 09

JSA Live Register changes and trends



JSA LR changes as at Mar 09 and year on year comparisons:

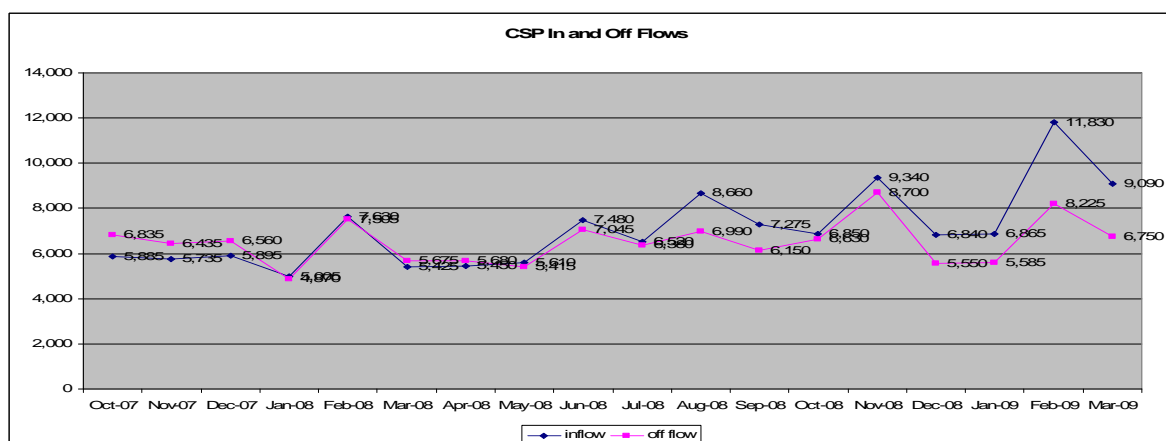
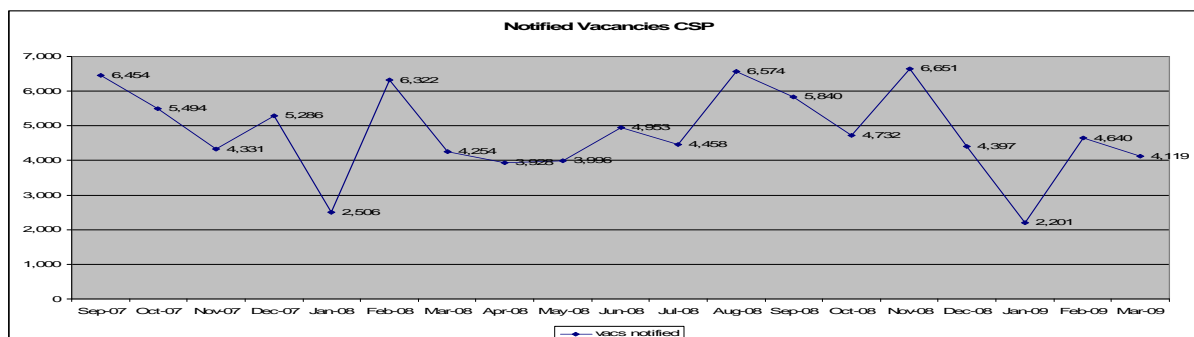
JSA	Greenwich	Hackney	Newham	Tower Hamlets	Waltham Forest	CSP
Sept 06	5,845	8,300	8,910	9,015	6,625	38,695
Sept 07	4767	7173	7383	8153	5688	33164
Sept 08	5228	6942	7598	7959	5950	33677
Feb 09	6720	8105	8685	9275	7405	40190
Mar 09	7111	8625	9262	9779	7884	42661
Feb/Mar% change	+391 (+5.8%)	+520 (+6.4%)	+577 (+6.6%)	+504 (+5.4%)	+478 (+6.5%)	+2471 (+6.1%)
Sept 08/Mar 09 change	+1883 (+36%)	+1683 (+24.2%)	+1664 (+21.9%)	+1820 (+22.9%)	+1934 (+32.5%)	+8984 (+26.7%)

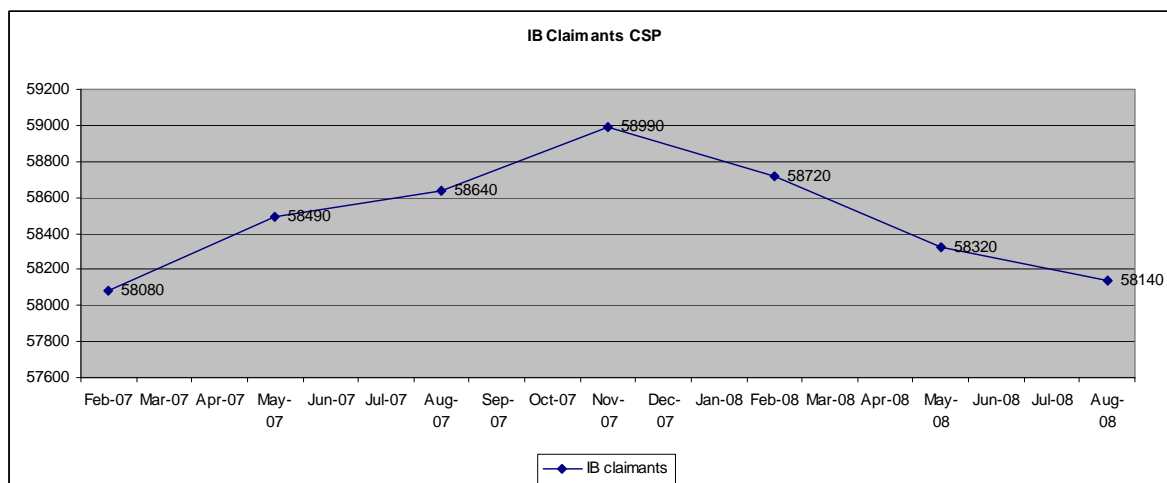


Changes to customer groups

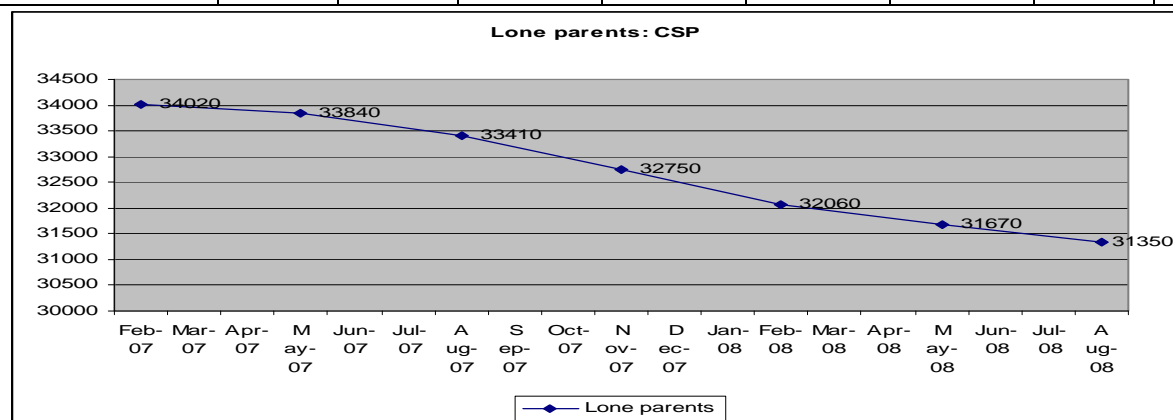
18-24	Greenwich	Hackney	Newham	Tower Hamlets	Waltham Forest	CSP
Sept 06	1,840	2,250	2,945	2,695	1,845	11, 575
Sept 07	1495	1825	2215	2400	1535	9470
Sept 08	1665	1715	2285	2399	1605	9669
Feb 09	2010	1860	2450	2620	1920	10860
Mar 09	2100	1970	2615	2825	2025	11535
Feb/Mar % change	+90 (+4.5%)	+110 (+5.9%)	+165 (+6.7%)	+205 (+7.8%)	+105 (+15.5%)	+675 (+6.2%)
Sept 08/Mar 09 % change	+435 (+26%)	+255 (+14.9%)	+330 (+14.4%)	+426 (+17.8%)	+420 (+26%)	+1866 (+19.3%)

25+	Greenwich	Hackney	Newham	Tower Hamlets	Waltham Forest	CSP
Sept 06	3,940	6,010	5,930	6,280	4,720	26, 880
Sept 07	3230	5295	5140	5720	4095	23480
Sept 08	3515	5185	5270	5535	4290	23795
Feb 09	4710	6235	6235	6655	5490	29325
Mar 09	4940	6605	6605	6905	5810	30865
Feb/Mar % change	+230 (+4.9%)	+370 (+5.9%)	+370 (+5.9%)	+250 (+3.8%)	+320 (+5.8%)	+1540 (+5.3%)
Sept 08/Mar 09 % change	+1425 (+40.5%)	+1420 (27.4%)	+1335 (+25.3%)	+1370 (+24.8%)	+1520 (+35.4%)	+7070 (+29.7%)

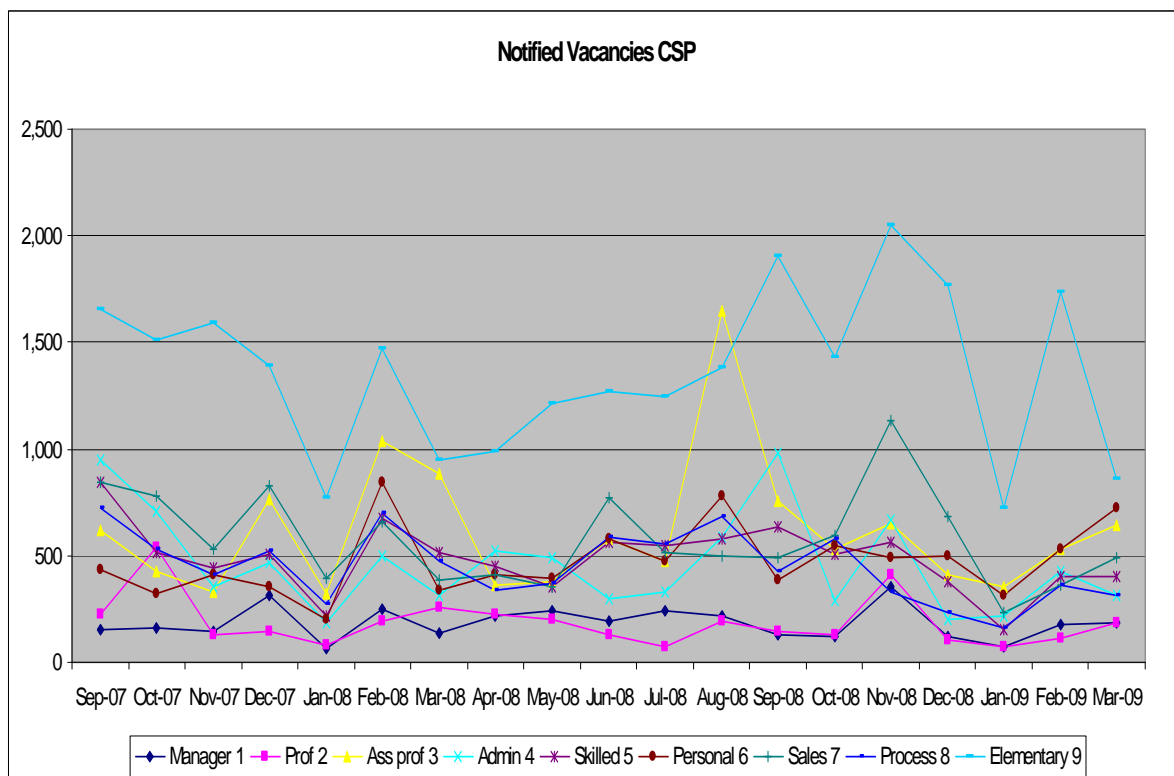
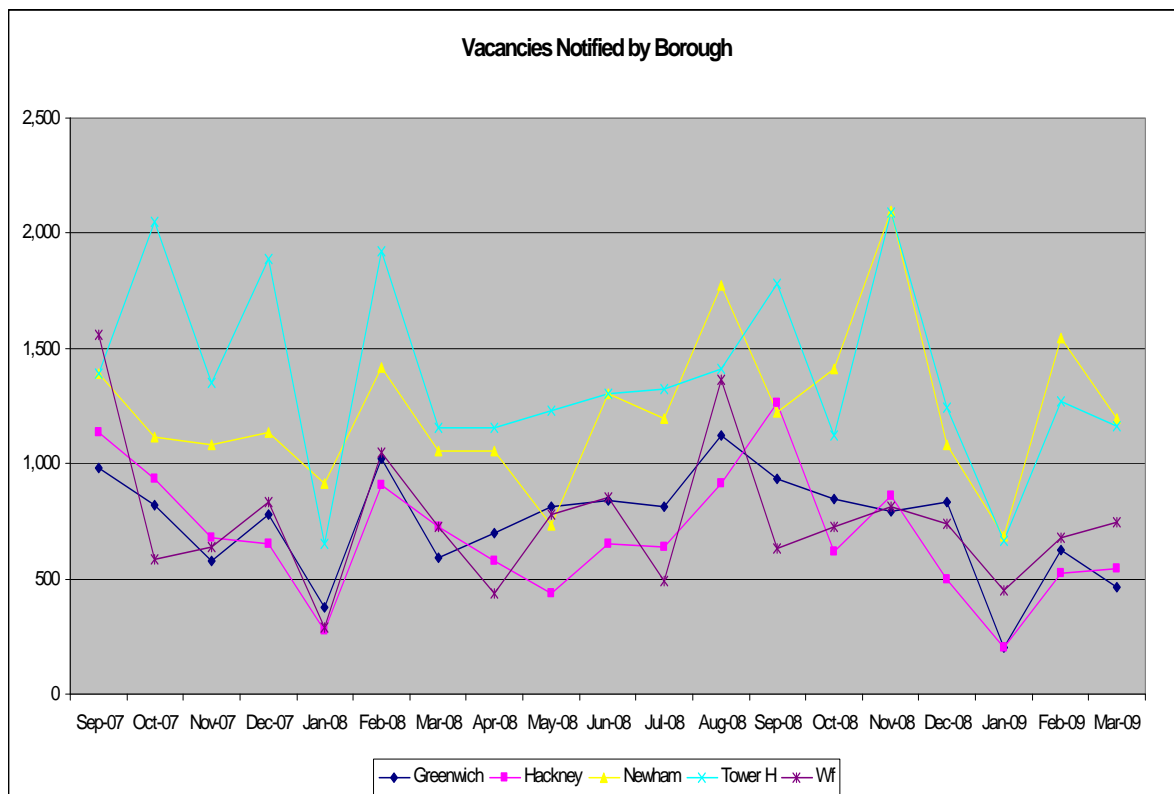




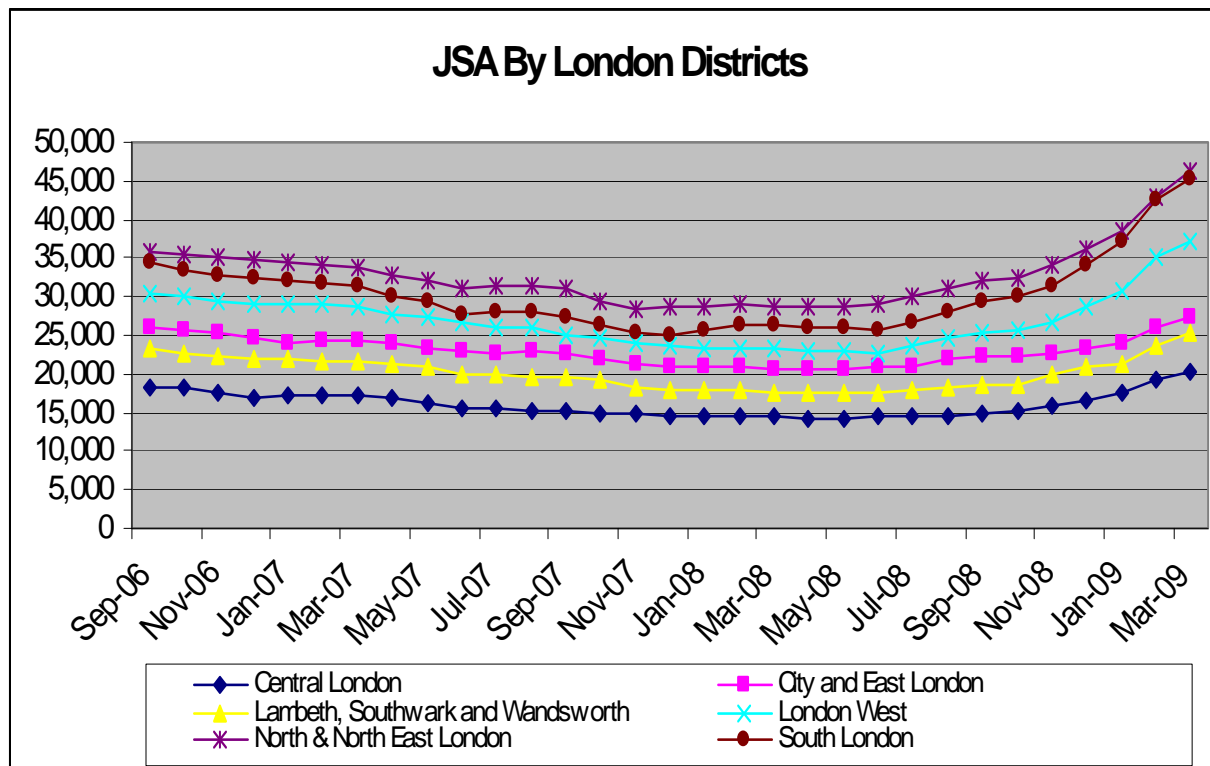
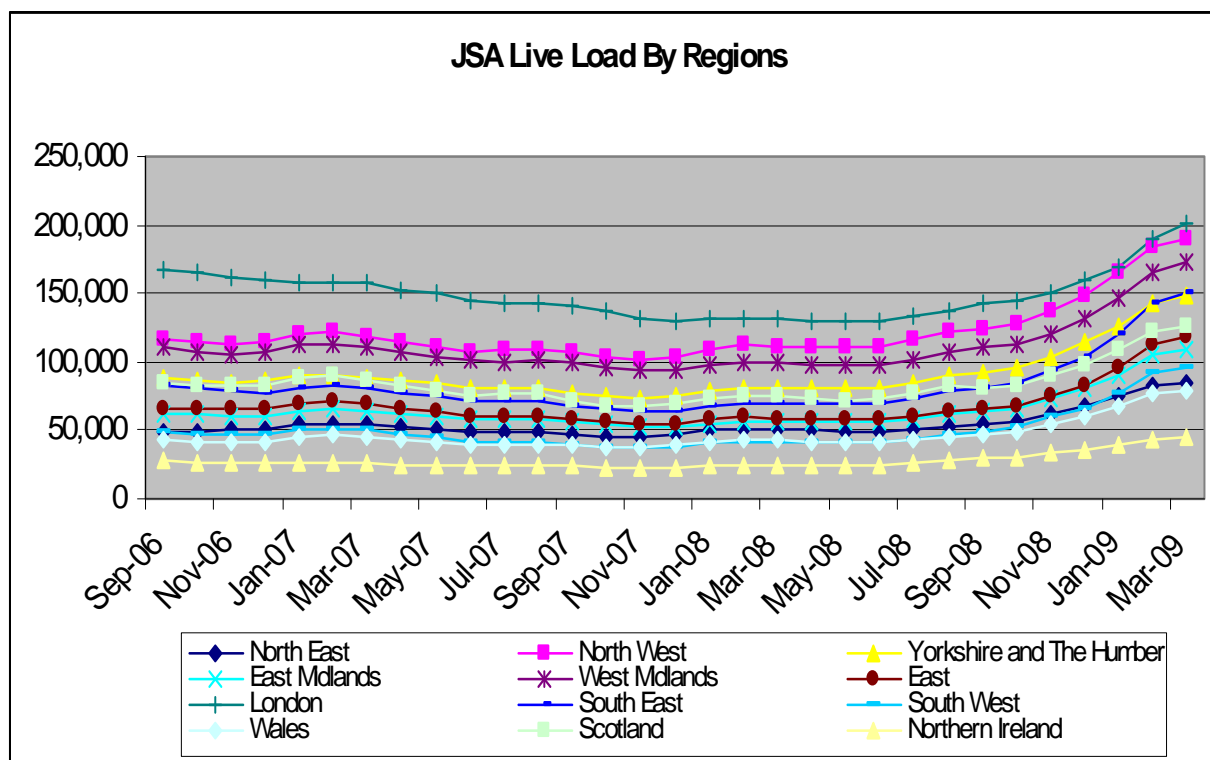
IB	Feb-07	May-07	Aug-07	Nov-07	Feb-08	May-08	Aug-08	% change
Greenwich	11270	11110	11160	11280	11280	11300	11220	-0.5%
Hackney	13150	13090	13060	13040	12970	12870	12890	-2%
Newham	13280	13090	13090	13100	13020	12840	12720	-4.2%
Tower Hamlets	11490	11380	11470	11660	11620	11490	11510	-
Waltham Forest	9890	9820	9860	9910	9830	9820	9800	-1%
Total	59080	58490	58640	58990	58720	58320	58140	-1.6%



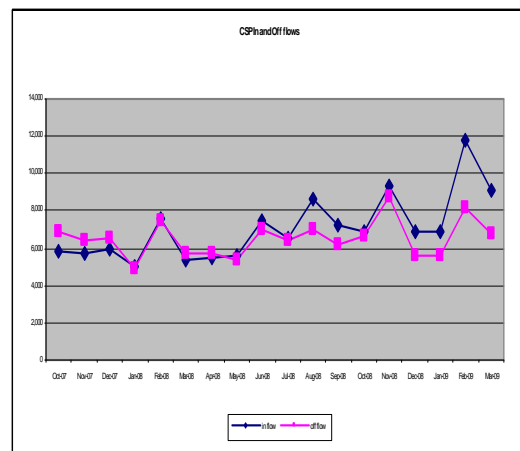
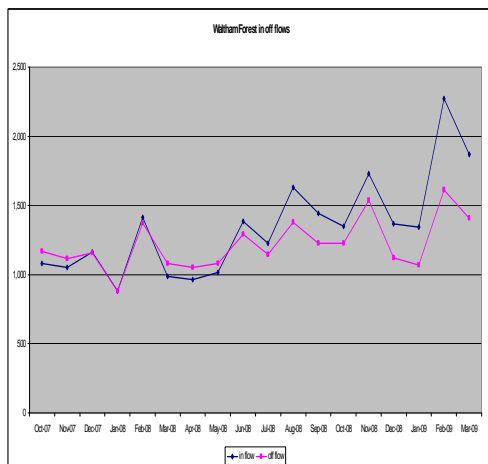
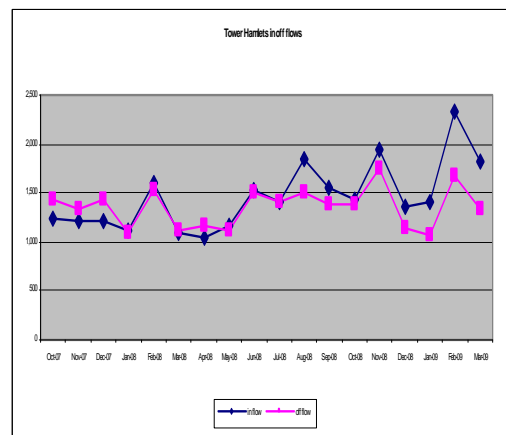
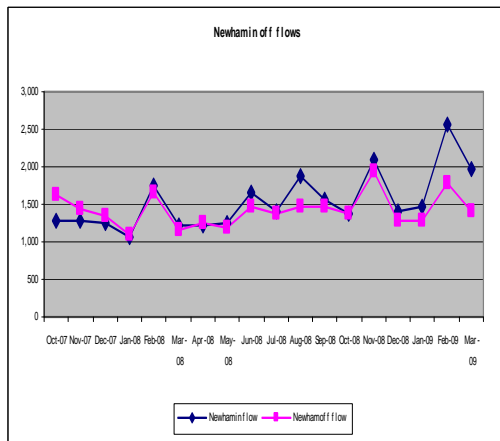
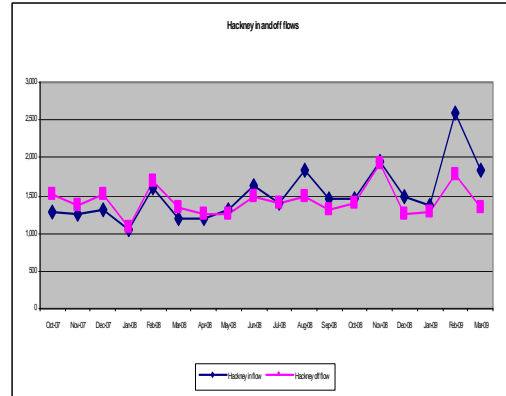
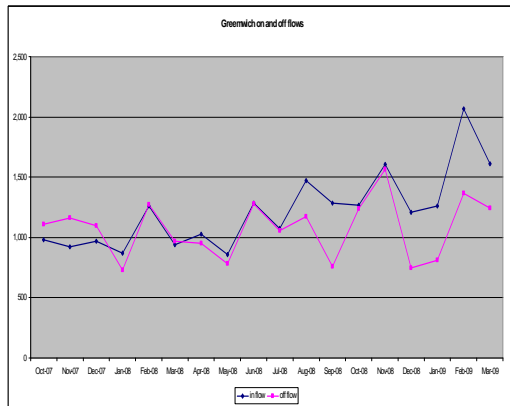
LP	Feb-07	May-07	Aug-07	Nov-07	Feb-08	May-08	Aug-08	% change
Greenwich	6630	6650	6600	6380	6220	6100	6030	-9%
Hackney	7560	7480	7400	7320	7170	7060	6980	-7.7%
Newham	8130	8010	7840	7730	7580	7530	7430	-8.6%
Tower Hamlets	5880	5840	5710	5620	5500	5480	5410	-8%
Waltham Forest	5820	5860	5860	5700	5590	5500	5500	-5.6%
Total	34020	33840	33410	32750	32060	31670	31350	-7.8%



Overview of JSA register by Regions and London Region by District



In and Off Flows



Data for Hackney March 2009 (unless otherwise stated)

Local businesses	March 2009	March 2008	Notes
1. Number defaulting on NNDR payments*	March 09 - no summons issued. 184 liability orders obtained (from summons issued in February)	March 08 - 74 summons issued. 48 liability orders obtained.	
2. Number of empty units in your main town centre	3	0	
3. Number of empty units in a typical local district centre	27	27	
Development	Jan - March 2009	Jan - March 2008	
4. Number of major planning applications received over the last three months compared with the same period last year	20	27	
5. Number of minor planning applications received over the last three months compared with the same period last year	172	186	
6. Number of social housing units completed in your borough over the last three months compared with the same period last year	137	115	
7. Total number of major and minor development schemes in the pipeline.	264	87^^	
Number that:			
Have completed	N/A	74	
Are on track	102	49^^	
Are delayed by more than one month	N/A	N/A	
Have been stopped	N/A	N/A	
Residents			
8. Number defaulting on Council Tax payments**	March 09 982 summons issued. March 09 897 liability orders obtained	March 08 - no summons issued. March 08 1108 liability orders obtained (from February summons run)	No summonses were issued in March 08 as these were combined with a larger run in April 08.
9. Number of local authority housing tenants in rent arrears of more than 10 weeks	499 (2.29% of tenants)	N/A	
Demand for borough and other local services			
10. Number of people seeking the following services during March 2009:			
-Debt advice services	1034	Not available	This only provides a snap shot of current demand for VCS organisations providing Debt advice Services in March 2009 - we will use same organisations for repeat exercise (quarterly) to measure trends.
- Housing and Council Tax benefit applications (successful)	1689	Not available	
-Employment or job brokerage programmes	Not available	Not available	
11. Income obtained from the services below compared with same month last year:			
-Property searches	£431,176	£792,727	
-Planning Fees	£1,324,744	£1,343,600	
-Capital receipts	£174,022	£1,266,251	
-Interest from investments	£114,154	£1,608,578	

* Defaulting is defined as issuing a liability order or summons to a business

** Defaulting is defined as issuing a liability order or summons to a household

N&R Recession Dashboard - indicators of local economic health

Indicator	Measure	Source	Time interval and lag	Previous data	Latest data	Next data available	Impact summary	Comments
Property market	Hackney average house price	http://www.acadar	Monthly, 2 months	Dec 08: £313,109	Jan 09: £299,672	Apr-09		
	Hackney average house price annual change	http://www.acadar	Monthly, 2 months	Dec 08: - 5.9%	Jan 09: - 9.0%	May-09		
Development	Volume of major planning applications comparison with previous year	Internal data	Quarterly	Dec 07: 24	Dec 08: 14	Apr-09	Down 40%	Absolute figures at the moment, change will be available from April.
	Volume of minor planning applications comparison with previous year	Internal data	Quarterly	Dec 07: 229	Dec 08: 141	Apr-09	Down 38%	
	Volume of other planning applications comparison with previous year	Internal data	Quarterly	Dec 07: 240	Dec 08: 184	Apr-09	Down 23%	
	Search fees comparison with same month previous year	Internal data	Monthly, 1 month	Jan 09: £40,708	Feb 09: £29,410	Apr-09		Current figures are absolute and do not give change. This will be available from April.
	Planning and pre-application fees comparison with same month previous year	Internal data	Monthly, 1 month	Jan 09: £96,215	Feb 09: £12,6936	Apr-09	Estimated downturn in income of 20% on last year	Current figures are absolute and do not give change. This will be available from April.
	Major projects assessment by N&R DMT	N&R DMT	Monthly	n/a				
Housing capital programme	Qualitative assessment	N&R DMT	Monthly	n/a				
Affordable housing	Year on year comparison of affordable housing starts (National Affordable Housing Programme)	Homes and Communities Agency	Quarterly	Feb 08: 260 starts	Feb 09: 307 starts	Apr-09	We will be able to assess impact once next quarter's data is available	502 starts were recorded by end of 2007-8 by the HCA's predecessor. The HCA was forecasting 536 starts for 2008-9 on the 3rd March 2009. Will commence quarterly progress monitoring for 2009-10.
Tenant rent arrears	Total value of Hackney Homes rent arrears	http://www.hackney.gov.uk	Monthly, 2 months	Dec 08: £4.95m	Jan 09: £4.92m	Mar-09	No impact	
Repossessions	Mortgage possession orders in Central London County Court comparison with same period last year (Ministry of Justice)	http://www.justice.gov.uk	Quarterly, 2 months	Sept 08: 46%	Dec 08: 8%	May-09	Overall up 5% on 2007	Data covers Tower Hamlets in the East (through central London) to Chiswick in the west to Haringey in the north. Mortgage and Landlord repossession orders do not always result in actual repossessions. Some repossessions take place without a court

Landlord possession orders in Central London County Court comparison with same period last year (Ministry of Justice) http://www.justice.gov.uk/possession-orders Quarterly, 2 months Sept 08: 11% Dec 08: 24% May-09 Overall up 3% on 2007 order. A new mortgage pre-action protocol (MPAP) was introduced with effect from November 2008. The MPAP gives clear guidance on what the courts expect lenders and borrowers to have done prior to a claim being issued. Evidence from administrative records from October to December 2008								
Worklessness	Claimant count monthly change	https://www.nomis.gov.uk	Monthly, 1 month	Jan 09: 7,350	Feb 09: 8,154	Apr-09	+10.94% increase from Jan to Feb	
	All on out of work benefits, change from baseline (August 2007)	https://www.nomis.gov.uk	Quarterly, 2 quarters	May 08: 4.29%	Aug 08: 3.70%	May-09	1,070 less people on out of work benefits compared to baseline	Includes job seekers, incapacity benefits, lone parents, others on income related benefits
	All on out of work benefits in worst performing neighbourhoods, change from baseline (August 2007)	https://www.nomis.gov.uk	Quarterly, 2 quarters	May 08: 3.31%	Aug 08: 4.04%	May-09	Percentage of the working age population claiming out of work benefits has decreased by 1.1% in absolute terms from baseline	

REPORT OF THE COMMUNITY SAFETY AND SOCIAL INCLUSION SCRUTINY COMMISSION

Tackling Worklessness: Routes to employment for those in receipt of long term inactive benefits Overview and Scrutiny Board - 22 April 2009	Classification Public	Enclosures Appendix 1
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1 FOREWORD

- 1.1 This review is not about “Worklessness” which would be quite a daunting subject for a scrutiny commission, instead, it is an attempt to look at how the Council and its partners could do more to support, back into employment, Hackney residents who are claiming inactive benefits (Incapacity Benefit or Income Support relating to childcare). Hackney has the highest proportion of individuals claiming Incapacity Benefit for mental or behavioural disorders in the country (48%)¹ and it has three times the national average of schizophrenia sufferers². The sad fact, particularly for those managing mental health conditions is that they are, for the most part, consigned to a life on benefits. 44%³ of those claiming Incapacity Benefit in Hackney have been claiming for longer than 5 years. By finding ways to better assist this group of people we could begin to make some in-roads into the problem and at the same time we would improve the quality of life for these residents and improve the life chances of their children.
- 1.2 Two thirds of the residents of Hackney (67%) are of working age of whom 63% are in employment. The rest are either unemployed or ‘economically inactive’. Although the overall employment rate is now 63.3%⁴ and has been increasing steadily since 2005 (when it was 53%), it still remains significantly lower than the London average and it remains the third lowest in the country. Hackney’s unemployment rate was 10.1% in June 2008, significantly higher than the London rate of 6.3%⁵. With the impact of the economic downturn there is no doubt this number will increase significantly.
- 1.3 However, a far higher proportion of Hackney’s working age population are economically inactive (29%)⁶, and many of these (around 20,000), are on

¹ Jobcentre Plus briefing to the Commission’s meeting on 7 October 2008

² Evidence from East London Foundation Trust at 12 November 2009 meeting, p.6

³ DWP Claimant Count, Working Age Client Group, August 2008

⁴ NOMIS, official labour market statistics, June 2008

⁵ ibid

⁶ NOMIS, official labour market statistics, June 2008

long term Incapacity Benefits or lone parent benefits. The proportion of people who are economically inactive is far higher in Hackney than the London or national averages and more than a third of Hackney's workless have never worked⁷. A culture of worklessness has developed in some areas such that some families have three generations unemployed. Research shows that after two years on incapacity benefit a person is more likely to die or retire than to find a new job⁸. The seemingly intractable nature of the problem therefore could make one despair that a solution could ever be found. The Commission was pleased however to see some evidence of fresh thinking on the issue in Hackney and to witness a new approach, in the City Strategy Pathfinder pilot project, which seems to be bearing fruit.

- 1.4 With Hackney having such high numbers with mental or behavioural disorders claiming Incapacity Benefit there is an urgent need for policy makers to act. All the available research, including Dame Carol Black's recent report for the Department of Health⁹, concludes that work can promote recovery from both mental and physical health problems and also minimise the long term physical, mental and social effects of long-term unemployment, such as social exclusion and poverty.
- 1.5 We learned that nationally mental health problems account for one third of sickness absence, costing the country approximately £4 billion a year and more startlingly, we learned that depression will rank, second only to heart disease, as the leading cause of disability worldwide by 2020¹⁰. Public sector employers will need to lead by example here by making greater efforts to support individuals to maintain their employment. While the local mental health trust and organisations such as Mind and the Employers Forum on Disability do excellent work, their efforts will need to be supported more fully. We learned that the majority of those with mental health problems are willing and able to work and despite this our society continues to put significant barriers in their way. The onset of even mild mental health problems can often destroy a career and the system seems to be failing people who, with the right support, could maintain their jobs and progress in the workplace. The reasonable adjustments for those with mental health problems, which could be expected of employers, are often less onerous than for those employees with physical impairments, yet employers seem less able to cope. Likewise, interventions designed to support people such as the new Employment and Support Allowance do not work as well for those with mental health problems as they are tailored more for those with physical impairments.
- 1.6 A number of our recommendations are obviously directed at our partners, as tackling worklessness will require a concerted partnership response from the members of Hackney's Local Strategic Partnership – Team Hackney. We

⁷ Census 2001

⁸ *A new deal for welfare: empowering people to work*. Department of Work and Pensions. January 2006.

⁹ *Working for a healthier tomorrow*, Dame Carol Black's review of the health of Britain's working age population. DoH and DWP. 17 March 2008.

¹⁰ *Recruitment and mental health*. Employers Forum on Disability and Sainsbury Centre for Mental Health, October 2007.

hope that Team Hackney's Economic Development Partnership, of which Job Centre Plus is an active member, will have regard to our findings and these issues.

- 1.7 We also acknowledge that solutions for supporting those on health related benefits require a national response from Department of Work and Pensions or the Department of Children Schools and Families. We hope that if the Mayor progresses the proposed Multi Area Agreement (MAA) with the 4 other Olympic Boroughs, he might use the MAA as a vehicle to lobby more effectively on these points. Regional or sub-regional solutions are required here and more crucially, there is a need for more local flexibility on issues such as in-work benefits, to assist those during the transition back to employment.
- 1.8 Finally, one notable aspect of this review was our decision to engage Continental Research to carry out some focus groups for us on the welfare reforms with Hackney residents. These proved invaluable in giving us an insight into local people's experiences. We listened to people who are balancing managing their conditions with the requirements of the tougher new benefits regime. We hope that our findings will be taken forward and inform the Council's "Cross Cutting Review" as it begins to look at the bigger picture of tackling worklessness in Hackney.

Cllr Deniz Oguzkanli
Chair
Community Safety and Social Inclusion Scrutiny Commission

1 INTRODUCTION

- 1.1 In 1997, the Government embarked on a national welfare reform programme intended to end the 'something-for-nothing' benefit culture that had trapped millions in a cycle of dependency. Aiming to get one million people off incapacity benefits by 2015, the Government began the implementation of a three phase welfare reform programme, with the first phase "deepening the obligation to work" and the second phase "widening the obligation".
- 1.2 Following the recommendations set out in the Freud Report¹¹ and the Gregg Review¹², the Government launched the third phase of its welfare reform programme with the publication of the White Paper *Raising Expectations and Increasing Support: Reforming Welfare for the Future*, on 10th December 2008. The White Paper details the Government's plan to create a simpler and more personalised welfare state, where welfare support is matched by greater responsibility and higher expectations. The White Paper reforms included:
- 'Personalised conditionality' (tailoring employment/support plan to an individual)
 - Greater requirements to undertake work, training or other activity in preparation for work
 - Giving disabled people greater choice and control
 - Devolving power to private, voluntary and public providers
 - Ending child poverty
 - Strengthening parental responsibility
- 1.3 The White Paper is now the 'Welfare Reform Bill' and is making its way through Parliament and the key areas which remain are:
- Reforms the benefits system by abolishing Income Support and moving all claimants on to either Jobseeker's Allowance if they are well or Employment and Support Allowance if they are sick
 - Aligns the contribution conditions between ESA and JSA
 - Introduces a regime of benefit sanctions for non-attendance at Jobcentres
 - Requires job search by partners of benefit claimants
 - Abolishes Adult Dependency Increases in the Carer's Allowance and Maternity Allowance
 - Introduces work focused interviews for the over-60s
 - Requires work related activity of the majority of claimants in return for receipt of ESA (those with the most severe health issues or disabilities are exempt).
 - Introduces a requirement for births to be registered jointly by both parents
 - Provides additional powers for the enforcement of child maintenance arrears.

¹¹ *Reducing dependency, increasing opportunity: options for the future of welfare to work*, David Freud for DWP, 2007

¹² *Realising potential: A vision for personalised conditionality and support*, Prof Paul Gregg for DWP, 2008.

- 1.4 With the current economic downturn and a marked rise in unemployment, the debate surrounding the welfare reform agenda has become all the more significant. The long term challenge will be to create a robust yet fair welfare system that can withstand the current economic difficulties.
- 1.5 In setting out to explore this topic the Commission decided to focus on the support to adults only as it endorsed the excellent work already done by the Children and Young People's Scrutiny Commission in its review on *"Young People in Hackney Not in Education, Employment or Training (NEETs)"* published in February 2007.

1.6 Origin of the proposal

This scrutiny review was prompted by the following:

- a) 'Reducing poverty by supporting residents into sustainable employment and promoting employment opportunities' has been identified as one of 6 overarching goals of Hackney's recently refreshed Sustainable Community Strategy.
- b) The subject has been prioritised by the Mayor and Cabinet. One of 4 areas identified where "interventions need to be of different scale to ensure the Council achieves the vision for Hackney in 2018" as part of the community strategy.
- c) The review would lead on from issues raised in the *'Supporting Socially Excluded Adults'* and the *'Growing a Local Economy'* reviews in 2007-08. The Commission has already, as part of those reviews, taken evidence on worklessness issues from both Job Centre Plus and from the Strategic Policy and Research Team.
- d) This review reflected a national concern about the numbers of those on long term Incapacity Benefit which prompted the welfare reforms. Significantly these reforms will abolish Incapacity Benefits and Income Support by 2013 to create a more streamlined system based on just two working-age-benefits – *the Employment and Support Allowance (ESA)*, for those who have a medical condition which prevents them from working and the *Jobseekers' Allowance* for everyone who is able to work. The ESA came into being on 27 October 2008 for all new claimants. In addition, changes to the 'lone parent obligation' for parents with older children have already been implemented which phase in much tighter limits on the age of the child for which someone can continue to claim lone parent benefits. Both of these changes will impact significantly on Hackney residents on health related benefits.

1.7 Defining 'Worklessness'

It was proposed that the review focus on the more useful term 'worklessness' rather than 'unemployment' because it is a key indicator for poverty and

deprivation and the workless are over represented in social housing and amongst BME groups.

A working definition of worklessness accepted by the Commission was:

'Worklessness' refers to detachment from formal labour market so it includes people who are unemployed and claiming unemployment benefits, people who are economically inactive yet eligible for inactivity benefits (whether or not they are claiming them) and people who are working exclusively in the informal economy.

1.8 Scope and Terms of Reference

The following scope and terms of reference for this review was agreed by the Overview and Scrutiny Board:

- a) To allow Members to gain a broader understanding of the local and national issues that impact on the problem of worklessness in Hackney, noting the relevant targets in the Local Area Agreement and the possible development of a Multi Area Agreement.
- b) To investigate how the Council and its partners are tackling the problem of worklessness in particular in areas where there is persistent employment disadvantage.
- c) To investigate how the Team Hackney partners work strategically to achieve the shared goal of supporting individuals to get off Incapacity Benefit and into training or employment.
- d) To explore the effectiveness of existing interventions to provide training and employment to those in receipt of child care support or benefits and to learn from national examples of good practice.
- e) To explore the implications for Hackney of the government's plans to reform the welfare system and in particular its plan to replace Incapacity Benefit with the Employment and Support Allowance.
- f) To examine the effectiveness of novel approaches such as the City Strategy Pathfinder project and to identify other examples of good practice nationally, regionally and locally.
- g) To examine how individuals and businesses in the informal economy can be supported to move into the formal economy.
- h) To align the scrutiny review with the Council's broader 'Cross Cutting Review on Worklessness', noting that "worklessness" is a priority in the refreshed Sustainable Community Strategy, and to ensure that the emerging findings of that research are reflected in the scrutiny reviews own recommendations.

2 SUMMARY AND RECOMMENDATIONS

'Reducing poverty by supporting residents into sustainable employment and promoting employment opportunities' is one of the 6 themes in Hackney's Sustainable Community Strategy and has also been prioritised by the Mayor and Cabinet, hence our decision to embark on this review.

Since our work began last September the country has also entered into a period of recession which, no doubt, will impact on Team Hackney partners' ability to respond to this challenge. This is something we are more than conscious of in making our recommendations.

The Commission decided to focus the review on how those in receipt of long term benefits can be assisted back into training or employment. We learned that Hackney has one of the largest proportions in the country of those claiming Incapacity Benefit who are claiming for mental or behavioural disorders. In addition we learned that half of those claiming have been doing so for more than 5 years, which demonstrates the extent of the challenge. We also decided to focus the review on parents dependent on income support, again a significant group in Hackney. Child poverty and social exclusion are of course closely allied to worklessness and this is another reason why we wished to explore this subject.

The recent welfare reforms which have abolished Incapacity Benefit and replaced it with the new tougher regime of Employment and Support Allowance and the restricting of eligibility for lone parent benefit, came in to force on 27 October and are just beginning to be felt locally. We decided in particular therefore to focus on the impact of these reforms as they represent a significant move by the government to reduce the numbers of claimants nationally and match support to higher expectations for all.

The Commission acknowledges that this review touches on just one aspect of problem, assisting those on health related benefits back into employment. During the review we often noted how there persists in the labour market barriers for individuals on the basis of gender, ethnicity and faith. We would ask that in implementing our recommendations and in developing this work further as part of the Cross Cutting Review that these equalities issues are foregrounded.

After hearing the evidence as outlined in this report, the Commission makes the following recommendations, the findings for which are elaborated in Section 6 of the report:

Recommendation One

The Commission recommends to the Mayor and Cabinet that worklessness be a key theme of any proposed 5 borough **Multi Area Agreement (MAA)**. The Commission acknowledges that five boroughs working together should have significantly more influence on the regional and sub-regional agenda, where the problem of worklessness needs to be tackled.

Recommendation

The Commission recommends that any MAA addressing the issue of tackling worklessness should include a requirement to lobby the Department of Work and Pensions and other government departments for:

- a) Increasing the devolution of mainstream funds to be commissioned through local partnerships.*
- b) The development of re-investment mechanisms for benefit savings, to ensure a longer term sustained approach to tackling entrenched worklessness beyond 2011.*
- c) Increased flexibility on the extension of in-work benefits, Housing Benefit and in-work financial support during the transition period for those moving off health related benefits and starting employment, in order to ensure that their employment is sustained.*
- d) Increased flexibility to allow those claiming benefits to remain on appropriate and established vocational courses of their choice, rather than being forced onto similar courses, accredited by Job Centre Plus, or risk losing their benefits.*
- e) Ensuring that cuts to funding of ESOL (English for Speakers of Other Languages) as experienced by major local providers are reversed and that in particular funding mechanisms are found which support not just those on benefits but also those on low pay, who cannot afford to personally fund ESOL classes.*
- f) Ensuring that funding of the Childcare Affordability Project is extended. The Commission learned about the success of this scheme in providing financial support to parents during their transition off benefits and into employment. It was noted that the project had been funded by the London Development Agency and the Department of Children Schools and Families and that a 'CAP2' was in the process of negotiation.*

Recommendation Two

The Commission heard in detail about the City Strategy Pathfinder pilot project in Hackney and went on a site visit to meet participants, providers and managers of the programme at the Pembury Estate.

Recommendation

*The Commission commends the success achieved so far by the **City Strategy Pathfinder** programme and recommends that the Cabinet Member for Regeneration and the 2012 Olympic and Paralympic Games:*

- a) Ensures that the programme continues to be internally resourced and lobbies externally for continuation of the programme from June 2009 until 2011, to allow for procurement of services and some stability to be maintained in the programme.*

- b) *Ensures that the Council and Team Hackney partners support the CSP itself as employers, with a greater focus on apprenticeships for local people, sharing supply chain information and making greater efforts to recruit locally.*
- c) *Ensures that employment support is considered as a core service by Hackney Homes and also progressed by the Better Homes Partnership of Team Hackney.*

In addition the Commission suggests that an evaluation and next steps report on the Ciity Strategy Pathfinder in Hackney could be prepared for consideration at Full Council.

Recommendation Three

The Commission learned about the use of employment and job creation clauses in Section 106 Planning Agreements and explored how these might be used in a more targeted way to support employment creation.

Recommendation

*The Commission recommends to the Cabinet Member for Regeneration and the 2012 Olympic and Paralympic Games produces a report for both the Commission and the Regulatory Committee on the principle of providing clear guidance to planners on the use of **S106 agreements for employment and job creation**. The report should explore the policy framework for planners around the issue of mitigating the effects of development and the role of the Regeneration Delivery Framework document should be foregrounded. The report should build on work currently underway with the London 2012 developments and explore a business case for 'On Site' to take on an expanded role of S106 support and implementation, on all major sites, to ensure an integrated offer within the construction sector for residents, developers and contractors.*

Recommendation Four

The Commission was most appreciative of the support of Job Centre Plus and its agencies in carrying out this review and in particular during its focus groups learned about the experiences of some Hackney residents who are on Incapacity Benefit or Employment and Support Allowance. We learned about their views on the support they currently receive and how this might be improved as well as their views on the welfare reforms.

Recommendation

The Commission recommends to the Economic Development Partnership of Team Hackney that it seeks input from Job Centre Plus, as a member of the EDP, on progressing the following issues which the Commission identified during its evidence gathering:

- a) *Maintaining a focus on **supporting those furthest from the labour market** and to develop approaches which ensure that these clients do*

not suffer because of any shift of priorities as a result of the economic downturn;

- b) **Better signposting and referral mechanisms** for Incapacity Benefit and Employment and Support Allowance clients and better follow up for those participating in Work Capability Assessments;*
- c) More sensitive operation of the Work Capability Assessments to ensure that those with **mental health support needs** are not disadvantaged vis-à-vis those with physical impairments;*
- d) Extending, where possible, the provision of **Job Centre Plus Advisers** in Children's Centres and of **Disability and Employment Advisers** working with the Community Services Directorate's Access and Care Management Team;*
- e) Extending specific **interventions to support lone parents** in particular over the next two years when the welfare reforms will tighten the eligibility to lone parent benefit and thus risk increasing child poverty or social exclusion for some clients.*

It also recommends to the EDP that in taking forward the City Strategy Pathfinder project in the borough that above issues be taken into consideration.

Recommendation Five

The Commission heard from a GP and from Primary Care Trust and Mental Health Trust officers on the support they provide to clients on health related benefits.

Recommendation

*The Commission welcomes the commitment made at its meeting by the City and Hackney Teaching Primary Care Trust to work with Job Centre Plus on the extension of **employment advice in doctors surgeries and in the new South East Resource Centre**. The Commission requests the Thriving Healthy Partnership of Team Hackney to seek input from the Chief Executive of the City and Hackney Teaching Primary Care Trust on how this welcome initiative is being progressed.*

Recommendation Six

The Commission learned from the Principal of Hackney Community College about how they support, particularly those on health related benefits, back into training or employment. It also welcomed the development of the Hackney Skills for Employment Strategy.

Recommendation

*The Commission recommends to the Cabinet Member for Regeneration and the 2012 Olympic and Paralympic Games to report to the Commission on 12 January 2010 on the **implementation plan of the Hackney Skills for Employment Strategy** including the need for clarity on the co-ordination of information on education and training providers in the borough, so to that there can be better signposting and referral for residents.*

Recommendation Seven

During its focus groups with Incapacity Benefit claimants the Commission was pleased to note how clients held the work of Work Directions in Hackney in such high regard and the successes they were having in transforming clients lives. We learned from Work Directions itself that they receive referrals of mandatory clients from Job Centre Plus but also welcome voluntary clients and we noted that they could deliver additional provision but that they struggled to engage clients who are harder to reach.

Recommendation

*The Commission recommends to the Cabinet Member for Regeneration and the Olympic and Paralympic Games and the Cabinet Member for Community Services that they explore with Team Hackney partners how to **encourage greater take-up of services provided by Work Directions** in the borough. The Commission noted that the wide range of support available to residents on health related benefits could be better promoted to harder to reach groups, in particular using GPs surgeries and the outreach workers in the Council's own Community Services teams and the Economic Development Team. The Commission requests a progress report on this by 12 January 2010.*

Recommendation Eight

The Commission has identified a general need for a more integrated approach to recruitment and apprenticeships by the public sector employers in the borough and the need to promote these as employers of local people. The Commission welcomed the undertaking in the Sustainable Community Strategy and the Regeneration Delivery Framework to explore the establishment of a Public Sector Human Resources Group.

Recommendation

*The Commission requests the Deputy Mayor and the Cabinet Member for Regeneration and the Olympic and Paralympic Games to establish a **Public Sector Human Resources Action Group** to bring together public sector employers in the borough to find joint solutions to vacancy issues, to develop joint local recruitment practices, to set targets for apprenticeship programmes, to promote recruitment of local residents and to support Job Centre Plus in the development of the Local Employment Partnerships (LEPs).*

Recommendation Nine

*The Commission requests the Cabinet Member for Regeneration and the 2012 Olympic and Paralympic Games to ensure that the forthcoming "**Cross Cutting Review on Worklessness**" takes forward the Commissions' recommendations and gives some consideration to issues such as regional and sub regional lobbying via an MAA and the need to explore further the impact of the **informal economy** in the borough.*

End of summary.

3 FINANCIAL COMMENTS

- 3.1 This report and its recommendations in section 2 do not give rise to any direct financial consequences. However, implementing the recommendations will be based on appropriate funding awarded or received.

4 LEGAL COMMENTS

- 4.1 This report has been drafted following the work done by the Community Safety and Social Inclusion Scrutiny Commission to see how the council and its partners could assist in supporting those on incapacity benefits and/or on childcare support to return (or indeed to start) paid employment.
- 4.2 A number of policy reports and specific evidence gathering exercises have been undertaken and considered which has lead to the nine recommendations and additional informatives being made.
- 4.3 The recommendations themselves evolve around the changes being introduced by the Welfare Reform Act 2007 ('the Act') which came into effect on the 3rd May 2007.
- 4.4 The Act has for example replaced Incapacity Benefit and Income Support for all new claims based on incapacity and/or disability from 27th October 2008 with the Employment and Support Allowance (ESA).
- 4.5 The recommendations also look to utilise and benefit from any 5 borough Mult Area Agreement (MAA) and the Council's regeneration programme, including the 2012 Olympic and Paralympic Games.
- 4.6 In order to benefit from such regeneration programmes the recommendations seeks to more effectively utilise Section 106 agreements, which enable improvements within the public realm and/or environment when the council is allowing for developments under the Town and Country Planning Act 1991.
- 4.7 There are no other legal or propriety comments on the report at this stage.

5 FINDINGS

Evidence for this review was gathered during five Commission meetings a site visit and meeting with residents held at the Pembury Estate and two in-depth focus groups organised for the Commission by Continental Research on 24 February. In what follows, we draw out the main themes of our findings and more detail can be found in the minutes of the meetings (listed under 'background reading') and the final report on the Focus Groups which is attached as an appendix.

5.1 A regional/sub regional approach

- 5.1.1 Broadly speaking the approach to tackling worklessness in Hackney involves a four pronged approach: (i) creation of jobs and growing the economy, (ii) ensuring our potential workforce has the right skills, (iii) improving our levels of employability and (iv) engaging those who are excluded¹³.
- 5.1.2 The Council is of course not the key player here. The majority of activity is carried out or funded by statutory organisations. However, it is vital that the Council's work links in and continues to add value to what they do. The key players here are Jobcentre Plus and the Learning and Skills Council and both of these sit round the table with the Council in Hackney's Local Strategic Partnership, known as Team Hackney. Team Hackney itself has an Economic Development sub Partnership which brings strategic leadership to the issue and commissions additional support to deliver on the Partnership's Local Area Agreement (LAA) targets.
- 5.1.3 Currently there are 8 "LAA indicators" in the area of worklessness on which Team Hackney's performance will be assessed. In addition there are two "stretch" targets which Team Hackney partners have selected themselves and which demonstrate its commitment to supporting more Incapacity Benefit claimants and lone parents into employment. These two targets are for the "number of LB Hackney residents who are lone parents and are being assisted by LAA funding into sustainable employment" and "the number of LB Hackney residents who have been in receipt of incapacity related benefits for a minimum of 6 months, assisted by LAA funding into sustainable employment".
- 5.1.4 Jobcentre Plus provides a variety of mandatory programmes via the 'New Deal' and other programmes as well as 'Pathways to Work' which supports those on incapacity benefit. The latter is delivered via the private company Work Directions. The other main player is the Learning and Skills Council. From April 2010 the LSC will be dissolved and the responsibility for funding education and training for 16-18 year olds will be transferred to local authorities. To replace the LSC the government has created a Young People's Learning Agency (YPLA), the Skills Funding Agency (SFA), Ofqual and a new agency to carry out the non regulatory function of the Qualifications and

¹³ Briefing to Commission on 12 November 2008

Curriculum Authority. This restructure came about as a result of the Leitch Report *Global Prosperity for All - World Class Skills* (Dec 2006) and from it the SFA will focus on adults, providing the National Apprenticeship Service, Train to Gain, Adult Advancement and Careers Service and Learner Responsiveness.

- 5.1.5 The Commission learned that the Council's own initiatives to tackle Worklessness are led by the Partnership and Investment Team in the Neighbourhoods and Regeneration Directorate. Their initiatives include the Olympics Local Employment and Training Framework (LETf), the Olympics Jobs Brokerage and the City Strategy Pathfinder, which is detailed in section 5.2. The Commission also learned about the work they do in advancing the use of planning obligations (known as Section 106 agreements) to support employment and job creation. These are more commonly used for improvements to the public realm. This is detailed more in 5.3 below.
- 5.1.6 The Commission also learned in detail about Team Hackney's 'Worklessness Model'. The Economic Development Partnership undertook a review of training and employment support provision in the borough and a number of pilot projects were commissioned to deliver on the Partnership's LAA targets. These focussed on supporting three groups: 18-24 yr olds, 18-24 yr old black males and economically inactive residents into employment.
- 5.1.7 A final report on these interventions has just been completed and will be studied closely by the EDP. The Partnership is now researching and developing new commissioning opportunities for 2009-11 and it is anticipated that they will include outcomes relating to getting people on IB and lone parent benefits back into employment who are not in contact with statutory services and will build on the success of the CSP model. Consultants have been employed by Team Hackney to develop the specification for reviewing the delivery of the CSP and they are also reviewing future commissioning to ensure that it is fully aligned with Team Hackney's strategic priorities.
- 5.1.8 The Commission acknowledged very early on in its evidence gathering that solutions to worklessness and interventions to support those on health related benefits or with childcare needs will have to be tackled at a higher sub-regional or regional level. When we heard from Job Centre Plus or Work Directions or medical professionals or most especially when we heard from residents who are IB claimants themselves, it became clear that there were a number of specific solutions which could assist them, but these could only be implemented at a national level by Department of Work and Pensions.
- 5.1.9 The Commission learned about the ongoing discussion between The Mayor and his counter parts in Newham, Tower Hamlets, Walthamstow and Greenwich, to establish a Multi Area Agreement. This would be a large joint Multi-Area Agreement and the aspiration is that with five 'Olympic' boroughs streamlining their approach central government would respond positively to this by recognising their commitment and introducing a greater degree of flexibility in how problems can be tackled on the ground.

- 5.1.10 The Commission learned in some detail about the problem of the “benefits trap” and in particular Housing Benefit needs as a particular barrier to residents entering the labour market. We learned that many claiming Incapacity Benefit have calculated (rightly or wrongly) that they are better off and more secure in receipt of wide package of benefits, which they have built up over a number of years. For those far removed from the labour market or who have been on benefits for a long time, lack of confidence about entering the job market again is a major barrier. Residents in our focus groups for example talked about the complexity and stress for them of trying to re-establish their full set of benefits if their job failed. We learned about how the Economic Development Partnership had won (as part of a pilot project within the 2007 LAA), an extension of the in-work Housing Benefit provision for residents from 3 weeks to 6 weeks for those taking up employment. It became obvious that greater support for individuals in the first weeks back at work was crucial if these clients were to remain in employment and a system of graduated reduction in housing benefit, for example over a three month period, would greatly assist these clients. Handling debt repayments when benefits or debt insurance stops, managing a budget with a higher income and managing childcare during the transition period can prove major stumbling blocks for vulnerable clients many of whom may not have worked for many years. Members concluded that greater flexibility, such as with other non-taxable financial incentives being offered to benefit recipients once they are in work (for at least three months) would pay off in the longer term.
- 5.1.11 The Commission learned again in this review (as it did in *Supporting Socially Excluded Adults* and *Growing a Local Economy*) about the complexities of the benefits system, particularly when claimants are taking vocational training courses. While it noted that the benefits system had to set limits it learned that individuals were often prevented from continuing with established courses of study of their choice and forced instead to move to, what they often considered to be inferior quality or less relevant courses, or else risk losing their benefits.
- 5.1.12 The Commission learned from providers about the impact of the cuts in ESOL funding and Members expressed their support for the Campaigning Alliance for Lifelong Learning (CALL) and the call from the Educators Forum (which is a lobbying group representing the Turkish, Kurdish and Cypriot Turkish community in the UK) to create an ‘ESOL and Employment Network’ to lobby for better provision of ESOL (English for Speakers of Other Languages). Two particular aspects resonated with Members, firstly that the shift of focus of funding provision in favour of supporting the lowest level of provision as against advanced levels meant that many students of ESOL were being disadvantaged as they needed to attain a higher proficiency English to enable them to progress beyond just entry-level or low paid jobs. The Commission learned about innovative interventions here such as the joint project between Hackney Community College and the Metropolitan Police to provide tailored ESOL courses to assist candidates in their attempts to become local Support Assistants with the police. Members also heard about how the shift of focus in funding of ESOL was particularly impacting on those on low pay. Fees have now been brought in for all those in employment and this has impacted

seriously on those on low pay. The Commission learned that the numbers have dropped in Hackney Community College's ESOL intake and that HCC was working with the Hackney Refugee Forum to address this issue. Commission Members all expressed a concern that ESOL support was crucial in a borough like Hackney to encourage social cohesion and promote prosperity and would request the Mayor and Cabinet to lobby on this issue wherever possible.

5.1.13 The Commission heard from a number of those giving evidence, including from officers of The Learning Trust, about the benefits of the 'Childcare Affordability Project – Transition to Employment' (CAP). This was a successful project which provided funding for parents to support their ability to become employed or become more employable. It supported over 400 parents by allowing them to apply for direct funding for their childcare to allow them to attend training courses, look for work or return to work. It was funded by the London Development Agency (LDA) and the Department of Children Schools and Families (DCSF) and it was noted with regret that funding was due to finish in March 2009. The Commission also learned that The Learning Trust has been asked to take part in the DCSF Steering Group to assess what would replace the CAP. The LDA also funded a "Childcare and Employment Advisor" in Children's Centres and the CAP project constituted one of the funding streams for the child care support aspect of the City Strategy Pathfinder project. It was noted many times in our evidence gathering that lack of adequate child care support was a significant barrier for many returning to work. In our focus groups a number of those who are on long term incapacity benefit had in effect ruled out ever returning to work "because I have children".

5.1.14 The Commission welcomed Cllr Taylor, Chair of the Children and Young People Scrutiny Commission to one meeting where, as well as discussing initiatives such as the CAP, Members heard from Cllr Taylor about the findings of his Commission's scrutiny review on "Provision of 0-5 years services in Hackney" published in February 2009. The Commission endorsed the findings of that review and noted in particular that a key issue was not so much the extent of provision but rather the level of take up and that further outreach work and better integration of services and systems needed to take place. Members discussed with Cllr Taylor and officers the tension in public policy terms of forcing lone parents back into the labour market which could count against them being effective parents if they did not have sufficient or appropriate child care support in place. Therefore, society's desire to help children by making their parents better off might end up working against the children's best interests.

5.1.15 Members heard about projects such as Barnardo's CANDL project "Strengthening Families, Strengthening Communities" which helps develop parents self worth and gives them the confidence to face the world of work. We also learned about the work of the social enterprise 'Women Like Us' in Hackney, who receive funding from the Council and who support women with children to find flexible work. They provide career coaching for individuals and also help employers source experienced local part time staff.

5.1.16 Finally Members learned that contracts with DWP and JCP are currently procured on a regional or sub-regional basis (e.g. Pathways to Work) and there is no input from local agencies nor is enough being done to consider unique local needs such as, in Hackney, the needs of the Turkish/Kurdish or the Charedi communities. We learned from Team Hackney of its wish that future budgets would be devolved and contracts would be procured locally with local authority and other partner input.

Recommendation One

The Commission recommends to the Mayor and Cabinet that worklessness be a key theme of any proposed 5 borough **Multi Area Agreement (MAA)**. The Commission acknowledges that five boroughs working together should have significantly more influence on the regional and sub-regional agenda, where the problem of worklessness needs to be tackled.

Recommendation

The Commission recommends that any MAA addressing the issue of tackling worklessness should include a requirement to lobby the Department of Work and Pensions and other government departments for:

- a) Increasing the devolution of mainstream funds to be commissioned through local partnerships.*
- b) The development of re-investment mechanisms for benefit savings, to ensure a longer term sustained approach to tackling entrenched worklessness beyond 2011.*
- c) Increased flexibility on the extension of in-work benefits, Housing Benefit and in-work financial support during the transition period for those going off health related benefits and starting employment, in order to ensure that their employment is sustained.*
- d) Increased flexibility to allow those claiming benefits to remain on appropriate and established vocational courses of their choice, rather than being forced onto similar courses, accredited by Job Centre Plus, or risk losing their benefits.*
- e) Ensuring that cuts to funding of ESOL (English for Speakers of Second Languages) as experienced by major local providers are reversed and that in particular funding mechanisms are found which support not just those on benefits but also those on low pay, who cannot afford to personally fund ESOL classes.*
- f) Ensuring that funding of the Childcare Affordability Project is extended. The Commission learned about the success of this scheme in providing financial support to parents during their transition off benefits and into employment. It was noted that the project had been funded by the London Development Agency and the Department of Children Schools and Families and that a 'CAP2' was in the process of negotiation.*

5.2 City Strategy Pathfinder - engaging the housing sector in tackling worklessness

- 5.2.1 Members learned in detail about Hackney's City Strategy Pathfinder project both from presentations from the Partnership and Investment team officers and from the Cabinet Member but also first hand when Members went on a Site Visit to the Pembury Estate, hosted by Peabody Homes, where Members met providers, managers and most importantly residents who were benefiting from this innovative project.
- 5.2.2 City Strategy Pathfinder (CSP) was launched by DWP in May 2005 with the aim of tackling embedded unemployment and alleviating child poverty. Hackney is part of the East London CSP and its approach was to create a new partnership to tackle worklessness with a focus on building engagement with residents via the local housing providers. The programme includes funding to fill gaps in existing provision locally and one key strand has been "Ways into Work" which works with housing providers to identify residents who would benefit from training and support to find a job. The programme has sought to transform the way that the Council engages with those residents who are not economically active. Key to the approach was to establish a social housing outreach team and single points of access for residents, including local delivery of the key elements. It backs up the engagement programme by ensuring that individuals benefit from the basic skills and technical skills support as well as providing direct access to employers. It has involved the 6 major Registered Social Landlords (RSLs) operating in the borough as well as the ALMO - Hackney Homes, as they key players. Hackney's worklessness problem is most acute amongst its social housing residents and this population contains high levels of IB claimants and families facing child poverty. The project had received £3.2m in funding and would reach 30,000 households or half of all the social housing in the borough.
- 5.2.3 Hackney's CSP programme creates a link between this group of residents and the available jobs by helping residents to overcome their barriers via personal development (confidence, communication skills), language and vocational skills jobs matching and in-work support. It uses the housing providers' trusted status amongst residents and local networks to disseminate information. The work is done via their own local infrastructure e.g housing offices and community centres. The Commission saw for itself the transformation in the lives of the people it had met who are on the programme. Members were most impressed with the high level of commitment and motivation of the residents who are either working for the programme as outreach workers or being assisted by it into employment. This combination of using people on the ground and using the housing providers as a vehicle is now bearing fruit.
- 5.2.4 Ten months into the pilot in February 2009, **1,722** clients had been registered with the programme (against annual target of 1500) and **1,225** people have been given employment support. **556** jobs had been secured of which 96 were parents, 81% are from BME groups and 43% are women. By the end of

the year they expect to have surpassed their target of 600 and secured 650 jobs in all.

- 5.2.5 Members were most impressed by the approach of Talent the recruitment agency employed on the project. Members saw at first hand their innovative approach to engaging clients who are far removed from the labour market. Many have no CVs, have been leading chaotic lifestyles and have had no success with any Jobcentre Plus programmes. Talent's focus on neighbourhood access and providing personalised support and on starting from the beginning by building clients self esteem, was most impressive. By focusing on pre-employment training, essential for those who had never worked or had not worked in over 20 years they were able to secure jobs for even the most challenging of clients. They had also built up excellent relations with large local employers in East London who trusted them to support clients during their difficult transition period.
- 5.2.6 The second key provider on the scheme is Renaisi who run the 'support to parents' aspect of the scheme which provides co-ordination of services to parents and customised support. It builds on existing professional provision, alerts clients to suitable vacancies for parents and provides on-going support. Part of the funding stream for this was from the Childcare Affordability Project, mentioned above. Members learned that Renaisi was providing services at four strategic Children's Centres (Ann Tayler, Linden, Woodberry Down and Seabright) to provide advice and support to parents/carers wishing to consider entering employment.
- 5.2.7 Members were told that CSP is not a special employment project but rather a pilot to test whether agencies, other than Jobcentre Plus are able to deliver a mainstream complementary employment service. It aims to develop a borough wide offer to residents and to explore how extending this offer beyond employment might also be considered, using the model to promote healthy living for example. A key aspect is that it establishes best practice for the involvement of the housing sector in worklessness nationally.

Recommendation Two

The Commission heard in detail about the City Strategy Pathfinder pilot project in Hackney and went on a site visit to meet participants, providers and managers of the programme at the Pembury Estate.

Recommendation

*The Commission commends the success achieved so far by the **City Strategy Pathfinder** programme and recommends that the Cabinet Member for Regeneration and the 2012 Olympic and Paralympic Games:*

- a) *Ensures that the programme continues to be internally resourced and lobbies externally for continuation of the programme from June 2009 until 2011, to allow for procurement of services and some stability to be maintained in the programme.*

- b) *Ensures that the Council and Team Hackney partners support the CSP itself as employers, with a greater focus on apprenticeships for local people, sharing supply chain information and making greater efforts to recruit locally.*
- c) *Ensures that employment support is considered as a core service by Hackney Homes and also progressed by the Better Homes Partnership of Team Hackney.*

In addition the Commission suggests that an evaluation and next steps report on the Ciity Strategy Pathfinder in Hackney could be prepared for consideration at Full Council.

5.3 Use of planning obligations to tackle worklessness

- 5.3.1 The Commission learned from the Partnership and Investment team about use of “planning obligations” as part of the planning system to contribute to tackling worklessness. Section 106 of the Town and Country Planning Act 1991 provides that anyone with an interest in land may enter into a “planning obligation” enforceable by the local planning authority. These may restrict development or use of land, require operation or activities to be carried out there, require land to be used in a specified way or require payments to be made to the planning authority either in a single sum or periodically. These usually involve payments by developers, as part of S106 agreements, to “prescribe against, mitigate and compensate for negative externalities” created by their development. Traditionally S106 agreement contributions have been used mainly to fund environmental or public realm improvements, but they can also be used in an innovative way to assist in funding with affordable housing, employment and job creation projects.
- 5.3.2 Members learned that in Hackney the S106 process was recently reviewed to ensure co-ordinated delivery of the stipulated contributions. We learned that funding from S106 agreements cannot be used to plug a funding gap and that the agreements stipulate both ‘tied’ and ‘untied’ funding. The former are linked to a place or site and the latter can be used for a particular intervention, for example, a borough wide one. It was noted that as of September 2008 there was £2.7m in the S106 pot designated for employment and job creating use and £3.5m for education and training and members learned about some of the projects funded to date such as the Hot House, the Dalston Culture House and the Youth and Community Apprenticeship Training Programme. It was noted that S106 agreements came under the regulatory arm of the Council and the key issue was that planners are given clear guidance to operate the system to its full potential considering that use of the system is tightly prescribed in law. It was noted that the Regeneration Delivery Framework document would set the framework within which S106 agreements operate locally.

Recommendation Three

The Commission learned about the use of employment and job creation clauses in Section 106 Planning Agreements and explored how these might be used in a more targeted way to support employment creation.

Recommendation

*The Commission recommends to the Cabinet Member for Regeneration and the 2012 Olympic and Paralympic Games produces a report for both the Commission and the Regulatory Committee on the principle of providing clear guidance to planners on the use of **S106 agreements for employment and job creation**. The report should explore the policy framework for planners around the issue of mitigating the effects of development and the role of the Regeneration Delivery Framework document should be foregrounded. The report should build on work currently underway with the London 2012 developments and explore a business case for 'On Site' to take on an expanded role of S106 support and implementation, on all major sites, to ensure an integrated offer within the construction sector for residents, developers and contractors.*

5.4 Job Centre Plus and the Welfare Reforms

- 5.4.1 The Commission was pleased to be supported in this review by both Jobcentre Plus and Work Directions. The latter are contracted by JCP to operate the Pathways to Work programme for those on Incapacity Benefit and they also support Hackney clients on Income Support and in receipt of the new Employment and Support Allowance into employment, volunteering or life courses.
- 5.4.2 Members heard in detail from Jobcentre Plus about the operation of the 'Local Employment Partnerships', the 'New Deal for Lone Parents' the changes to the 'Lone Parent Obligation' and the changes to 'Income Support' and 'Job Seekers Allowance' for all parents. They learned also about the 'Pathways to Work' programme and the operation of the 'Employment and Support Allowance' which was introduced on 27 October 2008 for all new claimants and which replaces 'Incapacity Benefit'. Members discussed in detail the operation of the new 'Work Capability Assessments' which replace the 'Personal Capability Assessment' and the 'Work related activity component' of the new system. They also discussed these with medical professionals from the health trusts and they formed a key element of the focus group discussions. The ESA separates all claimants into one of two groups – a Work group or a Support Group. The latter is for those whose level of incapacity would prevent them from working and the former involves working with claimants who could do some part time work for example to prepare them for employment or training or volunteer work. Members also received an overview of the features of the "Flexible New Deal" and an update on the progress of what was then the green paper on the welfare reforms and is now the Welfare Reform Bill 2008-9.

- 5.4.3 Members learned about the operation of the service level agreements which JCP has with its providers. These agreements reduce the number of avenues for employers in engaging with the system and so should drive up efficiency. They also ensure that JCP doesn't poach employers from providers and allows providers to maintain and develop relationships with clients. As of October 2008 367 employers were signed up for Local Employment Partnerships and 883 job outcomes had been secured in the East London district as well as 328 work trails. It was noted that the Flexible New Deal would not commence in Hackney until 2010 because Hackney had a City Strategy Pathfinder project in place.
- 5.4.4 Members learned about future proposals going out for consultation including tougher sanctions for those who refuse to take either a job or take steps to get a job, mandatory training for those who need more skills, offering lone parents with pre-school children extra benefit in return for developing work skills, introducing full disregard of child maintenance payments when calculating benefits and requiring people with crack cocaine or opiate addiction to attend drug treatment in return for receiving benefits, extending 'Pathways to Work' like support to all IB customers (with trials starting in 2010), assessing existing IB customers with a view to moving them all onto ESA or JSA depending on capability for work and introducing legislation to abolish Income Support and move customers to either income based JSA with appropriate conditionality or onto ESA.
- 5.4.5 Members heard from officers from the East London NHS Foundation Trust, the City and Hackney Teaching Primary Care Trust, a GP and City and Hackney Mind on the range of local support for those on health related benefits and the challenges these providers face. They noted the work of the "Moving On" project (funded as part of Team Hackney's "Worklessness Model") as well as the work of Mellow (mentoring young males on employment and housing issues) and Akaba (who work with young Afro-Caribbean males). It noted that there was a Hackney Vocational Action Group to co-ordinate activity at ground level while at a more strategic level, the PCT, mental health trust and the Council representatives met monthly in the Social Inclusion Board. All the mental health practitioners urged for greater sensitivity around the operation of the Work Capability Assessments for those with mental health support needs. Members learned that receiving letters about impending interviews for example can cause great anxiety to these clients and there was a need for JCP officers to be more understanding of clients with mental health needs who might miss appointments. They might be unable to go out on the appointed day or might be in distress or be experiencing problems managing their condition or their medication. The mental health practitioners stated that joint assessments with DWP appointed medical officers would be preferable and added that Occupational Therapists in the Mental Health Trust would have a closer and deeper relationship with clients than any DWP appointed assessors.
- 5.4.6 The Commission heard from the Council's Access and Care Management Team in Community Services about the success of the JCP Disability and Employment Adviser who supports clients under their care and from The

Learning Trust about the Job Centre Plus Advisers who work part time in some of Hackney's Children's Centres. Members very much welcomed these approaches to integrating service provision to providing a more holistic response to clients needs.

- 5.4.7 In the focus groups Members heard some criticism from IB claimants of the degree of signposting or referral when they first approach a Job Centre Plus office. Members were also struck by the very positive response of focus group participants to the personalised approach employed by Work Directions. Whilst acknowledging that Job Centre Plus has a much wider remit than Work Directions, in that it also operates and polices a benefits system as well as providing job finding service, Members would suggest to Job Centre Plus that perhaps some lessons could be learned from Work Directions more customer focused approach.
- 5.4.8 Members learned that the Council's Learning Disabilities Service ran a joint service with the PCT covering social services, psychological services, day services and employment support and explained about the Hackney Recruitment Partnership which matched clients with learning disabilities with employers for part/full time employment or volunteering. In December 2008 106 clients were being supported. Members learned about the creation of a Learning Disability Employment Partnership which would be led by the Director of Community Services and which would progress issues such as the "Valuing People" project which was about developing career opportunities in the Council (beyond just work trials) for those with learning disabilities. Members learned that for the most part the clients of the Learning Disabilities Service were in receipt of Income Support as they would not have accrued enough national insurance contributions to receive IB. Likewise the Council's Access and Care Management service users had critical and substantial disability to the extent that they would not be affected by the welfare reforms and if assessed under the ESA would certainly fall into the 'support' rather than the 'work' group.
- 5.4.9 Members learned from the Learning Disabilities Team about some unfortunate disincentives built into the system for those with learning disabilities. If these clients went into part time work or training for example, and they lived with a carer then the carer's own "carers allowance" would be reduced by the amount the client earned. This operated as a major disincentive for carers to encourage those in their care to participate in any employment programmes.
- 5.4.10 Members also explored with officers the issue of those who are in private rented sector accommodation and in receipt of Housing Benefit who are caught in a similar benefits trap as they would not be able to earn enough in employment to pay private sector rents, particularly if they were also supporting large families. It was noted that at any time there were between 800-1000¹⁴ people in the borough in private rented sector accommodation in receipt of housing benefit. It was noted that this was not just a local issue but a national one and it would have to be addressed by the Treasury.

¹⁴ Presentation from Housing and Regulatory Policy team at 13 January 2009 meeting.

Recommendation Four

The Commission was most appreciative of the support of Job Centre Plus and its agencies in carrying out this review and in particular during its focus groups learned about the experiences of some Hackney residents who are on Incapacity Benefit or Employment and Support Allowance. We learned about their views on the support they currently receive and how this might be improved as well as their views on the welfare reforms.

Recommendation

The Commission recommends to the Economic Development Partnership of Team Hackney that it seeks input from Job Centre Plus, as a member of the EDP, on progressing the following issues which the Commission identified during its evidence gathering:

- a) Maintaining a focus on supporting those furthest from the labour market and to develop approaches which ensure that these clients do not suffer because of any shift of priorities as a result of the economic downturn;*
- b) Better signposting and referral mechanisms for Incapacity Benefit and Employment and Support Allowance clients and better follow up for those participating in Work Capability Assessments;*
- c) More sensitive operation of the Work Capability Assessments to ensure that those with mental health support needs are not disadvantaged and vis-à-vis those with physical impairments;*
- d) Extending, where possible, the provision of Job Centre Plus Advisers in Children's Centres and of Disability and Employment Advisers working with the Community Services Directorate's Access and Care Management Team;*
- f) Extending specific interventions to support lone parents in particular over the next two years when the welfare reforms will tighten the eligibility to lone parent benefit and thus risk increasing child poverty or social exclusion for some clients.*

It also recommends to the EDP that in taking forward the City Strategy Pathfinder project in the borough that above issues be taken into consideration.

5.5 Public Health and Wellbeing aspects of worklessness

- 5.5.1 The Commission heard from officers from the City and Hackney Teaching Primary Care Trust (CHtPCT) and from a Hackney GP who chairs the PCT's Commissioning Clinical Executive. They argued for a holistic approach to employment addressing housing, health, welfare and childcare needs as well. It was suggested that provision of benefits and employment advice in GP practices, when delivered by a knowledgeable worker, would greatly benefit practice users and increase the uptake of benefits for those in need.

- 5.5.2 Members heard from a local GP about the “mental health collaborative project” which ran for two years in a number of practices across Hackney and which aimed to identify those with mental health needs and to signpost them to appropriate services and provide assistance to them with issues such as employment. There had been a significant drop in consultation rates for those who were availing of the programme.
- 5.5.3 Members welcomed the news that the PCT was in the process of commissioning access to counselling services which would be embedded in GP practices. These cognitive behavioural therapies would be of particular benefit to those on IB.
- 5.5.4 It was noted that the medical practitioners who gave evidence welcomed the general thrust of the welfare reforms as they felt that the previous system was weighted too heavily in favour of an illness model. The focus of the new system was more on what people were capable of doing rather than on what they can't do. It was noted that they were wary of the element of compulsion in the new system and of the policing role imputed to GPs. They informed the Commission that it would not be helpful to put GPs in a policing role in relation to patients' benefits status and that updated guidance for GPs on their responsibilities in these matters had recently been issued. They stated that GPs could be involved in these decisions to the extent that they give a medical view on a case and provide a signposting role, but decisions on work capability assessments would have to be made elsewhere. Members noted that over a three year period it was estimated that 90% of people see a GP and therefore it was sensible for GP practices to develop as wider resource centres. Members heard about the plans for a South East Resource Centre and that the PCT would welcome discussions with JCP on developing the provision of employment advice at the centre. Members noted that the Children and Young People Scrutiny Commission's "0-5 service provision" review had raised the issue of provision of additional advisors in Children Centres and there would be a need for some co-ordination of such provision between Children Centres and 'polyclinics' or their equivalents.

Recommendation Five

The Commission heard from a GP and from Primary Care Trust and Mental Health Trust officers on the support they provide to clients on health related benefits.

Recommendation

The Commission welcomes the commitment made at its meeting by the City and Hackney Teaching Primary Care Trust to work with Job Centre Plus on the extension of **employment advice in doctors surgeries and in the new South East Resource Centre**. The Commission requests the Thriving Healthy Partnership of Team Hackney to seek input from the Chief Executive of the City and Hackney Teaching Primary Care Trust on how this welcome initiative is being progressed.

5.6 Hackney Skills for Employment Strategy

- 5.6.1 The Commission heard about the “Hackney Skills for Employment Strategy” which was developed by a sub-group of Team Hackney’s Economic Development Partnership. It was tasked with coming up with a set of recommendations to help guide the skills infrastructure in the borough. It came up with 10 recommendations. Members commended the work that went into developing the strategy and supported a number of its findings including the need for better co-ordination of information, advice and guidance services (including a comprehensive list of training provision in the borough) and ensuring that skills provision is aimed at progression and employability. The Commission looks forward to receiving the Implementation Plan for the strategy from the EDP.
- 5.6.2 The Commission also heard about the role of Hackney Community College in tackling worklessness and in particular in how they support those on health related benefits or in receipt of childcare support or benefits into employment. Members were impressed with both the breadth of courses (300) and the depth of provision at HCC (entry level to post graduate). Members were pleased to hear that embedding ESOL and basic skills in vocational programmes was a priority for the college as was promoting careers education and external progression for students. Increasing access points and childcare provision and ensuring all courses meet employers’ needs were also priorities. Again they heard that extended benefit protection would remove disincentives for groups to participate in employment. Some of the financial barriers which needed to be addressed for students include affordable child care and the introduction of fees for ESOL for anyone who is in employment. This adversely affected the low paid. Members also heard a call for artificial barriers between JCP and other training programmes to be lifted and for large employers to be encouraged to participate in apprenticeship schemes. Members learned that HCC has lost £1.2m in funding last year because of a shift of focus in government funding provision away from funding short part time courses towards longer ‘full level 2’ courses.

Recommendation Six

The Commission learned from the Principal of Hackney Community College about how they support, particularly those on health related benefits, back into training or employment. It also welcomed the development of the Hackney Skills for Employment Strategy.

Recommendation

*The Commission recommends to the Cabinet Member for Regeneration and the 2012 Olympic and Paralympic Games report to the Commission on 12 January 2010 on the **implementation plan of the Hackney Skills for Employment Strategy** including the need for clarity on the co-ordination of information on education and training providers in the borough, so to that there can be better signposting and referral for residents.*

5.7 How Work Directions support IB claimants and claimants own views on the welfare reforms and the support they receive

- 5.7.1 The Commission learned from Work Directions about how it supports residents who are on Incapacity Benefit, Income Support or the new Employment and Support Allowance in Hackney. Work Directions is part of an international group, Ingeus, with 20 years experience of welfare-to-work programmes. They run 6 Pathways to work programmes in the UK and work with JSA, lone parent and IB/ESA customers. 'Pathways to Work' was the first time mandatory activity existed for people on health related benefits. Nationally there are 2.6 million people on Incapacity Benefit.
- 5.7.2 Members learned that Work Directions receive mandatory customers referred to them from Jobcentre Plus but also receive voluntary customers who are on IB or IS on the grounds of ill health. Those with the most severe health conditions are exempt. Mandatory clients have to attend 5 monthly work-focused interviews, however all other participation is voluntary. Work Directions devise a "personal pathway" to employment for each client and deliver job brokerage and condition management programmes. Condition management is about identifying and reducing people's health-related barriers to work and involves physiotherapists, psychologists and occupational therapists and is overseen by lead health professions. An important part of this is challenging and changing beliefs and behaviours. The aim is to educate clients about their health condition and empower them to manage their health better. One-to-one or groups workshops/classes cover managing injury and illness, coping with pain, health and exercise advice, coping with depression, anxiety and stress and building confidence and motivation.
- 5.7.3 The Commission learned that in Hackney 1000 mandatory clients have started on the programme and 250 people have volunteered since December 2007. 59% of voluntary clients have moved into employment and they are on target to exceed 50% over the life of the contact. Work Directions was working with "On Site" the Hackney job brokerage and with London Organising Committee for the Olympic and Paralympic Games (LOCOG) to place clients into London 2012 vacancies. They received cross referrals from a range of health organisations including City and Hackney Mind and referred clients to agencies covering such areas as housing and debt advice. IB and ESA clients require a huge amount of support and Work Directions was partnering with other agencies and third sector bodies to provide a more integrated service. Members heard how they worked with the PCT on an "Expert Patient Programme" which involves those with long term health conditions themselves encouraging those who join the programme to engage fully. They also worked with the Homelessness Project and with the police's "Diamond" project, where ex-offenders are helped not to breach community orders.
- 5.7.4 Members also heard in detail about the work of City & Hackney Mind's 'Education and Employment Service'. Their employment team provided tailored support to those with mental health support needs to secure and retain employment or volunteering and they worked with employers to develop work placements or vocational workshops or volunteering options. Their Job

Retention Service assists those who feel their jobs might be at risk due to their mental health issues. Support includes working with employers to explore options of “reasonable adjustments” and in-work support. They stated that they currently were picking up many clients not accessing Work Directions. It was noted that they did a lot of work around assisting clients to manage how to disclose their conditions to employers. Members heard that there was still a great amount of discrimination and ignorance around this subject and those with mental health support needs were still being stigmatised. Mind offers free training to companies on “mental health awareness for managers” in return for which they ask companies the for work placements. Members heard that City and Hackney Mind’s annual plan would involved fully supporting 200 clients over the year. Their referrals came mostly from community mental health teams, self referral, PCT psychology teams but not many from GPs. Members noted a concern about the operation of the ESA system, namely that particular mental health diagnoses tended to mean that clients were nearly all allocated to the ESA “support group” rather than the ESA “work group” and this was not always in clients best interests in the long term. Members also noted the work of the Employers Forum on Disability who responded to the welfare reforms by stating that “Welfare reform cannot lead to sanctions on disabled people for not doing ‘work related activity’ if it is not accessible. Disabled people could be labelled ‘unable to work’ not because of their disability but because of barriers to training and employment opportunities”.¹⁵ These concerns were also underlined in the recommendations coming from Dame Carol Black’s review on the health of the working age population.¹⁶

- 5.7.5 The Commission learned that since the advent of the ESA Work Directions was seeing a greater proportion of more job-ready clients coming into their programme, as the ESA was capturing more people who were closer to the labour market. It was noted that they continued to support people for 6 months into their employment. They helped clients with accessing in-work credits and other benefits and ensured that they successfully managed the transition period to the extent of helping them fill out and despatch forms to access these benefits. It was noted that Work Directions clients generally went into 16 or 20 hours of work per week at first (rather than the usual 35 hrs for JCP customers). Work Directions did not provide support to lone parents who did not have health related benefits. Members noted that Work Directions assisted clients with making fully informed calculations about the benefits of going back to work but acknowledged that all benefits systems present challenges, as what ever the cut-off point is some people will be disadvantaged. Transport provision and childcare provision were identified as the major barriers for clients returning to work. Members noted a concern about data sharing between Job Centre Plus and contractors such as Work Directions. This remained a particular challenge and meant that clients were often asked to repeatedly provide the same information on numerous forms.

¹⁵ News release from Employers Forum on Disability on response to the welfare reforms, 10 December 2008.

¹⁶ *Dame Carol Black’s review of the health of Britain’s working age population*. DoH/DWP. 17 March 2008. pp16-17.

5.7.6 A major part of the evidence gathering for this review involved the organisation for the Commission, by the research company Continental Research, of two focus groups with Incapacity Benefit claimants from Hackney. It was acknowledged that if the Commission was to learn directly from residents about the operation of the welfare reforms and their impact on them it would be difficult to get such individuals to speak openly, particularly at a Commission meeting, about either their health conditions or their benefits status. They would also be reluctant to speak openly in front of Councillors or council officers. Research agencies were invited to tender for the provision of the focus groups and following a formal tender process Continental Research was appointed on 8 December to carry out the research. Much work went into recruiting the two sample groups against a detailed set of criteria established to ensure that both groups were both representative of the borough and would be able to cohere effectively on the night. It was decided that one group of 8 would comprise those on health related benefits who were not in any work and were currently not being properly supported. The second group of 8 would involve those on IB/IS and some new ESA claimants the majority of whom were being supported by Work Directions into pre-employment training or part time work or volunteering. The groups were held at a special viewing studio in Old Street called All Global Viewing and excellently facilitated by experienced moderators. Only Continental staff had contact with the participants. A strictly limited number of Members and officers attended to observe the groups from a viewing studio via a two-way mirror. Participants obviously gave full consent and were given shop vouchers as an incentive to take part, to a value that did not affect their benefits status. **A full report on the Focus Groups is attached at Appendix 1.**

5.7.7 The report at Appendix 1 provides a detailed analysis of the findings but among the issues which Members noted from what participants said were the following:

- Referral mechanisms for IB clients from JCP are poor.
- The brief medical interviews (pre ESA) were not considered sufficient to adequately determine how a client could be properly supported.
- The medical review process generates high levels of anxiety and stress and is often detrimental to clients' health, which could be particularly the case with the new medical assessments.
- There was a perception of poor treatment and lack of respect from JCP officers vis-a-vis Work Directions officers.
- There was a perception that JCP officers needed better training on clients medical conditions and on general communication skills.
- General frustration with overly complex bureaucracy, misinformation and being required to repeat the same information in numerous forms.
- The incentives to get off benefits are generally not enough.
- Flexibility with in-work support/benefits would offer a buffer during the transition into employment for those lacking the confidence or the finances to cope during this period.

- Work Directions personalised service and tailored support combined with the supportive atmosphere in their office seems to have a hugely positive effect on clients morale.
- 5.7.8 Members explored with Work Direction and Ingeus officers the responses from the focus groups and in particular noted the praise for Work Directions more personalised approach. It was noted however that Job Centre Plus Advisers have a much more complicated role and JCP operate and have to police a benefits system as well as providing job search, so it would be unfair to compare the two organisations on this basis. It was noted that most people on Job Seekers Allowance find a job within 6 months and so the level of dedicated support they get from JCP would be limited so there was some logic, in public policy terms, in focusing the higher level of customer support with agencies like Work Directions where providers have to deal with the 10% of cases who need intensive support. Work Directions and Ingeus officers stated that many local authorities who experience frustration with the service provided by statutory agencies such as JCP often attempt to create a parallel or rival provision themselves. They urged Hackney to observe caution here. They stated that the Council has the potential to access to a large number of residents on health related benefits who could be encouraged to volunteer at Work Directions. Those who have been workless for a long period or have no work history are unlikely to be helped by Job Centre Plus and so the priority should be for potential clients to be made aware of the provision which already exists. They suggested that this could be done via housing offices, school, GP surgeries etc. It was noted that Work Directions received from JCP the list of residents who are in receipt of health related benefits in the borough and they did write to them all, but the take up was not as good as it could be. It was noted that in Hackney they only had 30 staff in the Shoreditch office and the priority for them was providing the frontline service rather than marketing/outreach activity.
- 5.7.9 Work Directions and Ingeus also informed the Commission that where Councils can assist with extending childcare provision for those going off benefits they should. Members learned about LB Southwark's Childcare Support Scheme where they linked provision of free childcare to opportunities for training and support with job search. It was established under the DCSF/LDA "Childcare Affordability Programme" (referred to earlier) and each eligible parent received two days of formal childcare per week whilst job searching, for a maximum of twelve weeks. Once the parent was in employment they received one month's worth of formal childcare fees paid directly to the provider and the programme assisted parents to claim their Working Tax Credits. Since April 2007 880 parents in Southwark have accessed the service.
- 5.7.10 Members also discussed with Work Directions the policies around "sick notes" and noted Work Directions concerns about the significance for an individual of being 'signed off' long term by a GP if there is no proper support in place to ensure that they can keep in contact with labour market or avail of volunteering or part time or flexible work opportunities which might ease their return to full employment in the future. We learned about Tower Hamlet

PCT's "English for Work Programme" where the PCT funded a programme for those on health related benefits who needed ESOL support and pre-employment training.

- 5.7.11 We learned from Work Directions that between 2010 and 2013 it was anticipated that all those on health related benefits would go through a new health check and that ESA was being envisaged ideally as a short term benefit for claimants. By 2014 it is expected that nobody would remain on IB or IS and all would be on either ESA or JSA. It was noted that there currently wasn't capacity in the system to process the 2.6 million medical assessments which would be required for the system to be completely overhauled.

Recommendation Seven

During its focus groups with residents on Incapacity Benefit the Commission was pleased to note how clients held the work of Work Directions in Hackney in such high regard and the successes they were having in transforming clients lives. We learned from Work Directions itself that they receive referrals of mandatory clients from Job Centre Plus but also welcome voluntary clients and we noted that they could deliver additional provision but that they struggled to engage clients who are harder to reach.

Recommendation

*The Commission recommends to the Cabinet Member for Regeneration and the Olympic and Paralympic Games and the Cabinet Member for Community Services that they explore with Team Hackney partners how to **encourage greater take-up of services provided by Work Directions** in the borough.*

The Commission noted that the wide range of support available to residents on health related benefits could be better promoted to harder to reach groups, in particular using GPs surgeries and the outreach workers in the Council's own Community Services teams and the Economic Development Team. The Commission requests a progress report on this by 12 January 2010.

5.8 Public Sector Recruitment and Apprenticeships

- 5.8.1 The Commission, in hearing evidence from Job Centre Plus amongst others, heard that the Local Employment Partnerships and issues such as the provision of apprenticeships would require greater support. Members noted that this was echoed in the final report of the Houghton Review which calls for a national programme to provide up to 50,000 apprenticeships over three years to 2012 and give work experience for approximately 75,000 unemployed people each year. Members also noted the announcement from the Mayor of London that the GLA group would aim to provide more than 3000 apprenticeships over the next three years.¹⁷
- 5.8.2 Members learned from JCP that Local Employment Partnerships have the following features: employers offering work trials, a target number of places for disadvantaged customers, pre-employment training, guaranteed interviews,

¹⁷ News release. *Mayor on course to deliver thousands of new apprenticeships in capital*. GLA. 23 February 2009.

one-to-one employer mentoring, a revised application proves for LEP customers, flexible working patterns, further training for LEP customers once in employment and providing facilities for group seminars. JCP re-iterated that they could not do this alone and they require Service Level Agreements with partner/providers to make these work. Nationally the DWP has been calling for greater support from local authorities for rolling out LEPs in every area.

- 5.8.3 The Commission's previous two reviews on "Growing a local economy" and "Supporting Socially Excluded Adults" both explored the issues of how the Council and the other large public sector employers in the borough (the PCT and the Homerton Hospital) could do more to employ both socially excluded adults and more local residents. We learned from the Council's Human Resources department about the particular challenges around 'job carving' and identifying suitable roles for these individuals and then the necessity to provide adequate support for these clients when they are in post.
- 5.8.4 The Commission had recommended in its review on "Supporting Socially Excluded Adults" that the "Valuing People" project (to support those with learning disabilities into employment with the Council) be progressed as it had been stalled for a period. The Commission was pleased to learn that it was now going to be taken forward by the new Learning Disabilities Employment Partnership being led by the Corporate Director of Community Services. It was noted that Governance and Resources Scrutiny Commission had made a similar recommendation about this scheme as part of its scrutiny review on "Human Resources –focusing on recruitment and retention" which was published in March 2009.
- 5.8.5 During the Commission's visit to the CSP project at the Pembury Estate, members also learned from the agency Talent that the Council itself was not an employer on the CSP project. The Commission welcomes the fact that HR officers from the Council have now scheduled a meeting with Talent to progress this matter and would point out that it is anomalous that the Council itself is not an employer in this high profile programme, which the Council itself is leading on, to tackle worklessness in the borough.
- 5.8.6 The Commission received a briefing from the Human Resources department on "Recruitment and Local Residents". Members welcomed the launch of the Hackney Apprenticeship Programme which envisages the recruitment of 100 apprentices over the next three years with these ring-fenced for local residents. The Commission was also pleased to note that the Council hosted 143 work placements last year which provided up to 6 months work experience for individuals¹⁸. While the Commission welcomed both of these initiatives it would request the Chief Executive to ensure that these rates of apprenticeships or work placements are increased or at least maintained.
- 5.8.7 It became obvious to Members as it explored these issues that there was a need for the large public sector employers in the borough (who also happen to be, by far, the largest employers in the borough) to come together for joint

¹⁸ Briefing on 'Recruitment and local residents' to Commission meeting on 9 Feb 2009.

action on promoting local recruitment and in supporting the employment of socially excluded groups and in developing work placement and apprenticeship programmes. To this end the Commission welcomes the commitment in both the Sustainable Community Strategy and in the Regeneration Delivery Framework for this issue to be tackled by the creation of a proposed Public Sector Human Resources Action Group.

Recommendation Eight

The Commission has identified a general need for a more integrated approach to recruitment and apprenticeships by the public sector employers in the borough and the need to promote these as employers of local people. The Commission welcomed the undertaking in the Sustainable Community Strategy and the Regeneration Delivery Framework to explore the establishment of a Public Sector Human Resources Group.

Recommendation

*The Commission requests the Deputy Mayor and the Cabinet Member for Regeneration and the Olympic and Paralympic Games to establish a **Public Sector Human Resources Action Group** to bring together public sector employers in the borough to find joint solutions to vacancy issues, to develop joint local recruitment practices, to set targets for apprenticeship programmes, to promote recruitment of local residents and to support Job Centre Plus in the development of the Local Employment Partnerships (LEPs).*

5.9 Next steps – the Cross Cutting Review

- 5.9.1 When the refresh of Hackney's Sustainable Community Strategy was agreed in November 2009 it was widely agreed that it should be kept live though continuing engagement about its key interventions and priority outcomes. It was agreed therefore that there would be 2 or 3 reviews per year on subjects that cut across the themes of the Strategy and that the first of these would be Worklessness.
- 5.9.2 This scrutiny review was purposefully aligned with the 'Cross Cutting Review' in that this Commission decided to focus on two key areas which require particular attention - the support to those in receipt of long term incapacity benefit and those in receipt of childcare support/benefits. The Cross Cutting Review, which will commence immediately after this one, will reflect on our findings but take a much broader look at the subject. It will also reflect on national developments such as the final report of the Houghton Review and the impact of the economic downturn. The Cross Cutting Review will be run by a Steering Group chaired by the Chief Executive and comprising the relevant Cabinet Member, a Member of Hackney Management Team, the Chair of this Commission, a Member of the Team Hackney Board, a member of a good practice local authority for this topic and external experts. The review will have a "green paper stage" which will scope its enquiry. The reporting will be in two stages with an interim report providing the key bodies with an indication of the next steps in the process and a final report with recommendations. These will go to Cabinet/HMT, Overview and Scrutiny Board and Team Hackney Partnership Board.

- 5.9.3 The Commission welcomes the fact that its work will be taken forward as part of a 'bigger picture' review on 'Tackling Worklessness'. Our first recommendation is requesting that the Mayor and Cabinet ensure that Worklessness is a key element in the proposed 5 borough Multi Area Agreement. The Commission also makes a number of specific proposals for areas which it would like the Mayor to lobby central government as part of MAA negotiations. It became obvious to this Commission that tackling worklessness will require a regional and sub regional focus and that a number of the key barriers can only be addressed nationally by central government.
- 5.9.4 The findings of this review address all the key points raised in the Terms of Reference however one aspect proved particularly elusive and that was the issue of how individuals and businesses in the informal economy can be supported to move into the formal economy. Any analysis of the broad subject of worklessness in Hackney will need to address the prevalence of the informal economy and indeed the likelihood of its expansion during the economic downturn. Engaging with those in the informal economy is no mean feat and we would recommend that perhaps innovative approaches to evidence gathering might be employed. The Commission notes the findings of Lord Grabiner's report¹⁹ on the Informal Economy in 2002 and the latest national research but it would certainly aid policy development if local data and research on the topic could be captured.

Recommendation Nine

*The Commission requests the Cabinet Member for Regeneration and the 2012 Olympic and Paralympic Games to ensure that the forthcoming **"Cross Cutting Review on Worklessness"** takes forward the Commissions' recommendations and gives some consideration to issues such regional and sub regional lobbying via an MAA and the need to explore further the impact of the **informal economy** in the borough.*

¹⁹ *The Informal Economy*, Lord Grabiner QC for HM Treasury. March 2000. HM Treasury.

6 CONCLUSION

- 6.1 As we conclude this review the government has just published its review on “Tackling Worklessness”²⁰, chaired by Cllr Stephen Houghton, Leader of Barnsley Council. This review looked at how English local authorities and partners could do more to tackle worklessness. What we found in our local review echoes many of Cllr Houghton’s broader conclusions, namely that LSPs should ensure that their direct expenditure on support for workless people adds value to existing mainstream provision and that local government services and funded provision are properly integrated with mainstream employment and skills services.
- 6.2 Through a Multi Area Agreement (e.g. the proposed 5 borough MAA for East London) greater influence could be brought to bear on the need for the ‘Working Neighbourhoods Fund’ to move to a five year cycle to enable more long term planning. An MAA could also be used as a vehicle to have greater influence on the national ‘Worklessness Forum’ which Houghton proposes.
- 6.3 We also support the Houghton Review’s recommendations of the requirement for each Council to conduct ‘Worklessness Assessments’ as part of their economic assessment duty. Creating ‘Work and Skills Plans’ with better aligned budgets and co-commissioning of services under an LSP should also form part of how Team Hackney implements the findings of its “Skills for Employment Strategy”.
- 6.4 We also agree that local authorities and our local public sector partners can do more to expand employment, work experience, apprenticeships and training opportunities for long term benefit claimants in the borough. We also welcome the Department of Health’s announcement²¹ that an extra £13m has been allocated for therapy services in England to help identify those who might be suffering from depression due to the downturn.
- 6.5 The economic downturn will also have the effect of putting many high skilled and experienced people out of work and we would also ask whether Jobcentre Plus is geared up to deal with such clients. We would also urge Jobcentre Plus to maintain a focus on supporting the long term unemployed and those on health related benefits as there is a concern that JCP might cherry pick the recently unemployed, who are easier to place, to the detriment of supporting the long term workless.
- 6.6 We would also ask the Economic Development Partnership to think about the choice of sectoral interventions it makes in the light of the recession. Construction (particularly around London 2012) and the retail sectors have been the focus of interventions up to now and both are experiencing a severe downturn. Obviously the speed at which the recession has hit has alarmed everyone and going forward, there is a need for interventions to be revised in the light of the rapidly changing economic circumstances.

²⁰ *Tackling Worklessness Final Report*, March 2009, Dept of Communities and Local Government

²¹ DoH news release on 9 March 2009

- 6.7 One recommendation from Dame Carol Black's review²² on the health of Britain's working age population stood out for us, namely that:

"..GPs and other healthcare professionals should be supported to adapt the advice they provide, where appropriate [by} doing all they can to help people enter, stay in or return to work"

The shift in emphasis from a 'sick note' to a 'fit note' will be an important one and the medical profession will need to be supported by other public sector agencies to provide a more coherent and joined up support for those on incapacity benefit or ESA.

- 6.8 Unlike Health in Hackney Scrutiny Commission with its statutory health scrutiny powers, this Commission has, up until recently, had no specific powers to request partners to respond to its reports. Recent legislative changes however and the advent of the new Comprehensive Area Assessment (CAA) (which formally recognises scrutiny as part of the inspection system), means that we are now able to call to account any 'LAA partner' for their performance on jointly delivering on LAA targets. We have been heartened by the level of co-operation we received from Job Centre Plus and Work Directions and we hope that as active members of the Economic Development Partnership both Job Centre Plus and the LSC will have regard to our recommendations.

²² *Working for a healthier tomorrow*. Dame Carol Black's review on the health of Britain's working age population for DoH and DWP. 17 March 2008, p.17.

7 CONTRIBUTORS

7.1 The following people gave evidence at Commission meetings:

- 7 October 2008 **Derek Harvey** – External Relations Manager, Job Centre Plus – City and East London District
Cllr Guy Nicholson – Cabinet Member for Regeneration and the 2012 Olympic and Paralympic Games
Clive Tritton – Head of Partnership and Investment
Nadeem Malik – City Strategy Pathfinder Programme Manager
Zoe Collins – Economic Project Officer
Randal Smith – Head of Strategic Policy & Research
Lin Cotterrell – Strategic Policy and Research Officer
- 12 November 2008 **Steve Gilvin** – Director of Primary Care and Community Nursing, City and Hackney Teaching Primary Care Trust
Dr May Cahill, Hackney GP and Chair of the PCT's Commissioning Clinical Executive
Jane Woolley – Strategic Commissioning Manager, Team Hackney Support
Katie Williams – Social Inclusion Manager, East London NHS Foundation Trust
Laura Marmion – Vocational Occupational Therapist and Employment Project Lead, East London NHS Foundation Trust
- 3 December 2008 Site visit and meeting to CSP projects at Pembury Estate. Involved contributions from the following:

Nadeem Malik, CSP Programme Manager, LBH
Nuala Geary, Head of Employment & Training, Peabody Homes
Nigel Robinson, Centre Manager, Pembury NLC, Peabody Homes
Daley, Pembury NLC, Peabody Homes
Loretta Shaw, Pembury NLC, Peabody Homes
Cheryl Mannion, Pembury NLC, Peabody Homes
Sarah Corrigan, Regional Manager, Talent
Melanie Peake, Circle Homes
Paula Williams, Circle Homes resident and project worker
Amy Stoddard, Pinnacle Homes
Gheran Senghore, Pinnacle Homes resident and CSP outreach worker
Marcia Mullings, Hackney Homes resident and fulltime outreach worker for Talent based at Pembury NLC
- 13 January 2009 **Joanna Davies**, Head of Learning Disabilities Service

Simon Thorne, Development Manager, Learning Difficulties Team
Katherine Blackshaw, Development Manager, Learning Difficulties Team
Christian Mahoney, CRS Manager, Adult Community Services
Shivangi Medhi, Equality and Diversity Policy Officer
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Rachel Salmon, Policy and Strategy Officer

9 February 2009 **Ian Ashman**, Principal, Hackney Community College
Atiya Munir, Partnership Adviser, Team Hackney Support
Caroline Anderson, Assistant Director – Human Resources and Organisation Development
Jan Chappell, Sebright Children’s Centre, Extended Services Manager, The Learning Trust
Grace Graham, Community Development Worker, The Learning Trust
Jackie Hopfinger, Strategic Development Manager, Childcare and Play, The Learning Trust
Cllr Geoff Taylor – Chair of the Children and Young People Scrutiny Commission

2 March 2009 **Jenny Ross**, Manager, Ingeus Centre for Policy and Research
Marian Carson, Deputy Operations Manager, Work Directions
Louise Innes, Employment Project Manager, City and Hackney Mind

- 7.2 The Commission is also grateful for the advice and guidance received from: Yvonne Servante, (Deputy Director Learning & Standards (Secondary), The Learning Trust), Stephen John (Head of Assessment and Care Management), Trish Smith (Head of Adult Learning and Governor Services, The Learning Trust).
- 7.3 The Commission was invited by the Hackney Refugee Forum to its meeting on “ESOL and unemployment” on 16 January 2009 and is grateful to them and their Chair Ali Aksoy for their input.
- 7.4 The Commission is grateful to Peabody Homes for hosting the site visit, tour and meeting with residents at the Pembury Estate on 3 December 2008.
- 7.5 The Commission is particularly grateful for the contribution of Leo Archutowski and Rosemary Cowan of Continental Research and Lin Cotterrell (Policy and Research Officer, LBH) for their work in organising the focus groups with residents on incapacity benefit held on 24 February 2009. The Commission also acknowledges the assistance provided by the following to Continental in

planning the focus groups: Derek Harvey (Job Centre Plus, External Relations Manager – City and East London District), Vicky Addai-Diawuo (Business Support Manager, Revenues and Benefits Service), Naila Qureshi (Project Manager, Children's Centres, The Learning Trust), Laura Marmion (East London Trust, Moving On Project), Marian Carson (Work Directions) and Marline James (Jobcentre Plus, Hoxton).

- 7.6 Last but not least the Commission is most grateful to the 16 Hackney residents who participated anonymously in the focus groups.

8 MEMBERS OF THE SCRUTINY COMMISSION

8.1 Members of the Scrutiny Commission

- Councillor Deniz Oguzkanli (Chair)
- Councillor Angus Mulready-Jones (Vice Chair)
- Councillor Afolasade Bright
- Councillor Michael Levy
- Councillor Jonathan McShane
- Councillor Patrick Vernon
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9. BACKGROUND PAPERS

- 9.1 The following documents have been relied upon in the preparation of this report or were presented to the Scrutiny Commission as part of the investigation.

- LB Hackney, Minutes of the meetings of the Community Safety and Social Inclusion Scrutiny Commission held on 7 October 2008, 12 November 2008, 13 January 2009 and 9 February 2009.
- LB Hackney, Note on informal meeting of the Community Safety and Social Inclusion Commssion on 2 March 2009
- LB Hackney, Note on the Site Visit and meeting at Pembury Estate on 3 December 2008

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GLOSSARY

CAF	Childcare Affordability Project (project funded by LDA and DCSF to assist parents with childcare costs during their transition off benefits and back to work)
CSP	City Strategy Pathfinder. DWP funded pilot projects to deliver locally based employment projects.
DWP	Department of Work and Pensions
DCLG	Department of Communities and Local Government
EDP	Economic Development Partnership, a sub partnership of Hackney's LSP - Team Hackney
ESA	Employment and Support Allowance. New health related benefit which replaced Incapacity Benefit on 27 October 2008.
ESOL	English for Speakers of Other Languages.
IB	Incapacity Benefit. A health related welfare benefit.
IS	Income Support. A welfare benefit for those on low income or who have not accrued enough national insurance contributions.
JCP	Job Centre Plus, an agency of the DWP.
LAA	Local Area Agreement. Agreement between central government and a local authority to deliver improvements in an area..
LDA	London Development Agency. An agency of the Mayor of London
MAA	Multi Area Agreement. An LAA agreed between a group of boroughs.
S106	Refers to agreements, usually between developers and a Council, under Section 106 of the Town and Country Planning Act 1991 to mitigate the effects of development on a site by making payments towards for example improving the public realm or the environment.
Team Hackney	Hackney's Local Strategic Partnership.



CSSI Scrutiny Review on Tackling "Worklessness"

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CSSI Scrutiny Review on Tackling “Worklessness”

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1. Background

This project forms part of London Borough of Hackney's Community Safety and Social Inclusion Scrutiny Commission's scrutiny review on "Tackling Worklessness".

The Terms of Reference for the review are:

a) To allow Members to gain a broader understanding of the local and national issues that impact on the problem of 'worklessness' in Hackney, noting the relevant targets in the Local Area Agreement and the possible development of a Multi Area Agreement.

b) To investigate how the Council and its partners are tackling the problem of worklessness in particular in areas where there is persistent employment disadvantage.

c) To investigate how the Team Hackney partners work strategically to achieve the shared goal of supporting individuals to get off Incapacity Benefit and into training or employment.

d) To explore the effectiveness of existing interventions to provide training and employment to those in receipt of child care support or benefits and to learn from national examples of good practice.

e) To explore the implications for Hackney of the government's plans to reform the welfare system and in particular its plan to replace Incapacity Benefit with the Employment and Support Allowance.

f) To examine the effectiveness of novel approaches such as the City Strategy Pathfinder project and to identify other examples of good practice nationally, regionally and locally.

g) To examine how individuals and businesses in the informal economy can be supported to move into the formal economy.

h) To align the scrutiny review with the Council's broader 'Cross Cutting Review on Worklessness', noting that "worklessness" is a priority in the refreshed Sustainable Community Strategy, and to ensure that the emerging findings of that research are reflected in the scrutiny reviews own recommendations.

Further to (e) above, the Members wished to obtain a more in-depth understanding of the likely impact of recent welfare reforms on Hackney residents who are in receipt of Incapacity Benefit or the new Employment and Support Allowance, and the barriers they currently face to moving into employment. Members also wished to obtain the views of residents about the quantity, quality and effectiveness of the support available, and their experiences of both service providers and employers. Finally, Members wished to explore issues around the benefits trap and specific barriers to coming off benefits, as well as the role of the Council and its partners in helping residents to overcome these barriers.

Although evidence to scrutiny reviews is usually given at formal commission meetings, held in the Town Hall, or at more informal site visits, in this instance, where Members needed to obtain the views of residents on personal and often sensitive issues relating to their health and benefit status, it was decided that focus groups would allow Members to capture such views and information in an informed manner but also through the required supportive and non threatening environment. Moreover, since the presence of councillors or council officers could inhibit participants in what they might say focus groups held in private but where Members could observe but not participate in the discussion would be more appropriate.

2. Objectives

The overall research objective was to explore the implications for Hackney of the government's plans to reform the welfare system, in particular its plan to replace Incapacity Benefit (IB) with the Employment and Support Allowance (ESA).

Specific objectives were:

- To understand the experiences of those claiming Incapacity Benefit and/ or the ESA with a view to understanding how they have affected people in different ways.
- To assess the differences in claimants' experiences of undergoing the medical process
- To explore claimants' views about the quantity, quality and effectiveness of the support available, and their experiences of both service providers and employers.
- To explore issues around the benefits trap and specific barriers to coming off benefits, as well as the role of the Council and its partners in helping residents to overcome these barriers.

3. Sample and Methodology

Group discussions were selected as the methodology of choice as they are ideal for providing a discursive format for participants to express and share their views with one another. Conducting group discussions also fulfilled the requirement to hear from a very diverse group of respondents within a short timeframe. The groups were divided by participants' attitude/ stage of progression into work in order to make the groups as homogenous as possible and ensure a cohesive group dynamic. Thus group 1 comprised of those on health-related benefits who were not in work of any kind. Within this group we included a mixture of those that were both long and short terms claimants. Group 2 comprised of those on benefits who were being supported by Work Directions into pre-employment training, part time work or volunteering' and were either mandatory or voluntary clients. We also included some new ESA claimants. All respondents were Hackney residents and a mix of ages, ethnic backgrounds and

disabilities was included. Both groups also contained lone parents. A more detailed break down of the group composition is below:

Group composition

Group 1 – Not in Work	Group 2 – In Work
<p>Gender: 4 women and 4 men</p> <p>Ages ranged from 26-50</p> <p>Ethnicity included a mixture of white, Black African and Black Caribbean</p> <p>Housing status: 5 respondents with The Housing Association, 2 respondents renting privately and 1 renting via the Council</p> <p>Benefit: 4 respondents on Income Support (1 on DLA), 3 respondents on Income Support and Incapacity Benefit</p> <p>Health condition: 4 suffering from mental ill-health, 3 suffering from physical disabilities, 1 not suffering from a health condition (lone parent)</p> <p>Parental situation: 2 lone parents</p>	<p>Gender: 3 women and 4 men</p> <p>Ages ranged from 31-54</p> <p>Ethnicity included a mixture of White, Asian, Black Caribbean and Mixed Race</p> <p>Benefit: 2 respondents on ESA, 5 respondents on Income Support (3 mandatory and 2 voluntary Work Direction clients)</p> <p>Health condition: 4 suffering from mental ill-health, 3 suffering from physical disabilities</p> <p>Parental situation: 1 lone parent</p>

The groups were facilitated by Leo Archutowski and Rosemary Cowan of Continental Research. N.B Findings from this research are taken from a small sample and therefore cannot be viewed as representative.

Participants were specifically recruited to have a range of different criteria such as different medical conditions for example. We therefore asked participants to complete a short pre-task exercise in advance of the group discussions in order to capture participants' individual responses that might otherwise have been lost on the groups. These for example asked questions about participants' awareness of changes in the welfare system which allowed us to understand how widely the new system was understood without others prompting them as would be the case in a group discussion.

The pre-task also focussed on individuals experiences with the medical assessment which were likely to vary markedly depending on whether the individual had mental or physical disabilities. These were then analysed alongside the main findings from the group discussions.

We conducted both group discussions, each two hours in length, on the evening of Tuesday 25th February 2009 at All Global Viewing Studio in Old Street. We recruited 8 participants for each group but there were only 7 participants in the second group.

4. Sample observations

Respondents' appetite to get into work was largely driven by the extent of their mental or physical disability. On balance, those who suffered from long term mental ill-health felt they had extra barriers to overcome in order to move into work again, while those with short term conditions felt they had fewer barriers to overcome. This was also apparent for those who had been on benefits for an extended period of time who also felt they had extra barriers to overcome in order to move into work again.

5. Experiences of the claiming process

5.1. Impact of changes to the welfare system

Although there was some awareness of the term 'ESA' and what it stands for, only one or two were able to cite any further details about it, knowing, for instance that it had started at the end of October. Even the ESA claimants said they were confused by the new process claiming they had received conflicting information. Some of this confusion appeared to stem from the application process and, for example, how tax credits relate to a claim for ESA. Most of the confusion, however, resulted from the fact that both the ESA claimants received the same amount as when they were on JSA; they therefore had no reason to question or engage with the new system. Furthermore, ESA claimants said they had not received clear communication from JCP advisors on what exactly ESA was about and how it would impact them in the future:

'I don't even know what it is. When I went to sign on I was on JSA. I said to the advisor at JCP that I couldn't come in because I was on crutches and he put me on ESA. You stay at home and they give you the money. Nothing had changed though, I still get the same amount of money... They back dated the claim to the date I had my operation which was 15th October.'

'ESA is a new thing they just started it on the 28th of October. When I rang them I said I need to claim for ESA from the 15th of October but they said I couldn't claim for it till the 28th.'

'I rang them [JCP] to find out what was going on with my benefits and they weren't very helpful. I asked if I could speak to someone else because I couldn't do this [the application] and I couldn't call them every time I have a question and she just hung up the phone.'

'All I know is that my GP said I should claim ESA.'

'The guy at the JCP said I had to back date to go onto Incapacity Benefit so there was all this confusion over the phone when my application was going through. They kept asking why I had to go onto Incapacity Benefit and I had to explain it. I think they need to be clear about what this is and what it means for people because it wasn't clear to me.'

5.2. Reactions to ESA

Generally, a broad definition of ESA was received with a mixture of curiosity, concern and cynicism. Many had further questions such as whether the changes would make it easier or harder to find a pathway into work, while much of the concern and cynicism came from respondents with conditions that prevented them from working altogether and who felt a new scheme would be designed to force them into work. Although almost all had little understanding of

the details of the new scheme, the typical response was one of anger and frustration and there was an assumption that the new scheme would not take into account the difficulties and challenges facing those with severe disabilities.

'It scares me because it's too simplistic. I'd like to work but it doesn't work like that. Something bad can happen and I can go down like that and then I'd lose my job or I'd walk out. They're not thinking it through. What I see is them trying to save money. They want to get a load of people who have been on benefits and shift them either onto another benefit, or into work or to cut their benefit to save money. That's the way I see it. They don't give a damn about us.'

'I think the government wants to get people off benefits, which is fine, but the process or the way they are trying to get people off benefit, that's where the whole problem is. There is this fear I have of coming off benefits and not getting them back and wondering how I'm going to cope. It's not a question of whether I CAN work.'

'The new medical assessment says it will focus on what you can do. It sounds like it's a case of, 'Come on, you can work. Get off benefits!'

6. Triggers and barriers into work

Although focus group participants were able to generate a long list of positive reasons why working is beneficial, the general tendency was to focus on the 'benefits trap' and the barriers preventing them from getting into work.

6.1. Triggers to work

The following were identified as the benefits of working:

- Self esteem / self worth / self respect / confidence

- Independence
- Positive feel-good factor / something to look forward to
- Getting into a routine / providing structure
- Interacting with other people
- Acknowledgement from others / fitting in with society / not being classed as a scrounger / freeloader / fraudster
- Better money

Many perceived and /or had experienced a clear connection between working life and feeling more confident in themselves.

'It will give you confidence and self esteem. When I was working in 1999, before my relapse, it felt good but then this thing happened to me and I lost my job and I felt I lost my whole self, my whole being . Since that day I've struggled to get into the real world.'

'Sometimes without a job you feel you have let yourself down.'

It was also apparent that not being in work led to a feeling that they were not respected by society as a whole and some felt segregated/ alienated from everyone else as a result. This led to a feeling that others may see them as 'freeloaders' who were not contributing to society.

'Work is about getting self respect. I'm an ex-soldier, ex-mini cab driver, ex-accountant, ex-book maker but I'm unemployed now.'

'Getting a job is about more freedom. People respect you; it's not just about getting a job. I would love to get a job where there is less money but more respect.'

'I feel I'm persecuted by the public.'

While some focused on the more emotive aspects of work life, others focused on the practical benefits of having more money and the perceived impact that would have on their quality of life.

'There's a freedom in earning.'

'I got the job....covering for Christmas. I got £750 for Christmas; I was happy as Larry the Lamb.'

'I don't want to be tied, dragged down on that benefit...you know how nice I feel putting a cash-point card in and drawing my wages out...Oh man! Waiting for the Giro is not good and if it don't come you're phoning them up and they can't do nothing.'

Another emerging theme was that 'worklessness' led to a sense that people were drifting in their life, which exacerbated feelings of isolation and in some cases led to depression. Work life was widely acknowledged as providing structure and routine which prevented the onset of this drifting mindset.

'I don't think things will ever change for me.'

Work life was also seen as an environment where people could benefit from meeting and interacting with other people. Again, this appeared to have the effect of making people feel more positive about themselves and in some cases 'normalised' their condition, preventing feelings of isolation from escalating.

6.2. Barriers to work

The following were identified as reasons for claimants not to go into work:

- Fear of relapse; could be exacerbated by stress of new/working environment

- The 'Benefits Trap'
- Limitations in what one can do / physically / mentally unable to do all jobs
- Days when don't feel up to it
- Out of practice / skills out of date
- Attitude of employers (discrimination e.g. age and condition, lack of flexibility with work hours)
- No support into work e.g. no extra money for necessary clothes / travel etc
- Fear of not being able to get back onto benefits / extended delay in getting back onto benefits if the job does not work out or if their health relapses

6.3. Fear of relapse / days when don't feel up to it

A pervading issue for those who felt they were unable to work due to their medical condition, was their fear of relapse. This was especially, although not always, the case for those suffering from mental-ill health leading to uncertainty and reduced levels of confidence in terms of being able to perform to the required level and fulfil job expectations.

There were also examples of those with both mental and physical disabilities who, because of their condition, had days when they were simply not mentally or physically fit enough to go to work. Some of the conditions affecting respondents could suddenly and spontaneously worsen, which could lead to them missing work, a medical assessment or an interview with JCP/ Work Directions.

'There are times when I get depressed and I just can't face it. Last week I was in a deep depression for 3 days and it was terrible. I literally didn't

know what to do with myself. So can you imagine getting up and you're in pain, crying. It's awful.'

6.4. Benefits trap

The so-called 'benefits trap' was perceived to act as a disincentive to working because being on benefits meant that claimants' Council Tax, rent, prescriptions for medicines, dentists and access to other amenities were all covered, whereas once they were working they would have to find the funds for these expenses, which for low-earners might effectively mean it was not worth working.

'The other side of it is, you know that money's there every week...I'm scared; I'm petrified. I've been on benefits 20 years. I've got to find my rent, my Poll Tax, plus all my bills!'

'I would be for the idea as long as they will help me back to work, but if it's something that's going to leave you with no money then how do you cope?'

6.5. Fear of not being able to get back onto benefits

Respondents often expressed the fear that if things went wrong, such as the job not working out successfully for them or their employers, or if they had a health relapse, then they might be left without means of support for months as their benefits might have been permanently removed or because it could take a long time to get back onto benefits. It was thought that Housing Benefit would not be paid for six months, leading to fears of homelessness.

'The whole system is changing. If you get into work and you have another relapse what happens then? You won't get it [benefits] back again so then what will you do. You won't be able to pay the bills, food, and electricity.'

'I've heard that they will keep your benefits running for 2 years if you have a relapse but I don't believe they will do that.'

'I think the government wants to get people off benefits which is fine but the process or the way they are trying to get people off benefit, that's where the whole problem is. There is this fear I have of coming off benefits and not getting them back and wondering how I'm going to cope.'

6.6. Working environment

For those with mental health problems, their condition could even be exacerbated by the working environment itself. Corporate working environments were particularly associated with stress, as was any new work situation. One of the respondents, suffering from anxiety and depression, explained that her condition led not only to a fear of working with people but also of working in isolation so that she was resistant to work situations over which she had no control. There is evidence to suggest that individuals not suffering from severe mental health conditions could be encouraged into a more positive mindset as those who visited Work Directions for support into work reported.

6.7. Skills issue/ readjusting

It was clear respondents' individual conditions imposed restrictions on what type of work they were able to do. In some cases this led to a sense of disillusionment with work generally and left them in a state of hopelessness. Others, who were more positive to the idea of getting into work, were left with the issue of adjusting their expectations to the type of work that would now be suitable for them. They perceived this to be sad as this was not the usual type of work they had either developed a skill set for or were inspired to work in. There was a visible drop in mood for those who felt they had to consider jobs of perceived lower worth/status.

'In the eighties I ran a pub but I couldn't do it now. My skills are out of date, the tills are all different. I wouldn't know what I was doing. The guys at JCP said why don't I be a barmaid but I said I don't want that. I have arthritis and can't stand properly, especially not for long hours and the money is disgusting.'

'It's very stressful and frustrating. I have been working with a mentor from RNIB and in a way we have degraded my CV so it looks very simple so I'm not aiming for higher jobs anymore. I'm looking at things that pay less. If the other jobs were more flexible, for example, allowing me to job-share with someone that would be the solution.'

'My CV has been built up with all this corporate background, like investment banks and now I have to look at schools and things like that.'

6.8. Attitude of employers

Another key barrier preventing those who had genuine interests in finding work, was the perceived attitude of employers. There was a sense that employers discriminated either in terms of age or disability and rarely catered for conditions by offering flexible working hours.

'The problem I have with getting back to work is with employers. I have been going to interviews since September and I think it's got to the point where I think they say the reason they won't give you the job is because the disability gets worse. I was in full time work but my condition affected my eyes and I lost sight and I had to reduce the hours. The doctor said, 'I think you need to have a less stressful environment or make adjustments in how much you are working there,' but my employer expected me to work full time so I had to resign and look for something part-time.'

'It's difficult going to interview because obviously you can't lie. You have to tell them why you can't work full time and you can see it in their body language. They just change. It's like, 'OK; we'll get back to you,' and you just keep going for interviews and it's really tiring to keep proving to them that you can do the job but that you can only do it 2 days a week. I reckon I have had about 10 interviews.'

'I know women of my age that cannot work because at the interview they are told they want someone younger. Age does count against you.'

'I'm willing to go back to work to keep busy but the corporate environment isn't very friendly to my condition. I'm now thinking maybe I should go into charity work. Maybe [I should consider] something in Council or government. They are more susceptible to you; they are more willing to make adjustments around your needs. The corporate world is not ready for disabled people.'

7. Medical process

Participants in the focus groups were mostly reporting on the previous medical process; only one had experienced the new ESA medical.

7.1. Comparing the ESA and IB medical process

There were some indications that the Incapacity Benefit medical assessment (PCA) was quick and may not be thorough enough.

'The last one I went to was pretty quick. They didn't ask me to do much. It was vague. I was quite surprised how weak it was.'

It appeared that those with temporary/ less severe/ not stigmatised conditions were not likely to be negatively impacted by the new ESA medical assessment.

'I had my medical in Highgate yesterday and I was questioned for two and a half hours. It's in two parts. The first part lasted about an hour and was the medical part asking questions about your illness... The second part was focusing on what you can do and what your aims are work-wise. She was nice lady. She listened to everything I told her. I felt OK about it.'

It was unclear how the new ESA process would affect those with more extreme/ severe/stigmatised conditions. However, there were indications that a longer medical

process with a stranger may cause anxiety, stress and this could potentially lead to failing to attend the medical itself.

7.2. Relationship with GP and other medical professionals

The majority felt their own GP was better placed to assess their health as he/she knew them and had a pre existing knowledge of their condition. This was even more important where the condition was embarrassing or stigmatised, especially for those suffering from mental health problems. A relationship of trust helped alleviate these concerns and claimants felt they were being treated more fairly.

'I have a good relationship with my GP and can say, 'this isn't working' or, 'I don't particularly like this person' and she will refer me on. I'm never ever going to get that with somebody the DSS put me onto...I'm never going to build up that kind of relationship with them.'

'I believe the GP has more rights to decide over our health. He is the one that knows us and our history so he has the most knowledge and insight into our health issue.'

Conversely, it was felt a medical professional with no prior knowledge could assess the claimant 'on a good day' and this would not reflect the true nature of their incapacity. For most it also felt uncomfortable talking about their medical condition to a stranger.

'What happens if you have a medical on a good day? There are good days when there is no pain so what do you do? I have had a condition since birth and when it's bad I can spend three weeks in hospital but to have a so-called doctor making a decision on this given day... For example I'm fine today but all of a sudden I may have to leave because of the pain. It's just one of those things that comes up without warning.'

'It is difficult being with myself let alone a stranger.'

ESA's mandatory requirement to attend sessions with doctors/psychiatrists appeared to be less appropriate for those with mental health problems, such as depression or anxiety, for example, as it was felt the requirement for repeated visits to the GP put a strain on the relationship with their GP/medical professional. Furthermore, it was felt that rearranging sessions with GPs/ psychiatrists could put added strain on the claimant leading to them missing the session altogether.

'I have known my GP for 14 years. She knows my history and she knows I like to work. She knows I'm not messing her about but it made me feel guilty because I had to keep going to see her every week and say, 'I feel like this, that and the other'. It puts a strain on your relationship and also puts a strain with my psychiatrist because I was so distressed we couldn't have our appointments and it had to be put back until I had calmed down and could talk about it.'

We surmise that those with extreme mental health problems such as those suffering from psychosis could well be too removed from reality to fulfil these requirements.

Occasionally, due to administrative errors, the stress was increased.

'They said I had to actually write '6 months' on the form, even though it said 'from September to February' on the form my GP provided. So I had to go back to my GP and it was a bit embarrassing but I had to say, 'Can you actually write '6 months' on here?' So they had to write another certificate and I actually have another letter saying that certificate has expired because it was written in the last 14 days and I need to get another one...It's crazy! You feel like they are mucking you about.'

'With the incapacity work questionnaire, it was asking me all these questions but I had already gone through the process and was getting Incapacity Benefit, so why are you asking me about whether I was in hospital or can I walk from here to there? So I was like, 'Why I'm I going through this again and why do I have to go to doctor's and get another report?'

Some perceived the use of an external medical professional demonstrated that the system lacked confidence and trust in their own GP.

"If your doctor's giving you medical certificates...and these people say, 'Right, we are going to get our own independent doctors in to see what you're like,' they are making their remarks on your doctor.... They're saying, 'We don't believe your GP!'"

8. Referrals

There was some frustration that there was no follow on from the medical leaving some in limbo.

'The problem I had with the medical was there was no link to your next steps. I would have also liked a bit more input from my GP and my key worker. They need something new to make it work and for you to continue to progress.'

Overall, there was little evidence of effective referrals either at the advisor stage or the medical stage, although there were one or two examples, such as an ex offender who was referred to Working Links by JCP; those who were referred to Work Directions by JCP; one participant who was referred by his GP to a group for depression; another was referred to psychiatrists and other "head doctors" by her GP.

9. JCP

JCP was frequently criticised and there are indications that it may, to an extent, be suffering from perceptions carried over from the past: a negative heritage associated with 'the dole', DSS etc. that various re-brandings have failed to overcome. The environment at JCP was perceived to be unwelcoming and uncomfortable, with security guards checking up on claimants, asking them what they were doing there.

The surroundings were thought to be depressing and did not sufficiently inspire or encourage them.

'There's a certain feeling when you walk into a JCP. It's not a place you feel confident about getting help. It just feels like it's going to get worse and worse.'

'[The computers] always seem to break down and they can't seem to find the form and they ask you whether you have the receipt.'

Some cited the lack of privacy as a reason for feeling humiliated and this perpetuated their negativity.

'I'd like them to have an area where they have newspapers, proper job newspapers and proper people to talk to about getting into work.'

9.1. Attitude of JCP advisers

Many reported negative experiences with JCP advisors and one of the main issues was the way the process was handled with several examples of JCP advisers interacting without much empathy and not showing enough respect to claimants. One reported that he had missed a signing-on day because his mother died; when he explained, he was asked if it would happen again, which felt hurtful and insulting.

Many claimed conversations were driven by an underlying 'us and them' attitude which aggravated and de-motivated respondents. Furthermore, it undermined the build up of trust and collaboration between advisor and claimant.

'My experience at the Job Centre is not good. I haven't had much contact with them but from the time we have spoken I would say it was awkward. I don't really feel they are there for me. Although they do offer jobs and employment, the way that it is set up it's not something that works.'

'Sometimes I feel they come across like they have a job and you don't. It's like they're looking down on you. It's like they think, 'Why don't you just get a job?'

One JCP member of staff was, however, singled out for praise.

'There is one woman at JCP who is excellent. If you are polite to her and show a little bit of respect she stays with your case until you get sorted. I had to go back for 2 or 3 days, but every time I saw this same woman and she just knows her stuff. She is absolutely fantastic...She listened to me; she rang different departments – you're not allowed to now, but this was a year ago...when they could. She's only on Reception. She personally took all my documents and faxed it over and photocopied it. She then passed me on to another member of the team, who I was supposed to be seeing and made sure that was the right person. Nobody in the Job Centre takes time out for anybody, but this woman is absolutely fantastic....When my kids go there I always tell them to ask for that same person because she deals with each case properly.'

Via feedback from those who had had positive experiences with Work Direction advisors, it was clear that feeling they are being genuinely supported helped job seekers to feel more positive about their prospects of getting into work.

9.2. Lack of understanding and sensitivity to different conditions

The perceived negative attitude exhibited by JCP advisors was often attributed to a lack of understanding of the nature of some claimants' illnesses, particularly mental ill-health or for conditions which spontaneously worsened. Health issues were very sensitive and private for claimants and there was a strong sense that advisors attempting to facilitate them into work were obligated to have an understanding of the kinds of issues facing claimants. Lack of empathy particularly created friction, forming a barrier to the relationship between advisor and claimant.

'It's really important that the people that represent the Job Centre also represent the people in the community and have good people skills and also to understand what it's like to have a difficulty getting into work.'

JCP advisers are evidently restricted by rules, codes of conduct, bureaucracy and issues of security and are overwhelmed by numbers, making it difficult to offer the emotional support for which the Work Directions advisors were so highly praised.

9.3. Ability to identify suitable work

As mentioned in Section 5.7, one of the barriers for claimants seeking work was having to adjust their expectations in terms of the type of work they could now feasibly undertake. It was felt that JCP advisors were not genuinely interested in finding a job that suited the individual in question, particularly jobs within a reasonable travelling distance.

'A lot of jobs they offer aren't even in London.'

'It should be a smooth transition into work, not a rough bumpy ride of, 'Just take this job!' They don't consider whether the job is suitable for you. They don't really care. They don't consider how you are mentally or physically.'

By contrast, it appeared that advisors at Work Directions were able to frame jobs in a more positive way.

'I was anxious at first about finding the place, but now I enjoy going. My [WD] work advisor is lovely...she's always trying to find me jobs and encouraging me. She says if I don't like it I don't have to go. That really helps me a lot.'

10. Work Directions

Overall, experiences at Work Directions were received very positively, which contrasted markedly with experiences at JCP.

'If you go to Job Centre you feel like the rain's pouring down – a black cloud over you; you go to Work Directions and you've got a clear day, even if it's raining.'

There was approval for the range of facilities and services on offer such as help with CVs; developing IT skills; mock interviews; coaching and helpful feedback; being given a list of jobs and advice regarding cold-calling – particularly not to take rejection personally, which was helpful in preventing dejected feelings. In addition, help with basic skills such as reading, writing and maths; doing homework to stimulate the mind or practising greeting people and shaking hands, were well-received as participants could see how these could improve their chances of employment.

'JCP information is inaccurate – e-mail addresses and phone numbers. Work Directions offers alternatives and new ideas.'

10.1. Referrals to Work Directions

Six in our sample had been referred to Work Directions by JCP. For the majority this was a very positive experience. One, with long-standing mental health problems felt negative about the referral and felt that she was not handled sensitively. There were indications that she felt her wishes, which were to work in the voluntary sector, were being over-ridden. This aspect is covered in more detail at 9.5.

10.2. Professional and positive advisors

Work Directions advisors were praised for the professional and sensitive way in which they dealt with claimants. The majority of those attending interviews at Work Directions felt the advisors spoke to them as equals and this adult to adult approach appeared not only to have led to constructive relationships with their advisors but also to have had a positive impact on their motivation to seek work. There were several examples where advisors were praised for introducing jobs in a positive way.

'At Work Directions they treat you like a human being, not cattle.'

'[My work advisor] was encouraging, she went through my skills etc. and said, 'No problem. You will get a job.'

'When I told her I got the job, she sounded more happy than what I was!'

The positive relationship is supported further by a sense that advisors at Work Directions genuinely care about those seeking work and this created the feeling that people were not alone in their pursuit of employment.

'When I go for job interviews [WD] even phone me up to find out how I done. Come on man, who does that?!'

10.3. Good support services

There were indications that Work Directions staff not only supported people during the work seeking process but also informed claimants how to access further support to motivate, encourage and ensure success, such as funds to buy a suit to go to an interview or benefits they could claim to tide them over any short-term financial difficulties. These extra incentives could evidently help to ensure a smooth transition into work.

'They gave me £140 to go and buy a suit...I was dapper; I looked good!...And I got the job...working at TM Lewin...because that's my field.'

'You get £40 a week and Working Tax Credits as well now.'

'My rent is £195 a week... and [my Work Directions advisor] she said that by coming off [benefits] I would pay £60 towards my rent and that is brilliant compared to the money I would take home a month.'

10.4. Inspiring and welcoming environment

As mentioned in Section 8 above, it was clear that the environment in which respondents were engaging with the job seeking process was key in terms of keeping them motivated.

'The atmosphere is welcoming. You haven't got security guards asking what you are doing and you get free hot drinks all day.'

'You've got friendly faces; you're meeting people and you're going on the computer, looking at your e-mails; you've got a phone to use. You spend all day and you come out with results....It's a positive place to go...Work Directions help people.'

'It opened a lot of doors for me...When you wake up in the morning you've got a direction.'

10.5. Mandatory attendance at Work Directions

Although the feedback was broadly very positive towards Work Directions and the way in which they facilitate claimants into work, there was one example where a claimant objected to the requirement for mandatory attendance. There were criticisms of the way the interviews were conducted: in an open plan office, by someone who showed little understanding of her mental health condition. Much of the negativity, however, appeared to relate to the mandatory requirement to attend and threat of benefit cut or sanction.

'I felt threatened by this process with benefit cuts / sanctions if I did not attend. I felt humiliated, undermined, tricked and abused by the interviewer, who seemed to have no training in mental health / ignored her training. I had to sit in open-plan office and talk about mental health problems. I felt angry, very anxious, distressed, ignored, and not listened to.'

(Extract from pre-task written exercise)

11. Lone parent issues

Lone parents perceived that their issues were not the same as those facing people with disabilities and felt that it would be helpful if advisers specialised in different areas of the benefits system. A minority expressed the view that family values were at odds with women working.

Some were aware that there were plans to reduce benefits for those with children over 15, while others thought 12 was the threshold; this was likely to be lowered again in the future to seven.

'Apparently the Income Support is changing as well for lone parents, which I was shocked about. I got told that if your child is 12 this year you should be out to work and then, next year, apparently it's going down to the age of 7. I was shocked at that. I've got a five year old, so in two years I should be out to work - she's still in primary school!'

The expectation that it would be possible for lone parents to work once their children were in school presented problems with childcare in after-school hours, school holidays, school closures or days when the child was off school unwell.

Childcare was the main priority and parents felt that it needed to be addressed in two ways: by the employer and by the benefits system. Hence, in an ideal world, there would be crèches at work for young children and employers would be flexible if a child was ill or had an accident – perhaps offering Family Leave, which would be specifically for such emergencies and not part of sick leave or holiday. Employers could also be flexible with working hours or with offering part-time jobs. Financial help with childminding would also make work a possibility for lone parents, especially if they worked in low-paid employment roles.

'They do say if you get into work they will pay for a child minder for the first month but what if it's a low paid job and you can't afford the child minder?'

A major problem, particularly for lone parents, was trusting others to mind one's children. Currently the rules do not allow for a family member to receive payment for caring for a child. Even if only the immediate family qualified, this would be the ideal as it would address both the parent's trust issues and problems with the child refusing to accept a stranger.

Other requests from lone mothers were for ways of boosting their confidence prior to returning to work, such as classes and/or somewhere to talk about worries and to network with others.

12. Summary & recommendations

1. Benefits claimants in our survey reported frustration with the complexities of bureaucracy and misinformation. There was also a perception that there was often an unnecessary requirement to repeat the same information in numerous forms. This was exacerbated in situations when claimants were severely physically and / or mentally incapacitated. Hence, a smooth and simplified process for claimants would be beneficial.
2. The medical interviews (pre ESA) were fairly brief and evidently had not always adequately determined how a client could be properly supported. Except where it is for a temporary physical condition, the proposed ESA medical review process appeared to generate high levels of anxiety and stress and a prolonged process could be detrimental to clients' (mental) health.
3. Furthermore, claimants often felt that their own GP was better placed to evaluate their condition since he/she not only knew them personally but had knowledge of their condition over time. They felt that it was difficult to develop a trusting relationship with a stranger with no prior knowledge of them, who might also meet them 'on a good day'.
4. Some felt that using an external medical professional implied distrust of their own GP and undermined his/her authority.
5. There are indications that claimants would benefit from more overt communications about what ESA is and what it means for them. This would help overcome anxiety and confusion.
6. People made comparisons between JCP and Work Directions, with many feeling that their experiences at Work Direction helped move them into work.
7. Work Directions personalised service and tailored support combined with the supportive atmosphere in their office evidently had a hugely positive effect on

morale. This was clearly lacking at JCP, which suffers from negative past associations - as well as less resources, a higher volume of clients and the need to comply with processes and systems.

8. In particular, the majority experienced Work Directions advisors as caring and respectful, which contrasted with their perceptions of the way JCP officers treated them.
9. There was a perception that JCP officers needed better training not only in terms of their general communication skills but also with regard to clients' different medical conditions.

Referral mechanisms for IB and IS clients were often poor. Although, JCP was singled out for criticism in this respect it appeared to be a general failing within the wider support services. In the isolated incidences where referrals had occurred claimants reported a more positive mindset. This could help them into work.

Claimants were often unaware of what incentives there were available. The financial incentives to get off benefits were generally perceived to be insufficient. More information and flexibility with in-work support and / or benefits would buffer those in the transition phase into work and would motivate and reassure them, particularly those lacking the confidence or the finances to cope during this period.

Flexible working hours and conditions would benefit not only lone parents but also those whose physical strength fluctuates. In addition, parents would be encouraged and helped into work if employers offered crèches; school friendly hours and family leave which they could take in the event of an emergency or a child's illness.

Other factors that would help parents would be after school care and the ability to pay close family members for childcare.

ENDS

A Strategic Approach to Inward Investment - DRAFT

Invest in Hackney



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Executive Summary

In 2007, Invest in Hackney was commissioned by Hackney's Local Strategic Partnership to investigate how inward investment can be used more effectively to address the borough's wider economic development objectives as set out in the Local Area Agreement. It was felt that, without this strategic positioning, Hackney would not be able to exploit the potential of inward investment to the full.

For the past ten years, Hackney has undertaken a significant amount of Inward Investment activity. This activity has successfully generated, and responded to the increased viability of Hackney as a business destination. Indeed the last couple of years have seen Hackney benefiting from a significantly higher than average number of business start ups and Hackney is above the national average in terms of enterprise indicators. In the years between 2006 and 2008, Hackney jumped 20 places on the UK Competitiveness Index and is now ranked in the top 10% of Local Authorities in terms of its status as a business destination.¹

However, successful inward investment means translating new opportunity into jobs for local people. Unfortunately, the sustained increase in inward investment and enterprise has not had the required regenerative impact and it would appear that Hackney has not been as successful as it needs to be at marrying need with opportunity.

If well planned, inward investment has the potential to be an effective tool for tackling economic deprivation and raising living standards. For example, by being intelligent about the kinds of businesses/sectors that are likely to employ local people, and promoting co-ordination between these sectors and worklessness programmes, inward investment policy can help to improve the chances of many workless people finding sustainable employment. An integrated approach to inward investment can also help ensure that the benefits of economic growth at a regional or sub-regional level can filter down to a neighbourhood level.

In response to this recognition for a more managed approach to inward investment, the Local Strategic Partnership (LSP) identified the need for more information surrounding the economic context in which inward investment activity in Hackney is operating, the barriers to business growth and how these can be overcome, and the preferred type of investment to generate jobs for local people.

In partnership with the LSP, Invest in Hackney has identified intelligence gaps relating to;

- The regional context, constraints and opportunities in terms of inward investment.
- The kind of businesses we want to attract in to Hackney to help boost the economy and tackle worklessness.
- The barriers to growth for existing Hackney businesses and how these can be addressed.
- How planning gain contributions can be used most effectively to contribute to the worklessness agenda.

It was also recognised by Hackney Council, the LSP and the 2012 Unit that, at present, Hackney does not have an Inward Investment agenda relating to the Olympics. Leaving Hackney to respond to the market without any form of intervention poses a significant risk to the economic legacy of the Olympic/Paralympic Games. As a result, it is felt that Hackney needs an Olympic related Inward Investment approach to manage investment in a way that promotes a strong economy and employment growth. The development of an approach that is closely aligned to the 2012 legacy will help ensure that inward investment can contribute to a clear strategic vision of place as set out in the Sustainable Community Strategy. The 2012 inward investment legacy approach is outlined in this document. It contributes to, and strengthens the wider Inward Investment Strategy and explores the potential of the Games as a further trigger for inward investment, both in terms of the Olympic Zone itself, and the impact that the Games will have in a wider borough context.

It is important to note here that the aim of the Inward Investment Strategy is not to structure the local economy around potential employment opportunities for Hackney's current workless population. Rather, the aim is to exploit existing market forces and trends where they add value to the worklessness agenda. Throughout this report, our recommendations adhere to the London Development Agency's guidance that public sector intervention should only take place in incidences of market failure. For example, the research outlined in this report points to market failure within the commercial property market, with a clear mismatch between supply and demand. As such, many of our recommendations focus on commercial land and planning policy. Planning is a pertinent example of where public sector intervention has the potential to address a market failure without over ruling market forces.

At present, regional inward investment thinking recommends proactively targeting specific sectors and geographic sub-regions for investment to address the needs of London and the Economic Development Strategy. This should be done

¹ UK Competitiveness Index, UKTI, 2008

through engaging in proactive, structured, strategic dialogue with target firms to build relationships allowing understanding of opportunities and challenges faced by the client². Without this managed approach to inward investment, opportunities may be missed to translate the benefits of inward investment to the local population. This methodology has guided the development of the Inward Investment Strategy

The research was conducted using a combination of primary and secondary approaches and involved desk top research, a variety of stakeholder interviews, case studies, property analysis and a review of the Section 106 system.

Key findings

This report takes a sectoral approach to inward investment, identifying opportunity sectors for inward investment and business retention activity in Hackney. This is in line with best practice highlighted in the LDA's Inward Investment and Business Retention, as outlined above.

The inward investment strategy (IIS) highlights the following sectors as opportunity sectors for inward investment and business retention activity in Hackney. These sectors have been selected based on their ability to drive forward the Borough's economy, their suitability to tap in to local supply chains, their wider regenerative impact and their ability to address the worklessness agenda;

- **Servicing for the City:** Financial and Business Services, Property Services, Legal Services, Print and Publishing, Entertainment, Office Supplies, Events and Seminars, Office Cleaning, Catering, Facilities Management/Repair
- **High Value Manufacturing**
- **Retail**
- **Hospitality and Entertainment including the visitor economy and hotel development**
- **Creative Sectors**

It is important to note that there is a significant degree of cross over between these sectors. Some businesses can be classified under 2 or more sectors and there is particular cross over between Hospitality/Creatives and Servicing the City as well as examples of cross over between Creatives and High Value Manufacturing (HVM).

The following geographical locations have been highlighted as areas of opportunity, in relation to particular sectors. These areas have been identified through a combination of economic and planning policy reviews, large scale pipeline developments, and our own data on market demand.

Shoreditch: Servicing the City, Comparison Retail, Hospitality and Entertainment, Creatives, High Value Manufacturing

Dalston: Servicing the City, Convenience Retail, Hospitality and Entertainment, Creatives,

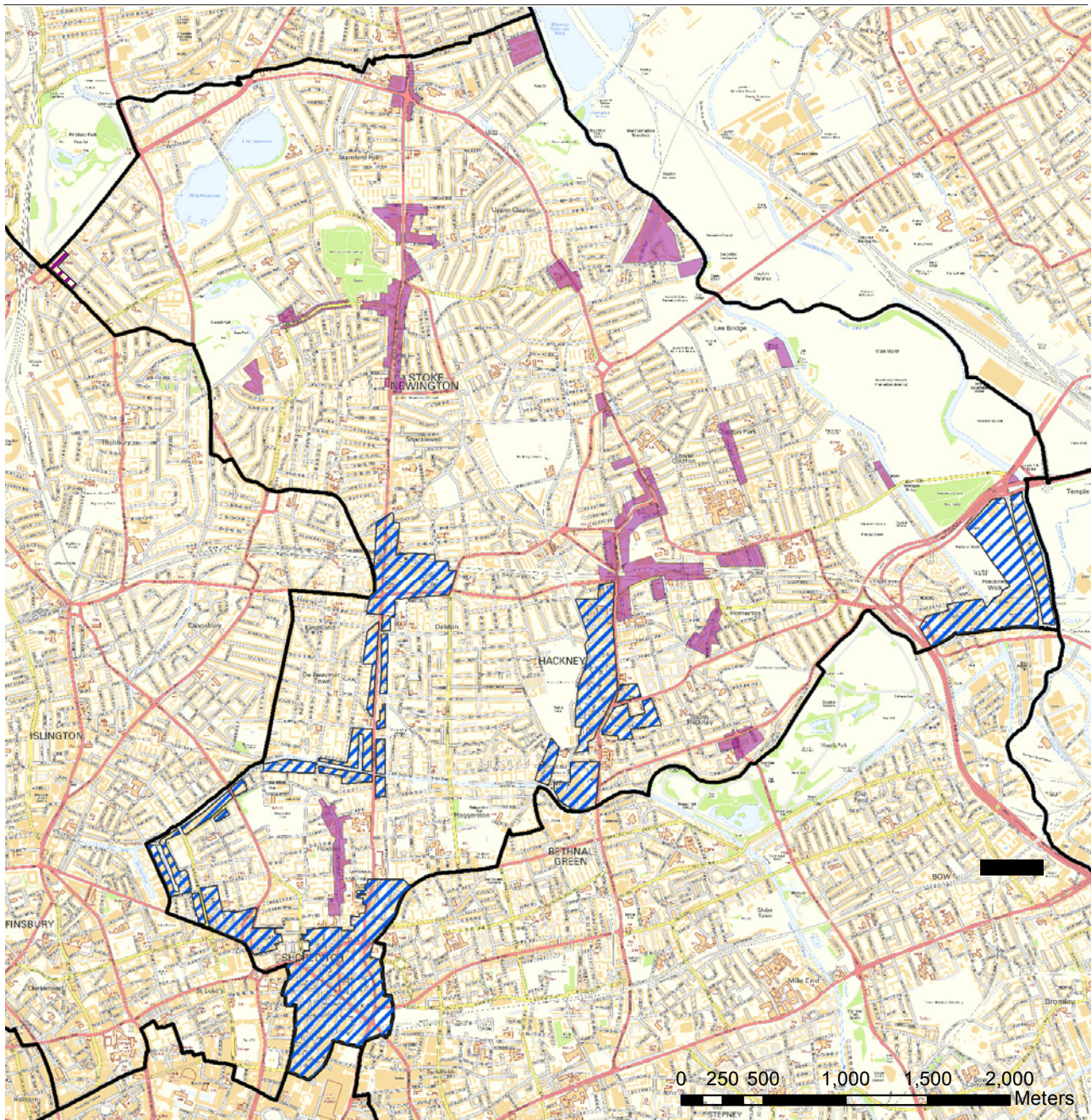
Hackney Central and Broadway Market: Comparison and Convenience Retail, Hospitality and Entertainment, Creatives, Servicing the City, High Value Manufacturing


Hackney Wick: Servicing the City, High Value Manufacturing, Creatives

A10 Corridor and Kingsland Basin: Servicing the City, Hospitality and Entertainment

The GIS map below reflects these areas of forecast economic growth and investment opportunity.

Hackney Employment and Growth Areas



 Existing commercial land with forecast economic growth

 Existing commercial land

The sectors above have all been established as drivers for the local economy. However, based on the research conducted, different sectors offer different levels of opportunities for Hackney's most excluded communities. It is hard to make the case that growth in jobs within 'creative industries' will directly address Hackney's worklessness issue. This sector is integral to Hackney's economy. It adds value to the boroughs supply chains, it contributes to ensuring Hackney has a diverse and sustainable economy and it makes Hackney a more desirable place to live, work and visit. Because of these wider regenerative effects, inward investment activities should continue to consider this sector as a priority sector. However, its direct impact on worklessness is more limited, either because of the nature of the work or because of the abilities of the individual companies within this sectors to support people back in to work. As such, the 'creative industries' are not explored in terms of their direct ability to address worklessness.

It is of course true that encouraging inward investment that provides entry level jobs is only part of the story. However, the shift in the nature of the economy in recent years and the competition for entry level jobs means that these positions are increasingly hard to come by for lower skilled Hackney residents who are seeking work. Hackney's historical reliance on manufacturing and heavy industry means it has been particularly hard hit by economic shifts over the last 20 years.

A significant proportion of the population who would previously have relied on blue collar manual work have been pushed out of the labour market and Hackney is now seeing 2nd and 3rd generation worklessness.

It is forecast that 295,000 new jobs will be required in the next five years in London to ensure the government target of an 80% employment rate is realised. A significant number of these jobs are likely to be knowledge based and highly skilled. In London, there are far fewer low skilled jobs available because of the high value economy. This results in increased competition for lower skilled job opportunities in a geographical area that has high incidences of social and economic deprivation.

There are roles for non-graduates in the City but in supporting roles not core earning activities. Most of these require at least some GCSEs or A levels and most firms do not recognise NVQs which are often the qualifications of people who return to education. 29% of Hackney's population have no qualifications at all and research also suggests that there is a general feeling amongst employers in this sector that many local applicants lack basic skills.³

One of Hackney's biggest challenges is to ensure its economy nurtures the right mix of jobs that will provide opportunities for entry level employment, while keeping up with the regional and national economy. To ensure this is the case, inward investment and business retention policy needs to be targeting appropriate sectors, as outlined above.

It is also true however, that Hackney residents should be equipped with the knowledge to identify and access employment opportunities in the wider sub region. As such, the recommendations within the Inward Investment Strategy have been categorised under two headings;

- Recommendations that will facilitate the inward investment and expansion of sectors in Hackney that will contribute directly to the pool of jobs available to local people.
- Recommendations that will advance the relationship between inward investment activity and supply side economic development initiatives such as;
 - Jobs brokerages and employment schemes
 - Training provision
 - Access to employment opportunities outside Hackney

These recommendations are explored in detail at the end of each subsequent chapter and are summarised in the recommendations table below.

Recommendations that will facilitate the inward investment and expansion of sectors in Hackney that will contribute directly to the pool of jobs available to local people

Activity	Timeline	Resource
Development of a Marketing Strategy defining Hackneys offer to the target sectors outlined above and identifying appropriate approaches to marketing. The Marketing Strategy should incorporate an approach to promoting 2012 related inward investment opportunities	Short Term	Borough Inward Investment Agency, in Partnership with the 2012 Unit
<p>Unification of marketing and promotion work across all relevant departments, both at a Borough and sub-regional level. This is essential if we are to attract high level interest from larger developers and investors. The host Borough Visitor / Inward Investment Centre, currently being advanced by the London Thames Gateway Development Corporation will add significant value to this.</p> <p>There should be council wide recognition and sign up to the importance of generating inward investment in to both the Olympic Zone and the wider Borough. This will help investors navigate their way through the system, leading to a positive outcome. To assist this, this strategy should be disseminated to all corporate directors at the London Borough of Hackney.</p>	Short Term	Hackney Politicians, Senior Officers and the Borough's Inward Investment Agency. It is hoped that Hackneys share of the overheads for the Visitor Inward Investment Centre will be identified through the 2012 Investing in Hackney project.

³ Skills in the City: Entry Level Opportunities in the Financial and Business Services Sector, City Fringe Partnership, Jul 2005

Activity	Timeline	Resource
Wick Master-plan Consultation . It is important that Hackney lobbies for a framework that can react to market conditions (especially since the notable effect globally of the credit crunch) and that contains the flexibility to respond to local residents and businesses needs and aspirations.	Short term	Hackney politicians, Senior Officers, the 2012 Unit and Hackney Planning Dept
Establishment of an investment proposition for the Wick Neighbourhood . There is an urgent need to gain commitment from possible 2012 IBC legacy tenants both locally and via ELBA's Broadcast Centre Legacy Group. Once this and the Wick Master-plan are completed, it will be possible to put together the right investment proposition.	Short term	Borough Inward Investment Agency in Partnership with the 2012 Unit and Hackney Planning Dept
Establishment of a 5 Borough Inward Investment working group to ensure effective coordination of place marketing and inward investment activity.	Medium Term	Borough Inward Investment Agency
Increased Inward Investment Activity to support the introduction of larger companies and multiples , particularly in the Town Centres of Hackney Central and Dalston.	Medium Term	Borough Inward Investment Agency
Inward investment activity should continue to target and support social enterprises , particularly in relation to the sectors outlined above.	Medium Term	Borough Inward Investment Agency
Supporting the sustainability and growth of Creative Industries in Hackney Wick . We would seek to support creative industries in this location to ensure they continue to flourish in Hackney and because they sit well with HMV, retail and hospitality. The sustainability of this sector in Hackney is reliant on planning policy that seeks to encourage the provision of affordable workspace for creative industries in the new Wick Neighbourhood.	Medium Term	Borough Inward Investment Agency in Partnership with the 2012 Unit and Hackney Planning Dept
The research suggests that inflexibility / unsuitability of use classes in certain locations is creating a barrier to investment / expansion. Based on this, it is essential that incidences of property market failure are reduced. The land use recommendations outlined in the strategy should be explored with the planning department and incorporated within local planning policy where appropriate and feasible.	Medium Term	Borough Inward Investment Agency in Partnership with Hackney Planning Dept
Establish planning surgeries with both Hackney Council and Developers . This will help the planning department make decisions on planning applications, developments and policy surrounding commercial/ employment generating space. These surgeries will include advising on affordable workspace and section 106 agreements in areas of Market Failure.	Medium Term	Borough Inward Investment Agency in Partnership with Hackney Planning Dept
Work closely with developers and investors to advise on the configuration of space and the alignment of individual developments with borough economic development policy frameworks.	Medium Term	Borough Inward Investment Agency in Partnership with Hackney Planning Dept
Produce quarterly market research reports , outlining trends in investment and developments in the property market.	Medium Term	Borough Inward Investment Agency in Partnership with Hackney Planning Dept
A strategic approach to the Visitor Economy . The work of the visitor economy group should continue and should seek to support the expansion of the target sectors outlined in this strategy.	Long Term	Hackney Council Visitor Economy Group

Recommendations that will advance the relationship between inward investment activity and supply side economic development initiatives.

Activity	Timeline	Resource
Expansion of External Borough Partnerships - Due to Hackney's lack of companies employing over 10 people, opportunities in neighbouring boroughs need to be examined more closely. While it is critical that Hackney has a functioning sustainable economy, our partnerships with regional skills and employment agencies and employers need to be reviewed and expanded to ensure Hackney residents can tap in the regions growing economy.	Medium Term	Hackney's Economic Development Team
Host Borough Partnership Working - it is essential that stakeholders and partnership work with central government and regional government agencies such as London Thames Gateway Development Corporation, London Development Agency, Think London, Stratford Renaissance Partnership and Gateway to London continue and support the alignment and realisation of visions and aspirations.	Medium Term	Hackney politicians, Senior Officers and the 2012 Unit
Consultation based on Strategic Priorities . The development of a Multi Area Agreement across the 5 host Boroughs provides significant opportunities for Partnership working and adding value to Hackney's own inward investment and related activity. Representation on the consultation and steering groups for the relevant visioning and policy frameworks must be maintained. This should be cultivated by the continual flow of information between appropriate directorates and internal partnerships. There will also need to be an increased role for the 5 host borough unit in terms of contributing to the Special Purpose vehicle. This is to ensure that the various host Borough agenda's, funding and priorities are fed through by a unified body that can liaise effectively on behalf of the Boroughs.	Medium Term	Hackney politicians, Senior Officers and the 2012 Unit
Invest in Hackney currently issue a 'welcome to Hackney' letter to all investors relocating or expanding in the Borough. This letter includes contact details of local jobs brokerages, supply chain initiatives and training providers. However, there is not currently the capacity to follow up on this and encourage these links to be made. It may be helpful to consider the introduction of Employment Engagement co-ordinator who could follow up on these letters and instigate introductions. This role may also include assisting newly relocated companies in implementing their own CSR agendas, and in particular implementing the living wage.	Medium Term	Borough Inward Investment Agency
Improved coordination of inward investment trends and training provision . The economic trends identified in this report should be directed at local training providers to ensure curriculum reflects our target sectors.	Medium Term	Borough Inward Investment Agency
In some cases, developers are asked to include commercial space in locations where the developer focus is on the provision of housing and attention is not given to the nature of workspace required by the market. The result can be a typology for which there is not market demand. As a result properties remain empty for significant periods of time, having a negative impact on the local economy. Based on this, The S106 recommendations outlined in the strategy should be explored with the planning department and incorporated within local planning policy where appropriate and feasible .	Medium Term	Borough Inward Investment Agency in partnership with Hackney Planning Dept
Local Authority and Local Strategic Partnership Functions . Local Employment Partnerships in Hackney should focus on partnerships with the sectors identified in this chapter. The Planning and Regeneration directorate should explore the feasibility of Job guarantee schemes linked to new developments in the Borough, particularly in relation to the retail and accommodations sectors. All new investors should be introduced to an officer working on local jobs brokerage schemes such as ETF, Hackney works and the City Strategy Pathfinder programme. Supply chain work should be supported and encouraged to facilitate the growth and opportunities within this sector and Inward Investment activity should continue to be closely related to the work of both ELBA, ELBP and The City of London.	Long Term	Team Hackney, Hackneys Economic Development Team and the Borough Inward Investment Agency

1. Introduction

In 2007, Invest in Hackney was commissioned by Hackney's Local Strategic Partnership to investigate how inward investment can be used more effectively to address the boroughs wider economic development objectives as set out in the Local Area Agreement. It was felt that, without this strategic positioning, Hackney would not be able to exploit the potential of inward investment to the full.

For the past ten years, Hackney has undertaken a significant amount of Inward Investment activity. This activity has successfully generated, and responded to the increased viability of Hackney as a business destination. Indeed the last couple of years have seen Hackney benefiting from a significantly higher than average number of business start ups and Hackney is above the national average in terms of enterprise indicators. In the years between 2006 and 2008, Hackney jumped 20 places on the UK Competitiveness Index and is now ranked in the top 10% of Local Authorities in terms of its status as a business destination.⁴

However, successful inward investment means translating new opportunity into jobs for local people. Unfortunately, the sustained increase in inward investment and enterprise has not had the required regenerative impact and it would appear that Hackney has not been as successful as it needs to be at marrying need with opportunity.

If well planned, inward investment has the potential to be an effective tool for tackling economic deprivation and raising living standards. For example, by being intelligent about the kinds of businesses/sectors that are likely to employ local people, and promoting co-ordination between these sectors and worklessness programmes, inward investment policy can help to improve the chance of many workless people finding sustainable employment. An integrated approach to inward investment can also help ensure that the benefits of economic growth at a regional or sub-regional level can filter down to a neighbourhood level.

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In partnership with the LSP, Invest in Hackney has identified intelligence gaps relating to:

- The regional context, constraints and opportunities in terms of inward investment.
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It was also recognised by Hackney Council, the LSP and the 2012 Unit that, at present, Hackney does not have an Inward Investment agenda relating to the Olympics. Leaving Hackney to respond to the market without any form of intervention poses a significant risk to the economic legacy of the Olympics. As a result, it is felt that Hackney needed an Olympic related Inward Investment approach to manage inward investment in a way that promotes a strong economy and employment growth. The development of an approach that is closely aligned to the 2012 legacy will help ensure that inward investment can contribute to a clear strategic vision of place as set out in the Community Plan. The 2012 inward investment legacy approach is outlined in this document. It contributes to, and strengthens the wider Inward Investment Strategy and explores the potential of the Games as a further trigger for inward investment, both in terms of the Olympic Zone itself, and the impact the Olympics will have in a wider borough context.

It is important to note here that the aim of the Inward Investment Strategy is not to structure the local economy around potential employment opportunities for Hackney's current workless population. Rather, the aim is to exploit existing market forces and trends where they add value to the worklessness agenda. Throughout this report, our recommendations adhere to the London Development Agency's guidance that public sector intervention should only take place in incidences of market failure. For example, the research outlined in this report points to market failure within the commercial property market, with a clear mismatch between supply and demand. As such, many of our recommendations focus on commercial land and planning policy. Planning is a pertinent example of where public sector intervention has the potential to address a market failure without over ruling market forces.

⁴ UK Competitiveness Index, UKTI, 2008

At present, regional inward investment thinking recommends proactively targeting specific sectors and geographic sub-regions for investment to address the needs of London and the Economic Development Strategy. This should be done through engaging in proactive, structured, strategic dialogue with target firms to build relationships allowing understanding of opportunities and challenges faced by the client.⁵ Without this managed approach to inward investment Opportunities may be missed to translate the benefits of inward investment to the local population. This methodology has guided the development of the Inward Investment Strategy

In order to respond to the gaps in intelligence outlined above, the following research has been undertaken and the findings are presented in subsequent chapters;

Desk top research: The London Borough of Hackney does not operate in silo. Our opportunities for enterprise and economic activity are significantly affected by the wider context. To enable us to successfully operate within this wider context, our understanding of external factors needed to be enhanced. Over fifty policy documents covering a local, regional and national level were reviewed to assist in identifying current trends and opportunities for Inward Investment in Hackney.

Stakeholder interviews: Twenty five organisations providing 'access to employment' type services were contacted to identify opportunities for entry level employment. Twelve of the organisations participated in semi-structured interviews and provided valuable information on companies / sectors / company dimensions that are most likely to provide entry level jobs.

Case Studies: This involved identifying case studies from across the country, highlighting examples of where targeted inward investment has contributed to reducing worklessness. While these examples were particular to the neighbourhood in which they operate, they contain examples of good practice that could be translated into action in Hackney.

Businesses interviews: This involved approaching over 200 businesses from the Invest in Hackney database to identify what encourages / discourages businesses to invest in Hackney, and what perceived factors limit the potential for expansion. To ensure we identified what attracted businesses to Hackney in the first place and what may have put them off ultimately investing, a sample of businesses were selected that covered the following categories;

- Businesses that expressed an interest in locating to Hackney but ultimately decided against it.
- Businesses that successfully relocated into Hackney.
- Businesses that looked to expand in Hackney and were unsuccessful.
- Businesses that successfully expanded within Hackney

85 businesses completed the structured telephone surveys.

Property Analysis: While Invest in Hackney know that there is a degree of market failure within the property market in Hackney, the reasons for this, and the geographical variations are less clear. Invest in Hackney has captured data on property supply and demand through its Evolutive database for the last four years. Over 1200 properties and over 900 enquiries have been captured by the system in this time, however, much of this data remains un-analysed. This research element involved analysing the data to contribute to a detailed understanding of the property market in Hackney. GIS Mapping software has been used to display the findings and reflect hotspots of vacant property / land.

Estate Agent's interviews: Five estate agents were consulted with through semi-structured interviews. The purpose of these interviews was to test the findings of our own property analysis and identify trends that our own data had not uncovered.

Review of Hackneys Section 106 processes: This element involved a review of the planning gains systems in Hackney, looking at guidance documents and current policy and procedures as well as examining case studies. This was supplemented by a review of best practice, sourcing examples of other planning authorities that have used this approach successfully. Finally, we undertook discussions with developers to capture their experiences of the planning gains system in practice.

The resulting research responds to the gaps in intelligence as outlined above and the findings are set out as follows;

Chapter 2 sets out a summary of current policy affecting Inward Investment and the economy in Hackney. Hackney's geographical positioning ensures that its economy and its job opportunities are exposed to a wide variety of strengths, weaknesses, opportunities and threats. By fully understanding our economic advantages, we can capitalise on these and use them to attract target companies / sectors. This section finishes by offering recommendations on specific sectors that Inward Investment policy should be targeting to support the economic vibrancy and sustainability of Hackney.

Chapter 3 goes on to identify which of the sectors identified in chapter 2 are well placed to offer employment opportunities to local people. This section encompasses policy reviews and interviews with stakeholders and businesses who have experience in working with those who have been economically inactive for some time. This section concludes with a recommended list of sectors that inward investment policy should be targeting to address Hackney's worklessness agenda.

Chapter 4 identifies barriers to inward investment and business growth that may be precluding our target sectors as identified in chapters 2 and 3 from operating successfully in Hackney. This section uses interviews with businesses who have considered Hackney as a business destination to ask about their experiences. This section concludes with a set of recommendations for business facing policy to ensure we can support our target sectors in the future.

⁵ Inward Investment and Business Retention Review, Centre for Strategy and Evaluation Services

As a fundamental part of the relocation process, it is important that Hackney has the right property portfolio to accommodate our target sectors.

Chapter 5 provides an analysis of the commercial property in the Borough in terms of supply and demand and areas of market failure. Chapter 5 concludes with some recommendations regarding how the property portfolio needs to adapt if it is to support our target sectors.

Chapter 6 looks at the planning process and how we can use Section 106 as a method of addressing worklessness where inward investment and business expansion isn't economically viable. Again, this section concludes with a set of recommendations

Chapter 7 explores the impact that the 2012 Olympic and Paralympic Games will have on Hackney's inward investment offer and how we can maximize the potential of this. Through a series of policy reviews, case studies and interviews, this chapter identifies an approach to managing Inward Investment both in terms of the Olympic Zone itself and the impact the Olympics will have in a wider borough context.

As context for the remainder of this report, we have provided an overview of the current Inward Investment landscape and labour market in Hackney.

Founded in 1994 **Think London** is London's foreign direct investment agency. It is as a not-for-profit private-public partnership that aim to help international businesses set up and grow in London. It does this by providing one to one advice on all aspects of business relocation into the country. Think London works with both the government and the business community to provide advice, offer assistance in evaluating the business case of moving to London, finding premises for the move, finding staff through recruitment agencies and connecting foreign businesses into London's network.

Gateway to London is funded by the London Development Agency and European Regional Development Fund and promotes business in the Thames Gateway region which includes the eastern London boroughs of Bexley, Barking and Dagenham, Greenwich, Hackney, Havering, Lewisham, Newham, Redbridge and Tower Hamlets. As well as providing property support service and business advice, the organisation also represent business issues to local, regional and national government such as lobbying for transport initiatives.

Similarly **North London Business** is the inward investment agency for north London, a sub-region made up of Barnet, Enfield, Haringey and Waltham Forest. Although they do not cover Hackney formally, we have established close working relationships with them and benefit from some services. Funded by the ERDF, LDA and Think London, NLB offer a free commercial property search and set up assistance as well as business support to organisations that already exist in the area. They also have a specific focus on promoting the region's leisure and tourism industry.

Invest in Hackney works on a lower geographical level still, providing free commercial property searches and relocation assistance to companies wishing to relocate into Hackney borough. Part funded by Gateway to London and Hackney Neighborhood Renewal Fund the agency also markets the borough as a business destination and provides comments on planning applications that are likely to impact on the borough's economy. Invest in Hackney also provides an aftercare and business retention service so that we can help address issues which our existing businesses face.

These agencies have successfully impacted upon economic growth and employment. Invest in Hackney alone creates or sustains 300 jobs per year in the borough and Think London has helped 1,000 companies from 36 countries set up or expand in London, creating 41,000 jobs since 1994.

Invest in Hackney believes that significant value can be added to the provision set out above by understanding the kinds of businesses or sectors that are likely to employ local people, and by using this knowledge to guide future inward investment activity. This assertion forms the premises of subsequent chapters.

2: Opportunities for Inward Investment in Hackney

This chapter sets out the current context for inward investment in Hackney. The chapter is based on a literature review which looks at around 80 policy and implementation documents that influence Hackney's economic growth and positioning. The outcome of this chapter is the identification of 5 target sectors for inward investment activity. The increased presence of these sectors will both benefit from and drive forward Hackney's position within the regional economy. in Hackney.

In recent months, Inward investment has become a fundamental part of regeneration policy as a tool for tackling economic deprivation and raising living standards.

The Government's review of sub-national economic development and regeneration saw a return to the centralization of economics as a driver of change in deprived areas. The review is clear in its aim to foster prosperity in all parts of England by stimulating economic growth, encouraging Local Authorities to work with partners to develop their economies and to deliver a sustainable economic vision.

This new policy has been followed by a proposed change in regeneration funding, again, with a renewed focus on the economy. The new Working Neighbourhoods Fund which came in to effect in April 2008, replaced the area based Neighbourhood Renewal Fund. This new approach is based on the assertion that accessing employment is key to improving lives and tackling poverty. The fund focuses on the most deprived areas and will support local authorities and communities in their efforts to tackle worklessness and the other elements of deprivation.

This shift in regeneration policy is being flanked by a change in the planning agenda with the re-drafting of Planning Policy Statement 4: Planning for Sustainable Economic Development. The consultation paper argues that the planning system is a key lever to driving productivity. It states that 'well thought through planning policies at a local level can support economic growth. However, these policies must be flexible enough to respond to economic challenges and opportunities'.

The proposed guidance has stressed that regional planning bodies and local planning authorities should:

- encourage a good range of sites identified for economic development and mixed-use development
- provide a good supply of land and buildings which offers a range of opportunities for creating new jobs in large and small businesses as well as start-up firms and which is responsive to changing needs and demands
- encourage high quality development and inclusive design for all forms of economic development
- avoid adverse impacts on the environment, but where these are unavoidable, provide mitigation
- shape travel demand by promoting sustainable travel choices wherever possible.

All of this highlights the focus on strengthening the Local Authority's role in economic development. However, for these policies to translate into successful action at a local level, Local Authorities need to raise their game in terms of understanding the complexities of the local economy and establishing a sound evidence base.

By fully understanding our economy we can capitalise on our advantages and use them to attract target companies/sectors within the private sector. Equally, by understanding the threats to Hackney's economy, we can mitigate risks and put in place contingencies.

A review of the relevant literature is outlined below, paying particular attention to Hackney's economic strengths and weaknesses. The literature relates to a variety of spatial levels including; Borough, Sub Regional and National. The report also looks at literature that relates to the Olympic Park and surrounding neighbourhoods. Each document reviewed is summarised in appendix A:

Hackney's Economy

The following section provides a brief overview of Hackney's economy currently.

East London is identified as both a growth area and one of the Mayor's priority areas for regeneration.⁶ Hackney is itself allocated an "Area of Regeneration" status and positioned in both the London-Stansed-Cambridge Growth Corridor⁷ and the Thames Gateway. In particular, Hackney's positioning within the Thames Gateway means it is exposed to the benefits of £9 billion private and public funded regeneration programme.⁸

6 Ibid. & The London Plan – Spatial Development Strategy, London Development Agency, Feb 2004

7 The London Plan – Spatial Development Strategy, London Development Agency, Feb 2004

8 Thames Gateway Economic Development Investment Plan, SEEDA, EEDA, LDA, 2008

Hackney's status as a host borough for the Olympics is of course an additional influential factor for the borough's economic future.⁹

This means that Hackney is well placed to experience economic growth, even in the context of an economic downturn. Public and private sector investment in both social and physical regeneration continues and the area remains at the forefront of investor consciousness.

Overall the literature is positive about the economic opportunities for Hackney providing the wider sub regional and London-wide economies remain healthy. In particular, knowledge intensive and service sectors such as Financial and Business Services, Creative Industries, Advanced Manufacturing and Visitor and Business tourism are identified as regional growth sectors.¹⁰ This bodes well for Hackney's economy and these sectors will be explored in further detail through this strategy document. However, many of the documents refer to the failure of economic prosperity to reach those most in need and note that much still needs to be done to bridge the gap so that everyone can share in the success.¹¹

Hackney's immediate proximity to the City, and therefore large potential pool of skills and affluent customers, is a great asset to the borough's economy. Commercial rents are often over 50% cheaper than the square mile, the aesthetic quality of converted warehouse offices and the renowned night time economy has meant that on the whole the south of the borough offers an attractive business environment. The south of the borough is undoubtedly Hackney's premier business destination. It is a highly competitive environment that will not sustain weaker business models. A number of sectors have grown in this environment, so much so that additional advantages of agglomeration and clustering are contributing to Hackney's business offer, particularly in the creative sector. In addition, the service sector, financial and professional services, real estate and hospitality sector are all performing strongly in the south of Hackney.¹² However, the location is characterised by a large number of companies employing less than ten people rather than a concentration of a few big players. This is comparable with the broader City Fringe economic character as opposed to the business make up within the City of London.¹³

The performance of these sectors in the City Fringe fits the wider economic pattern of rising service sector employment coupled with a declining industrial sector. This in turn has resulted in unemployment for many local residents and an inappropriately skilled workforce for many enterprises. Should this skills gap continue to grow it has the potential to seriously affect productivity and overall economic performance in the long term throughout Hackney. Furthermore, large numbers of unemployed and low paid residents will stifle the retail sector in the borough.

The predominance of sectors that sell luxury goods in the south of Hackney exacerbates any threat posed by a wider economic slow down. The hospitality and creative sectors in particular respond elastically to the growth and decline of the financial and professional services sector.¹⁴ As such, Hackney's economy is particularly exposed to down-turns in the national economy. This threat is not unsubstantial given the increasing instability in regional, national and international economies and in the longer term the weakening of London's economy is becoming increasingly likely with the increase of competing cities and emerging destinations.¹⁵

Further north and east within Hackney the economy's performance is significantly weaker, but this disguises some subtleties. The wholesale and retail sector performs reasonably well (although there has been no actual growth in size), and much of this can be attributed to the town centres of Hackney Central and Dalston and local retail areas like Stoke Newington Church Street and Brooksby Walk that serve their communities well for convenience goods, if less well for comparison goods.¹⁶ However, manufacturing has predictably declined sharply throughout the borough, shrinking to less than a quarter of its original size in the last 10 years and there has been little noticeable growth in any other sector over the same time period aside from the sectors mentioned above and concentrated in the south of the borough.¹⁷

The challenge of encouraging prosperous sectors, in areas other than Shoreditch and Hoxton, to counteract the decline of Hackney's manufacturing industry is made all the greater as the benefits and opportunities of Hackney's location close to the City are not being realised due to the lack of mass public transport in the borough. As such the opportunities for replicating the relative success of the economy in the south of the borough are limited.

Spreading economic success to these areas has been further hampered by negative perceptions of Hackney as a viable and profitable business destination. Poor infrastructure (such as transport outlined above), unsuitable commercial premises, a largely unattractive public realm and a lack of large employers all affect the perception of Hackney as a business destination and the number of businesses the borough can support. However, the marketing work of business facing agencies in Hackney, coupled with real improvements undertaken by the public and private sector, such as the East London Line Extension, has helped to raise awareness of the borough as a potential destination and showcase its most exciting economic opportunities.

Providing suitable business premises both for present businesses and to accommodate future growth is a key component to improving the economic performance of the centre of the borough and maintaining the more prosperous economies to the south. Hackney's commercial land is increasingly under pressure to make way for higher value

9 Sustainable Communities: Building for the Future, Office of the Deputy Prime Minister, 2003

10 Thames Gateway Economic Development Investment Plan, SEEDA, EEDA, LDA, 2008

11 Sustaining Success – Economic Development Strategy, London Development Agency, Jan 2007. City Growth Strategy, City Fringe Partnership, 2005

12 Hackney Borough Profile, London Borough of Hackney, 2006

13 Hackney Borough Profile, London Borough of Hackney, 2006. Hackney's Economy Economic Development Partnership Paper 2007, Team Hackney, 2007. Hackney Retail and Leisure Study, London Borough of Hackney (Roger Tym and Partners), May 2005

14 Working Paper 22 - London's Creative Sector: 2007 Update, Alan Freeman - GLA Economics, 2007

15 Sustaining Success – Economic Development Strategy, London Development Agency, Jan 2007

16 Hackney Retail and Leisure Study, London Borough of Hackney (Roger Tym and Partners), May 2005

17 Hackney Borough Profile, London Borough of Hackney, 2006

residential space¹⁸, and erosion of commercial land in the borough's most attractive destinations would stretch already limited resources. Broadly speaking, the planning guidelines across the borough suggest that this provision of residential dwellings can be met by increasing densities in mixed use developments. However, it is essential that the commercial element of a mixed use scheme is designed with similar care and attention as the residential element to ensure it is fit for purpose for the end user. Too often the commercial element of these mixed use developments is of the wrong size, configuration and/or use type to attract businesses.¹⁹ High vacancy rates are also a serious concern for the borough's economy. Literature relating to the property portfolio in Hackney is examined more closely in chapter 5.

Finally, and promisingly, there is a strong entrepreneurial culture in Hackney. The borough has a higher than average number of start ups each year and is home to a large number of small businesses.²⁰ Encouraging this enterprise clearly offers opportunities for economic growth but the high cost base of operating in London, particularly workspace and labour, limits Hackney and London's capacity to foster enterprise.²¹

We can see that the economic successes in the south of the borough in recent years has gone some way to improving Hackney's economy and reputation. However, beyond the south the economy has shown little sign in recent years of replicating this success, restricted by a lack of focus on a strategic approach to economic growth. Identifying key areas of opportunity, where growth can be encouraged, will help improve the performance of the wider Hackney economy, whilst ensuring that the benefits can be felt by residents at a neighbourhood level.

Opportunities for Hackney as a business destination

The recent Inward Investment and Business Retention review from the LDA identified that inward investment activity could be improved by targeting specific sectors and geographic sub-regions for investment and engaging in strategic dialogue with target firms to build relationships and provide improved assistance.²²

The following analysis identifies specific sectors and areas of opportunity that, if nurtured and supported effectively, could add significant value to Hackney's economy.

Serving the City

The juxtaposition of deprivation and success in the inner city offers the opportunity to better link areas of disadvantage with developments in areas of opportunity.²³ The advantages of proximity to the City are not completely elusive to

Hackney's economy; they are very real in the sectors of hospitality, entertainment and the visitor economy as well as industries such as taxis, couriers, recruitment consultants, maintenance (where response time matters), gardening services, artist services, event management, specialist printing and security.²⁴

Markets where proximity matters and where supply by SMEs is common place offer the best opportunity for Fringe businesses and the 2008 CEBR report identifies 6 key sectors where this is the case;²⁵

- Property services
- Legal services
- Print and publishing
- Entertainment
- Office supplies
- Events and Seminars

Similarly, the report identifies 3 additional sectors where proximity offers clear advantages;

- Office cleaning
- Catering
- Facilities management/repair

"Buying a Better London" recommends the setting up of SME lists to help the dissemination of information between SMEs and contracting organisations.²⁶ The East London Business Place scheme and the CompeteFor database have recently been established to help link up local companies with procurement opportunities in both the City and Canary Wharf and also Olympic related opportunities. This will offer greater opportunities for those locally based firms that are competitive on price and quality.

There are opportunities to house these city services in the "transition zone" on the City of London and Hackney boundary. This area has been specifically identified by the South Shoreditch Supplementary Planning Document as a priority to accommodate and promote new SME business premises.²⁷

Opportunities also exist along the A10 corridor and in Hackney Central due to the increase in mixed use developments incorporating B1 space that could accommodate this sector.

It is well recognised that London's economic success is increasingly based on high productivity and creativity and its growth depends on investing in companies and people that can compete in a high productivity and high value

¹⁸ Go East – The Economic Strategy of the Thames Gateway London Partnership, Thames Gateway London Partnership

¹⁹ Study of Small Business Work Space Provision in Hackney, London Borough of Hackney (Ancer Spa), Sep 2006

²⁰ City Growth Strategy, City Fringe Partnership & Hackney Borough Profile??

²¹ Sustaining Success – Economic Development Strategy, London Development Agency, Jan 2007

²² Inward Investment and Business Retention Review, Centre for Strategy and Evaluation Services

²³ Sustaining Success – Economic Development Strategy, London Development Agency, Jan 2007

²⁴ The City of London's Supply Chain - A scoping study for the analysis of the relationship between the City and its fringes, Centre for Economics and Business Research Limited, July 2007

²⁵ The City of London's supply Chain and its Relationship with the City Fringes, CEBR, September 2008

²⁶ Buying a Better London, London Centre of Excellence, 2006

²⁷ South Shoreditch Supplementary Planning Document, London Borough of Hackney, 2006

environment.²⁸

As such, there are clear opportunities for the financial and business services sector to expand its base within the City Fringes. London is Europe's greatest financial centre and at present the Financial and Business Services sector account for 24% of all employment in the City Fringe.²⁹

As the sector continues to grow it expands into the south of Hackney, providing jobs and attracting investment from developers. Hackney's opportunity to accommodate this expansion is recognised by the London Plan, which sets a minimum target of 16,000 new jobs for the Bishopsgate/Shoreditch Opportunity area before 2016.

The South Shoreditch Supplementary Planning Document identifies Hackney's Southern boundary edge along Finsbury Avenue, Appold Street and Worship Street as the obvious location for the growth of large-scale commercial sites. LB Hackney's Tall Buildings Study, 2005, also identifies the Hoxton area as a potential site for similar developments.

Additionally, the improved transport links, public realm and B1 office space resulting directly and indirectly from the East London Line extension is likely to significantly increase Dalston's viability as a financial and professional services location.

High Value Manufacturing

Although traditional manufacturing in London has declined significantly, high value manufacturing, often related to scientific, creative and design fields, remains one of London's most important industries.³⁰

The growth in High Value Manufacturing signifies the increasing requirement for the whole production chain to be housed under 1 roof, from design, through to production, right through point of sale. This is particularly true of sub sectors such as furniture, fashion and jewellery production, all of which are prominent within Hackney. The growth in this sector also adds value to Hackney's retail offer. It is recognised that, in the current economic climate, manufacturing could return to prominence and that smaller-scale activities, particularly ones that add value by bringing together the capital's designers and new companies, could be encouraged.³¹

Nurturing a High Value Manufacturing sector in Hackney would provide good opportunities for up-skilling the existing manufacturing workforce and make use of Hackney's industrial workspace. The London Plan identifies part of the Hackney Wick as a Preferred Industrial Location (PIL) and this area could potentially house this sector and in turn experience a renaissance of high value manufacturing. It is also recognised that there would be a need for start-up spaces and creative buildings on the edge of the city centre,

Retail

Hackney's town centres should be able to improve their retail offers due to increasing consumer spending, rising populations and new national town centre planning policies.³² However, competition from new and existing developments, and the exponential growth in online shopping will mean that some town centres throughout London are likely to see a decline in the attractiveness of their retail offer relative to other town centers over the next decade or so.

The development at Stratford City, coupled with an evidenced tendency for Hackney residents to shop outside the borough, particularly in the West End, is likely to have an adverse affect on the development of Hackney's comparison retail in its town centres. As such, Hackney needs to improve its convenience offers, its niche independent stores and its markets, producing an individual and distinctive retail offer as part of durable town centres that serve the community. This can best be achieved by attracting larger retailers that provide convenience goods and that create significant footfall in the area, supporting appropriate niche and independent stores.

The redevelopment of the shopping environment in Dalston, building on the opportunity afforded by the East London Line Extension, is crucial to its future. The Dalston AAP predicts that the East London Line extension will provide the opportunity to develop large stores in the Kingsland Shopping Centre and in the identified primary and secondary retail sites.

There are thirteen opportunity areas identified in all by the Hackney Retail and Leisure Study to meet the need for additional retail and leisure floorspace in the borough's town centres, eight of which are in Dalston, four in Hackney Central and one in Stoke Newington. The emerging Hackney Central Area Action Plan identifies opportunities to develop retail along Amhurst Road and Morning Lane and Southwards along Mare Street. The Leisure and Retail Study also recommends that Business Improvement Districts and Town Centre Management Schemes may wish to be considered to assist in the growth of the sector.

The South Shoreditch Supplementary Planning Document suggests the Shoreditch Triangle is an area of potential retail expansion. While some niche clothing retailers do exist, the area is dominated by the night time economy. However, Shoreditch has recently seen an increased rate of investment from higher end sportswear companies such as Nike, Converse and American Apparel. All have opened 'concept stores' in the area in the last 12 months. While being retail dominated, these concept stores provide showcasing and design platforms and display their more innovative and quirky products. This kind of retail offer reflects increased investor confidence from recognised brands coupled with the recognition that Shoreditch offers an alternative shopping experience. This suggests that Shoreditch has the potential to house a strong, diverse and independent retail offer which will greatly contribute to the area's reputation and wider economic performance.

28 Sustaining Success – Economic Development Strategy, London Development Agency, Jan 2007

29 Analysis of Employment Sectors in the City Fringe, City Fringe Partnership, 2005

30 Sustaining Success – Economic Development Strategy, London Development Agency, Jan 2007

31 Tony Travers, The Evening Standard, November 2008

32 Retail in London, GLA Economics, October 2006

Visitor Economy

Around £118 million was spent in the Borough by tourists in 2006 and the share of overseas visitor spending in Hackney is significantly higher compared to the immediate sub-region of east London.

The visitor economy sector in Hackney is showing signs of significant growth and competitiveness. However, this is small fry when compared with £15 billion worth of tourism expenditure pan London per annum.³³

The visitor economy opportunity is essential to attract visitor spending which supports existing businesses in the area. Details for realising this opportunity are outlined in Hackney's Visitor Economy Strategy. Significant opportunity is identified in the visitor products of food, art, heritage and sport based around existing and emerging quality catering establishments, contemporary arts offers and the Olympics.³⁴ The visitor economy strategy also identifies expansion opportunities around developing business tourism. In order to do this proactive marketing activities must be pursued to highlight Hackney's offer to the correct demographic and the right kind of visitor accommodation must be provided (see Hotel Development).³⁵

The opportunity to boost the borough's visitor economy through the potential of the 2012 Games is clear. It is estimated that, with the right improvements the London 2012 Olympic Games and Paralympic Games could generate an estimated £2.1 billion in additional tourism benefits for the UK over the period 2007-17.³⁶

Visit London's strategic objectives for the Games encapsulate image, media, culture, public diplomacy, events, standards and legacy and that the Cultural Olympiad will be delivered to include: mandatory ceremonies such as handover ceremonies, torch relays, welcome and medal ceremonies b) major projects such as the world festival of youth culture, film nation, international Shakespeare festival, live sites, an Olympic proms and a world carnival and c) a UK cultural festival encompassing a nationwide celebration of culture.³⁷ How these opportunities are managed and directed within Hackney will prove key to leveraging visitors in to the Borough.

The London Borough of Hackney 2012 visitor economy project is working with key local businesses in the fields of hospitality, culture, leisure and catering in developing a visitor specific pilot project, with a view to building up the Borough's capability and capacity up to 2012.

An integral part of raising the Borough's capacity to develop its visitor economy relates to premises. Literature suggests that permitting a wider balance of A class uses along Mare Street and around the Hackney Empire would help to encourage the development of a pre-theatre dining culture, attractive restaurants, cafes and entertainment which is much needed in the area.³⁸

The daytime hospitality economy is relatively strong in Hackney Central due to its status as the civic centre. One of the local sandwich shops has declared a turn over of £50,000 per week. This indicates the potential of the day time economy.

Catering offers such as, sandwich, deli and coffee shops in the vicinity of the town hall should be encouraged. The provision of leisure and recreation uses outlined above should be also concentrated in Shoreditch where the opportunity exists due to better connectivity, an existing thriving hospitality economy and an affluent customer base.

There is also particular opportunity for Hackney around the development of hotels.

The dispersal of visitor accommodation away from Central London is happening towards the East with 3000 new rooms added in the East-sub region since 2001 and an additional 2000 hotel rooms (net) required in London over the next 10 years.³⁹ Hotels in London are amongst the most profitable in Europe and that London is currently experiencing an exceptional boom in demand, with average hotel room occupancies running above 82%, the highest level for a decade.⁴⁰

Buoyed on by strong corporate travel demand and a healthy tourism market, London is essentially getting close to capacity. Furthermore, not only is London a strong demand market, it is also a very profitable one to operate in. Over the last two years, hoteliers have been able to drive through large tariff increases as well as sharply reducing discounts.⁴¹

Looking further ahead, the fundamental supply and demand dynamics in the capital are expected to remain extremely good. Whilst supply additions will occur, these are expected to be relatively modest, and be more than compensated for by increases in demand. Natural occupancy levels are likely to remain close to 80%, with significantly higher levels during peak periods. The strength of London's hotel market, combined with unprecedented demand from within the industry, and from investors, has significantly boosted hotel transaction activity. (The average price per room of single asset transactions has risen to almost €0.5m, with interest at the upper end of the market particularly strong).⁴²

Despite the economic downturn, London is set for a period of sustained growth in new hotel development. Although growth is forecast to be slightly below levels experienced during the late 1990s, the volume of projects in the pipeline is still impressive. Overall, between 2007-2010 forecasts indicate that some 11,300 rooms are likely to come on-stream, while a further 8,500 may also be built but have yet to confirm completion dates.⁴³

This growth has not yet been fully realised in Hackney; ten years ago there wasn't a single hotel in Hackney despite proximity of the most profitable square mile in the country and today there are only four. However, in recent months this aspiration and need for additional hotel rooms across

33 Evidence from the Local Area Tourism Impact Model: Hackney, London Development Agency, 2008

34 Multicultural Heritage and Urban Regeneration in London's City Fringe, Stephen J Shaw, University of North London, 2003

35 Visitor Economy Strategy, London Borough of Hackney (The Tourism Company), May 2007

36 Tourism Strategy 2012 and beyond, DCMS, 2006

37 Tourism Opportunities and Objectives for 2012, Visit London

38 Hackney Retail and Leisure Study, London Borough of Hackney (Roger Tym and Partners), May 2005

39 Encouraging the Supply of Visitor Accommodation across London, LDA (Price Waterhouse Coopers)

40 Accommodating Growth: A guide to hotel development in London, The London Development Agency, 2007

41 *ibid*

42 *ibid*

43 *ibid*

London has manifested itself in the Borough. In recent months, planning applications for 2 new hotel developments have been approved. In addition, there are currently active planning applications pertaining to 800 new hotel rooms.

Further to this, the Local Strategic Partnership Team Hackney have recently funded the training charity Training for Life to undertake a feasibility study into the development of an Olympic legacy social enterprise training hotel and restaurant in order to create a valuable resource for the local community and opportunity for disadvantaged young people in the Wick.

Shoreditch and Hoxton's proximity to the City makes it a good location for hotels. With developments elsewhere, such as at Stratford City and the Olympics, there may well also be opportunities for hotel development in other parts of the borough, particularly in the Hackney Wick area, at the budget hotel end of the spectrum.

The main drivers of the growth of tourism accommodation eastwards is in the budget hotel sector as there is greater demand here and they are cheaper to construct.⁴⁴ However, the recent conversion of The Ship pub in Mare Street into a boutique hotel and the success of recent Shoreditch developments like the Hoxton Hotel suggests there are also opportunities for higher end hotels that have a distinctive character.

The increase in hotel provision will also add significant value to Hackney's reputation as a business destination. It assists in the Boroughs capacity to attract business tourism and it also has a role in 'servicing the city'.

Creatives

The creative sector in Hackney and the City Fringe is healthy and growing. The creative industry is over represented in City Fringe compared to the London average, although this varies by sub sector and Crafts, Jewelry and Designer Fashion are particularly strong. Hackney also has a particularly high concentration of artist studio space. These run at close to full occupancy and the combined waiting lists for these spaces run in to the thousands.⁴⁵ The Borough has also seen a surge in the presence on digital media companies, particularly in Shoreditch. This has been compounded by the opening of the School for Audio Engineering, a privately operated centre of excellence for the sector. This ensures that the growth in market interest is being supported by educational and business support infrastructure. This growth has been compounded by a regional trend that has seen the creative industry growing at a faster rate than other sectors of the wider London economy.

However, the creative sector in Hackney faces an uncertain future. By nature it is particularly exposed to economic downturns. As those who procure its services tighten their purse strings, the sector's customer base restrict, both in terms of corporate and public sector and individual consumers. However, Hackney's status as an established creative destination and the comparatively uncompromised opportunities relating to the Olympics may mean that the sector is robust enough in this location to overcome the economic slowdown.

The biggest threat to the creative sector in Hackney is the increase in commercial rents in the South of the Borough, due to the expansion of the City Fringe, and the East of the Borough, as a result of Olympic driven regeneration. This, coupled with a drive from outer Boroughs such as Barking and Dagenham, who are seeking to build a creative base, may mean a net loss of businesses within the sector. This is likely to have a detrimental effect on the wider economy, particularly in terms of local supply chains and Hackney's visitor economy offer. As such, planning policy that protects and encourages space to host this sector should be encouraged.

Social Enterprise

Hackney's strong entrepreneurial culture coupled with the widespread deprivation in parts of the borough has resulted in a strong social enterprise sector that has significant potential to impact upon Hackney's social and economic performance.

The DEMOS study into social enterprise suggests that Hackney's strong asset base, high levels of public investment and proximity to the City create a series of opportunities for social entrepreneurship.⁴⁶ There is significant funding support for social enterprise from the central government and it is a growing sector in the regional economy. However, some 80% of social enterprises have some sort of grant support and this brings into question the sustainability and cost to the public purse of the sector.⁴⁷

The DEMOS report identifies that the geographic spread of social enterprises has little or no pattern in the borough and this is most likely a result of where cheap premises are available. In the short term the provision of affordable workspace in the area by providers like CAN Mezzanine and Bootstrap Company will help to provide this affordable space in and around the south of the borough while the rest of the sector will be more likely to locate to cheaper premises to the east and north.

If rental prices to the east rise significantly as a result of the regenerative effects of the Olympics, this sector will find the affordable rental sites in Hackney increasingly hard to find.

The Olympic Effect

The approach of the other host boroughs for the Games highlights that they are all using them as a means to lever in investment, increase the marketing of the borough offer and to ensure that their residents are able to access the associated opportunities that the Games bring.

In Tower Hamlets this means four strands focussing on a socially cohesive community, a transformed environment, the Games experience and creating & sharing prosperity which includes the specific projects of the Global City Challenge, South Asian Business Development, Business Tourism, Marketing the Markets and Maximising Opportunities.⁴⁸

In Waltham Forest, the vision for the Games is to achieve a cycle of continual investment into the borough. This will open up employment access for communities and they

⁴⁴ Ibid.

⁴⁵ Artist Studio Provision in the Host Boroughs, David Powell Associates LTD, 2008

⁴⁶ Growing Hackney through Social Enterprise, DEMOS, Jan 2003

⁴⁷ Mapping London's Minority Ethnic Social Enterprises, Olmec, 2007

⁴⁸ 2012 Games Legacy – Strategy and Programme LB Tower Hamlets, 2007

are using the momentum which the Games bring to focus investment into specific areas of the borough including Blackhorse Lane, Walthamstow Town Centre, Leyton, Whipps Cross University Hospital and the Forest Road Campus.⁴⁹

In Newham, the outline vision is to ensure that the Games are remembered not just for providing the best ever sporting and cultural festival, but also for bringing the best ever legacy for the host communities: "This represents a 'once in a lifetime' opportunity to use the 2012 Olympic Games to lever in a radical step change in the scope and pace of regeneration in the borough".⁵⁰

All those involved agree that the Olympics provide an unparalleled opportunity to speed up the regenerative process.

Some argue that this is true in terms of transport. The impact of the improvements that the East London Line Extension (ELLX) due for completion by 2010 and the North London Line (NLL) improvements in 2009 will have in terms of enhancing the borough's economy cannot be underestimated. However, it is reasonable to point out that both ELLX and the improvements to NLL were on the agenda before the award of the 2012 Games to London.

Transport for London believes that the ELLX will significantly improve access to job opportunities in the area. The ELLX development is to be most strongly felt in Dalston and is likely to affect the local economy there in three distinct ways: Additional commercial competition will be created from the new retail floorspace created as part of the proposed development (1,665m² in total located in the northern part of the site), additional expenditure will occur from new households introduced to the area by the proposed development and the improving transport linkages to and from the area will increase the number of people using the town centre. Furthermore, it is estimated that the development of Dalston station will directly contribute to the creation of 83 full time employees in the area. New stations are also anticipated to improve the public realm.

The NLL will improve transportation for the 15 million passengers that use the service per annum and increase capacity. It is conceivable that this will have a similar if somewhat smaller impact on Hackney Central as to that described above for Dalston.

This increased ability to bring larger numbers of people into Hackney's town centres creates opportunities to develop both the retail and office based economies that are under performing at present.

The ELLX runs parallel with the A10 corridor (Kingsland Road) and as such, an increasing amount of developments providing quality B1 space have been realised in Kingsland basin area and heading north along the Kingsland Road. These developments reflect the imminent improvements in infrastructure and the public realm that will arrive with the opening of the East London line. Ultimately, this reflects the market's response to the establishment of this area as a viable commercial destination.

However, this expansion is threatened by the gap on the lower part of the Kingsland Road that is not identified as a Defined Employment Area (DEA). The implication of

this spatial policy on the economy of this area could be significant. The expansion of the City Fringe economy along the A10 corridor is important to ensure the full potential of Dalston as a vibrant town centre and a strategic commercial location is realised.

This process needs to be supported through planning policy and enforcement.

This area poses strategic opportunities for the growth of the Servicing the City sectors in Hackney as the right kind of office space in the right locations is essential. In addition, the increase in connectivity to the City as a result of the ELLX means the area is becoming increasingly viable as a destination for hotels.

The Olympic games will also accelerate the redevelopment of Hackney Wick, thereby offering a significant opportunity to transform the fortunes of this area that has suffered as a result of manufacturing decline in recent years.

The effective management of this process is critical for the Wick's economic future. EDAW, the 2012 Olympic Site master-planners, have also been appointed master-planners for Hackney Wick. This process will include visualising a new mixed use town centre around Hackney Wick. This is important both for a revival in this area (with its location in relation to the Olympic Park in legacy) and given that the Stratford City development will distort the existing economic environment, with the potential to both threaten and enhance Hackney's neighbouring town centres.

In its current form, the Hackney Wick Masterplan baseline states: "It is proposed that the Masterplan will clearly set out the future vision for the area and address the following core objectives whilst identifying appropriate and sustainable legacy uses (post the 2012 Olympic Games) to ensure the greatest benefit to the existing and future residents of the study area and surrounding locality;

- Achieving intensified industrial areas (which will set new standards for modern, well designed industrial areas and provide a diverse range of employment opportunities);
- Addressing existing barriers to movement, including the North London Line Viaduct, the River Lea and the A12 to improve pedestrian and cycle access.
- Harnessing the benefit of the area's waterways
- Creating linkages to, along and across the River Lea Navigational Cut and promoting development which maximises the potential of its riverside setting;
- Creating a strong and distinctive neighbourhood hub around the existing Hackney Wick Station, (promoting mixed, active, high density uses and looking at opportunities for introducing local retail and community infrastructure provision);
- Successfully knitting together the urban fabric of the study area;
- Improving accessibility by providing the necessary local and strategic linkages within and outside the study area".⁵¹

49 2012 Investment and Regeneration Strategy LB Waltham Forest, 2004

50 Newham: 2012 and Beyond LB Newham, 2005

51 The Hackney Wick Masterplan – Baseline Report EDAW (+Partners) 2008

Policy frameworks recommend the protection and promotion of the cluster of specialised industrial activity at Hackney Wick in printing, food and creative/cultural industries. These specialised industrial activities also form the basis of suggested employment opportunities after the Olympics alongside encouraging new and emerging industrial sectors. Food distribution has had a strong history in the Wick and there are particular opportunities for its renaissance based around the borough's culinary diversity, good connectivity and relatively central location. Additionally, the workspace in the Wick is well placed to accommodate the movement of creative industries from the city fringes. This is crucial if Hackney is to preserve its creative foothold.

The London Plan identifies the Wick as a Preferred Industrial Location (PIL) and there is a consensus that the area could house the borough's emerging high value manufacturing sector. However, significant infrastructure, transport and property improvements will be required to ensure this is viable.

Additionally, the Olympic Games will add significant value to supply chain opportunities for local business. It is estimated that there will be around £8 mil worth of procurement opportunities resulting directly from the Olympics. To ensure that local businesses can access these opportunities, systems such as CompeteFor and East London Business Place have been established to help raise the capacity of local businesses and help them access opportunities. The East London Business Place project will not only open supply chain and procurement opportunities in the Olympic and Paralympic Games but will also include developments throughout the Thames Gateway including major developments such as the Greenwich Peninsula, Crossrail, Stratford City, Wood Wharf, Royal Docks, Silvertown Quays, and London City Airport. It provides a way to harness a range of successful models of good practice including Supply London, Building East and Canary Wharf Group's Local Business Liaison Office as well as established local provision and partnerships.

Lastly, the Olympic Games have provided a catalyst for improved regeneration partnership work. The development of initiatives such as the Legacy Masterplan Framework, Strategic Regeneration Framework and special purpose vehicle to deal with the long term investment for the Olympic Park post Games will help shape contemporary planning and regeneration policy towards protecting employment land and designating future land usage in the area. Also, the Strategic Regeneration Framework draft documents outline that many of the strategic regeneration revenue projects will be delivered through a cross borough multi area agreement, meaning an alignment rather than conflict of local borough policy, and targets.

It is without doubt that the Olympic effect will add significant value to the inward investment agenda, and in particular, add value to the offer we present to our target sectors.

Chapter 2: Key Findings and Recommendations

This report highlights the following sectors as opportunity sectors for inward investment and business retention activity in Hackney. These sectors have been selected based on their ability to tap in to and drive forward the Borough's economy, their wider regenerative impact and their ability to address the worklessness agenda;

Servicing for the City: Financial and Business Services, Property services, Legal services, Print and publishing, Entertainment, Office supplies, Events and Seminars, Office cleaning, Catering, Facilities management/repair

High Value Manufacturing

Retail

Hospitality and entertainment including the visitor economy and hotel development

Creative sectors

It is important to note that there is a significant degree of cross over between these sectors. Some businesses can be classified under 2 or more sectors and there is particular cross over between Hospitality/creatives and Servicing the City as well as examples of cross over between Creatives and High Value Manufacturing.

The following geographical locations have been highlighted as areas of opportunity in relation to particular sectors. These areas have been identified through a combination of economic and planning policy reviews, large scale pipeline developments, and our own data on market demand.

Shoreditch: Servicing the City, Comparison Retail, Hospitality and Entertainment, Creatives, High Value Manufacturing

Dalston: Servicing the City, Convenience Retail, Hospitality and Entertainment, Creatives,

Hackney Central and Broadway Market: Comparison and Convenience Retail, Hospitality and Entertainment, Creatives, Servicing the City, High Value Manufacturing

Hackney Wick: Servicing the City, High Value Manufacturing, Creatives

A10 Corridor and Kingsland Basin: Servicing the City, Hospitality and Entertainment

In order to ensure these opportunities are conveyed to the business community, a PR and marketing campaign strategy should be drafted, defining Hackney's offer to our various target sectors identifying appropriate approaches to marketing. This strategy will highlight the different and diverse economies throughout the borough, as highlighted above, and the increasingly established investment offer within them.

The Strategy should guide how Hackney positions its offer as a business destination to our various target sectors. The Strategy will guide inward investment and PR activity for the next 5 years and will include using the Olympics as a driver for attracting investment.

The Strategy is likely to include activities such as:

- Brand building
- Sector propositions
- Targeted media campaign
- Increased involvement with trade associations
- Investors' seminars and familiarisation tours
- Establishing Hackney ambassadors for the target sectors
- Case studies quantifying the growth potential and profit of recent investment projects

3. Worklessness in Hackney

As previous chapters have alluded to, a high volume of inward investment and resulting available jobs does not, in itself, eliminate worklessness. Hackney is on the doorstep of the huge opportunities which exist in the City of London and has seen above average levels of enterprise and job growth. Over the past two years Hackney has witnessed a higher than average number of business start ups and is above average in terms of performance enterprise indicators. However, economic activity has remained at unacceptably low levels and worklessness remains a fundamental issue.

Hackney's Local Strategic Partnership describes the challenge posed to Hackney by worklessness as 'immense'. Hackney's employment rate is 55.5%, 13.8% lower than the wider London economy and 19% lower than the national average. The 2005 Labour Force Survey calculates that Hackney's unemployment rate of 11.9 per cent was the fourth highest in Inner London. These statistics are made ever more worrying given that this has been a time of high employment in the wider economy.

It would seem that the increase in employment in Hackney has not followed the same trajectory as the increase in enterprise. A combination of complex factors account for the 62,000 workless people in Hackney out of a total working population of around 140,000. In particular, lack of aspiration is a key issue, with 44,800 economically inactive people in Hackney simply "not wanting" a job.⁵² Clearly, this cannot be entirely addressed by increasing the pool of jobs available.

It is also true that encouraging inward investment that provides entry level jobs is only part of the story. However, the shift in the nature of the economy in recent years and the competition for entry level jobs means that these positions are increasingly hard to come by for lower skilled Hackney residents who are seeking work. Hackney's historical reliance on manufacturing and heavy industry means it has been particularly hard hit by economic shifts over the last 20 years. A significant proportion of the population who would previously have relied on blue collar manual work have been pushed out of the labour market and Hackney is now seeing 2nd and 3rd generation worklessness.

It is forecast that 295,000 new jobs will be required in the next five years in London to ensure the government target of an 80% employment rate is realised. A significant number of these jobs are likely to be knowledge based and highly skilled. In London, there are far fewer low skilled jobs available because of the high value economy. This results in increased competition for lower skilled job opportunities in a geographical area that has high incidences of social and economic deprivation.

There are roles for non-graduates in the City but in supporting roles not core earning activities. Most of these require at least some GCSEs or A levels and most firms do not recognise NVQs which are often the qualifications of people who return to education. 29% of Hackney's population, have no qualifications at all and research also suggests that there is a general feeling amongst employers in this sector that many local applicants lack basic skills.⁵³

One of Hackney's biggest challenges is to ensure its economy nurtures the right mix of jobs that will provide opportunities for entry level employment, while keeping up with the regional and national economy. To ensure this is the case, inward investment and business retention policy needs to be targeting appropriate sectors.

It is also true however, that Hackney residents should be equipped with the knowledge to identify and access employment opportunities in the wider sub region. As such, this chapter explores recommendations that;

⁵² Hackney's Economy Economic Development Partnership Paper 2007, Team Hackney, Feb 2007

⁵³ Skills in the City: Entry Level Opportunities in the Financial and Business Services Sector, City Fringe Partnership, Jul 2005

- Facilitate the inward investment and expansion of sectors that will contribute directly to the pool of jobs available to local people.
- Advance the relationship between inward investment activity and supply side economic development initiatives such as;
 - a. Jobs brokerages and employment schemes
 - b. Training provision
 - c. Access to employment opportunities outside Hackney

The purpose of this chapter is not to establish the nature or causes of worklessness in Hackney, nor to evaluate current supply side interventions. However, it is important to provide the context in which targeted inward investment activity will operate. A full literature review can be found in appendix A.

Worklessness in Hackney currently

It appears that the London wide priorities for labour market intervention are focused around relieving the congestion in London's low-skilled labour market. Hackney Local Strategic Partnership estimate that in July 2006 there were between 29,614 and 44,421 vacancies within a realistic commute to work distance, compared with Hackney's unemployed population of 10,000. However, of these only 32% were elementary occupations that require little or no specific skills. There is also likely to be competition for these jobs from other boroughs within commuting distance and this perhaps accounts for the conclusion of Hackney's Local Strategic Partnership that job availability and skill levels mismatch were a "key area" that needed to be addressed.

Significantly, Hackney's Strategic Policy and Research briefing predicts a decline in demand for unskilled labour, which will exacerbate the existing disparities and put increasing pressure on providing low skilled work in ancillary positions. At Borough level, a picture emerges of the complexities of worklessness in Hackney.

The skills base of Hackney residents is significantly lower than the national average. Just fewer than 1 in 3 people in Hackney have no qualifications at all.⁵⁴ In contrast, jobs in the City Fringe area are predominantly high skilled, with 59% of job vacancies in London requiring a minimum qualification of NVQ Level 3 or equivalent (REF).

A significant lack of employability skills of people who have never worked is compounded by other factors in Hackney including; benefit traps for lone parents, transport and accessibility, lack of employment opportunities and excess low skilled labour supply. Perhaps most significant is the cultural worklessness that has emerged in Hackney as a result of 2nd and 3rd generational unemployment.⁵⁵

Of particular significance in job access is the benefit trap, and the inadequacy of the minimum wage in London. Evidence suggests that a lone parent who has high childcare

costs and moves into full time work in London must earn more than the minimum wage to be £10 a week better off.⁵⁶ This disincentivises employment and adds to the culture of worklessness. Engaging with employers to influence their Corporate Social Responsibility agenda, and in particular their willingness to pay a 'living wage' is an important part of encouraging economic activity.

In addition, traditional low skilled employment in sectors like manufacturing has seen a marked decline⁵⁷ and employment in hotels and restaurants, wholesale and retail and construction are also all below London average.⁵⁸ This, coupled with a rise in the number of economic migrants, has increased supply and competition at the lower end of the labour market.

Explanations on how best to overcome these barriers and meet the needs of workless people tend to focus on supply side, labour market programmes that intervene through training, work first, job search assistance and job subsidies. Inward investment and enterprise as an option for tackling worklessness is touched upon in some of the literature but there are large gaps in knowledge and few examples of best practice.

The majority of studies into effective employment programmes considered as part of the literature review concluded that partnerships between employers and programmes increased the chances of success by helping to develop relevant training and education initiatives (to meet the needs of both the workless and employers) and improving access to able workers in inner London boroughs.

The literature available suggests that any efforts to provide employment must also take into account the importance of job retention and progression in order to tackle the problem of repeat unemployment. Factors that help achieve this are; securing a stable, full-time job, having come into work following training, having access to ongoing support in resolving problems inside the workplace (e.g. relationships with colleagues) and outside (e.g. childcare breakdowns) and having a financial cushion to cope with crises (e.g. transport or childcare problems).⁵⁹

Finally, and particularly significant for Hackney, the literature available highlights that medium to large sized businesses provide significantly more entry level opportunities in the form of support and ancillary roles. This is because larger organisations are better placed to 'carry' individuals who may need intensive support in the early months of employment. This theme is picked up by the LAA which identifies the use of larger companies to tackle worklessness. Not only are larger organisations better placed to provide more entry level jobs, training opportunities also tend to be greater in large firms than small firms, offering more opportunities for low skilled placements. Finally they can have a significant multiplier effect on the local economy.

Hackney is primarily a small business economy and the number of businesses employing less than 10 people is above 90%.⁶⁰ While VAT registrations have increased year on

⁵⁶ Ibid.

⁵⁷ Hackney Borough Profile, London Borough of Hackney, 2006

⁵⁸ Hackney's Economy Economic Development Partnership Paper 2007, Team Hackney, Feb 2007

⁵⁹ What Works with Tackling Worklessness, GLA Economics, Sep 2006

⁶⁰ Hackney Borough Profile, London Borough of Hackney, 2008

⁵⁴ Hackney Borough Profile, London Borough of Hackney, 2006

⁵⁵ Hackney's Economy Economic Development Partnership Paper 2007, Team Hackney, 2007. What Works with Tackling Worklessness, GLA Economics, Sep 2006. Employment opportunity for all: tackling worklessness in London, HM Treasury, Mar 2007. Sustaining Success – Economic

year in Hackney since 2000, job density has actually declined. This is because new VAT registrations are predominantly from micro enterprises. This contrasts with both the London wide and national trends which reflect an overall increase in job density over the same time period. Hackney now has a below average representation of large companies and a below average job density when compared across London.⁶¹

The literature review suggests that the nature of the economy in Hackney has not evolved in a way that has offset the increasing trend in worklessness. This can be described as an incidence of market failure and as such, it is appropriate to intervene with a more strategic approach to inward investment and business retention.

The findings in the remainder of this chapter are based on a combination of desk top research and interviews with stakeholders who are on the front line of delivering access to employment programmes. A full list of interview participants can be found in appendix B.

This section begins by further expanding on the sectors identified in chapter 2 in terms of their ability to address worklessness. All sectors identified in chapter 2 are covered separately apart from 'Creative industries'. This sector is, without doubt, integral to Hackney's economy. Creative businesses add value to the boroughs supply chains, they contribute to ensuring Hackney has a diverse and sustainable economy and they make Hackney a more desirable place to live, work and visit. Because of these wider regenerative effects, inward investment activities should continue to consider this sector as a priority. However, its direct impact on worklessness is limited. This is because of the nature of the work involved and because of the abilities of the individual companies within this sector to support people back in to work. As such, the creative industries sector is not explored distinctively below. However, it should be noted that in practice, there is a significant degree of cross-over between the creative sector and the Servicing the City/High Value Manufacturing sectors.

Retail

It has been argued that retail is relatively under-used as a tool for regeneration and that the retail sector is seen as the main contributor to employment creation in areas where manufacturing has declined.

A recent study by the Centre for Urban and Regional Studies at the University of Birmingham comments that a strong retail offer can support regeneration through providing jobs, services, investment and a focal point for community activities. Retail is often recognised as a sector that can offer opportunities to people who have a low skills base and who have been out of the labour market for some time. Retail is also often recognised as providing a stepping stone on to further employment. Employees gain valuable basic skills and gradually move on to more highly skilled jobs, both in retail and other sectors.⁶²

The nationwide pilot Local Employment Partnership (LEP) scheme has focused on retail because it recognises its ability to offer entry level jobs. The LEP scheme is delivered through Job Centre Plus with the objective of improving engagement

between employment programmes and employers. The advantage for employers is to reduce the difficulty involved in recruitment. In return, they agree to provide;

- Work Trials
- Work Placements for New Deal participants
- Encouragement to their employees to volunteer as mentors
- A review of their recruitment processes to ensure accessibility
- Assistance to Jobcentre Plus and the Learning and Skills Council in designing adapted pre-employment training
- Guaranteed interviews for local benefit claimants completing the training

In London, retail employs a higher share of both women and people from Black, Asian and Minority Ethnic (BAME) communities than many other sectors. This trend bodes well for Hackney. A significant proportion of Hackney's economically inactive population are women and / or BAME groups.

Opportunities for entry level jobs, training and career progression are generally concentrated within larger retail outfits. Small, independent retailers are generally not as open to taking on lower skilled staff. Often, small employers are reluctant to take on entry level staff because of the risks involved and the negative implications this may have on a small workforce. Additionally, they do not have the capacity for the focus and support required. It should be noted that small retail outlets in Hackney represent the diversity of BAME communities in the borough and provide employment and entrepreneurial outlets as well as valuable offers for residents, businesses and visitors. As such, they should be supported and nurtured with regard to their wider regenerative impact

However, larger retailers and multiples are much better placed to offer entry level jobs. They are in a position to run recruitment drives, often in partnership with Job Centre Plus and because of the critical mass of staff, they can offer in house training and career development and career progression opportunities. The 'Hackney Works' consortium concurs that medium to large employees are much better placed to engage with the 'hard to reach' client group they work with. The consortium's delivery partners currently have partnerships in place with Boots, Tesco and Sainsbury.

This dependence on larger retailers poses a problem for Hackney. The significant majority of Hackney's businesses employ less than 10 people. This is compounded by the property portfolio in Hackney. Larger units and development space is limited. Much of the retail stock in the Borough is of a poor quality and planning policy supports the protection of small retail units.

As such, it is important that Hackney continues to expand its links with large scale retailers outside the Borough. The Stratford City development provides an imminent opportunity for this. The complex will provide up to 30,000 jobs within the largest mixed use development in the UK.

⁶¹ ibid

⁶² Can Retail Development Prime Wider Regeneration? A Case Study of Merry Hill/Brierley Hill, Centre for Urban and Regional Studies – University of Birmingham, Sep 2007

The complex will be anchored by John Lewis who are working in partnership with the developers, Westgate, to establish a Retail Academy that will be providing training for local people to equip them with the skills to secure employment at Stratford City. The Academy will be business led to help ensure the skills gained can ease entry in to the job market. The opportunities are likely to spread beyond the boundaries of Newham and as such, discussions around how Hackney residents can participate in the Retail Academy should be commenced as soon as possible.

Hospitality and Leisure

The pilot Local Employment Partnership (LEP) scheme, summarised above, is set to expand to cover hospitality, again because of recognition that this sector provides entry level opportunities. Our London Our Future identifies the hospitality sector as an area that will provide opportunities for job applicants without formal qualifications.

This sector is traditionally difficult to recruit to. According to the British Hospitality Association, 34% of hospitality businesses in the UK have identified problems in recruiting customer service based roles. There is a perception that the industry is seen as a 'last resort' for people looking for work, particularly among the indigenous population. As a result, the sector is highly populated by immigrants and students. To intensify this, the rise in the number of economic migrants has increased supply and competition at the lower end of the labour market.

Because the industry is characterised by a transient workforce, there is often a lack of investment in skill development which may further intensifies the high turnover of staff.⁶³

As with retail, it is also true of the hospitality sectors that a significant number of businesses are independent, employing less than 10 people, and lacking the capacity to offer training. The market now incorporates very few 'big players' and lots of small independent owner managed businesses. Small businesses may contribute to the local economy but they are less likely to expand, thereby offering employment opportunities for local people.

The proportion of tourism related employment in Hackney is slightly higher than for the sub-region of east London. However, tourism related employment is lower in Hackney than in other Boroughs with comparable tourism income.⁶⁴ This suggests the employment densities of the Tourist offers in Hackney may not be serving its economic inactive residents.

However, with the increase of high end hospitality offers, the negative perception of the industry as an employment option is beginning to change. Consultation with providers suggests that there is a significant interest from school leavers in chefs' positions as opposed to customer service, front of house positions. However, chefs are required to have skills prior to employment which makes them harder to recruit.

The increased potential for investment in to Hackney from higher end hospitality offers (outlined in chapter 2), coupled

with an increased perception of the industry, means that it is increasingly well placed to offer entry level jobs to Hackney residents. Employment in the industry is dominated by women, the young and part time workers.⁶⁵ As with retail, this complements the demographic of our economically inactive population. However, investment from larger hospitality establishments, and in particular hotels, could be a major contribution to addressing worklessness.

The HOST project, delivered through Training for Life and Hackney Community College, sets out to provide targeted training and job search support within the hospitality industry. The project works specifically with 18 – 22 year olds, lone parents and those on incapacity benefit. It was established on the premise that hospitality offers opportunities for those who are economically inactive. In addition, the sector provides career progression opportunities and transferable skills. Delivery is centred on 3 main elements; fast-track to front of house, NVQ in food preparation and cooking and apprenticeships. All elements contain life coaching and job search support components. All elements contain a mix of classroom based training and work placements. The project anticipates that around 120 individuals will be engaged with over the course of the year.

Employer engagement is critical to ensure the training can include work placements. Training for Life has successfully engaged with a number of hospitality companies including Starbucks and Restaurant Associates (part of the Compass Group). Training for Life believes that small independent hospitality outlets do not have the capacity or resources to support the clients that Training for Life work with in a placement situation. This means many of the placements need to be facilitated outside of Hackney.

Training for Life has also engaged with hotels and worked with the Holiday Inn Group. However, hotels have proved more difficult to engage with. This is in part due to the hotel sector's reliance on an international workforce. The nature of the wider economy will mean that economic migrants will continue to be represented within this sector. Nevertheless, this does not have to be at the expense of opportunities for local residents. Increasing employment programmes specifically aimed at hotels is one way that employment opportunities can be secured for Hackney residents. In addition, attaching conditions to the planning approval of new hotel developments that specify the number of local people that should be employed in the new development will also help to ensure inward investment from this industry is translated in to opportunities for Hackney residents.

Franchising provides opportunities for local entrepreneurs to benefit from consumer confidence in brand names, particularly within the retail and hospitality sectors. The British Franchising Association explains "business format franchising is the granting of a license by one person (the franchisor) to another (the franchisee), which entitles the franchisee to trade under the trade mark/trade name of the franchisor and to make use of an entire package, comprising all the elements necessary to establish a previously untrained person in the business and to run it with continual assistance on a predetermined basis"

Franchising has a lot of benefits within an economy such as Hackney's. For example, it could mean that local entrepreneurs, who may otherwise have only had the

63 Understanding the Hospitality and Catering Sector in the City Fringe, City Fringe Partnership, Jul 2007

64 Evidence from the Local Area Tourism Impact Model: Hackney, London Development Agency, 2008

65 Ibid.

capacity to set up a micro-business, are able to establish a larger retail establishment. Additionally, good franchisers will offer comprehensive training programmes in sales and other business skills. This means staff can benefit from wider training provision and career development opportunities that are available in a micro business. Finally, the success rate of franchised businesses is higher than average start ups because the idea has been tried and tested and the brand has immediate recognition. Therefore, Inward investment activities should include exploring and advocating franchising opportunities for local entrepreneurs.

Servicing the City

Hackney's proximity to the City means that there are a number of ancillary jobs on offer that do not require a high skill level. The East London Business Alliance views 'Servicing the City' as key to offering employment prospects and entry level jobs. They identify catering, post room, security, cleaning and reception as key opportunity areas and have had success at engaging employers and filling posts in City organisations. Hackney Community College concur with this view specifying security, catering, social care, cleaning and couriering as roles which offer opportunities. Hackney Works identified catering, security and admin roles as offering opportunities and the City Fringe Partnership pinpoint catering, security and industrial cleaning roles.

This report has already established that markets where proximity matters and where supply by SMEs is common place offer the best opportunity for Fringe businesses. Sub sectors where this is the case include, Property services, Legal services, Print and publishing, Entertainment, Office supplies and Events and Seminars.⁶⁶

Similarly, the report identifies 3 additional sectors where proximity offers clear advantages; Office cleaning, Catering and Facilities management/repair.

This suggests that, in the case of Servicing the City, there is a clear correlation between sectors that can benefit from economic drivers and sectors that can provide employment opportunities for local people. This is particularly evident in the sub-sectors of office cleaning, catering, events /seminars and admin roles within legal and property services.

The above providers also agreed that one of the sub-sectors within 'Servicing the City' as offering opportunities for employment is food distribution and catering.

More manual roles are also identified by programme managers at Renaisi involved in the delivery of the New Deal Programme ETF and Hackney Works. In Renaisi's experience, placements have been secured in warehouse, basic labouring, construction and grounds maintenance roles.

All the delivery agencies consulted have highlighted the difficulty in securing work placements in Hackney because of the micro economy. Hackney Business Venture believe that nearly all of Hackney's enterprises are micro (i.e. employing 10 or less), they are not in a position to "fit" schemes that offer individuals with pre-determined skills and experience" This is supported by the ETF experience where, organisations

with more than 10 employees are most receptive and most able to take on entry level employees. Medium to large public sector organizations (50+ employees) are also difficult to deal with due to bureaucracy and getting the right person to speak with.

Private sector companies can be sceptical and reluctant, usually because of time constraints and concern over the reliability of the client. However, both ELBA and Hackney Works found that, providing the system responds directly to their own recruitment issues, larger companies are receptive and have the capacity to take on those with a low skills base without compromising the productivity of their workforce to the same degree.

In terms of 'servicing the city' roles, the employment providers find it easier to place clients directly with firms as opposed to 'outsourcing' companies that sub-contract staff into larger organisations. This is because of the often intensive support required by the client in the first few months of employment. Again, this reinforces the importance of proximity to larger companies to secure jobs for low skilled residents. Due to Hackney's lack of companies employing over 10 people, opportunities in neighbouring boroughs need to be examined more closely. ELBA has traditionally attempted to match up Hackney residents with jobs in the City of London. There are also opportunities for 'Servicing the City' type jobs in Canary Wharf and the Thames Gateway. The development of Stratford city will mean an increased pool of retail and hospitality jobs while the Olympics has already led to an increase in construction jobs.

While it is critical that Hackney has a functioning sustainable economy, our partnerships with regional skills and employment agencies and employers need to be reviewed and expanded to ensure Hackney residents can tap in to the region's growing economy. Hackney should be proactive about engaging with larger employers in surrounding Boroughs, the occupants of the business parks in the North London and East London sub-regions, hospitality businesses in the West End and anchor tenants or retail centres in the region.

Supply chain work supported and encouraged to facilitate the growth and opportunities within this sector and Inward Investment activity should continue to be closely related to the work that ELBA, ELBP and the City of London supply chain network.

High Value Manufacturing (HVM)

The national trend in the decline of manufacturing has hit Hackney hard. A generation of what would have been blue collar workers are now struggling to compete within the low skilled labour market and struggling to find employment. Traditional low skilled employment in sectors like manufacturing has seen a marked decline and this has impacted significantly on worklessness in the Borough.

High value manufacturing is a sector that is experiencing growth in the Gateway region. Unlike previous sectors it is more difficult to define. The principles of manufacturing a product or service still exist.

⁶⁶ The City of London's supply Chain and its Relationship with the City Fringes, CEBR, September 2008

However, HVM companies are also likely to be involved in research, design and service provision (for more information on the definition of high value manufacturing see Appendix G).

Nurturing a HVM sector in Hackney would provide good opportunities for up-skilling the existing manufacturing workforce and providing jobs for individuals who may previously have engaged in blue collar work. Furthermore, Hackney's employment options study suggests that a high proportion of local manufacturing jobs are taken by Hackney residents⁶⁷, suggesting that where manufacturing jobs are available, they are relatively accessible by the local population.

High value manufacturing is a relatively new sector with low representation in Hackney. As such, employment providers have little experience of offering placements within the sector. However, a number of factors including existing industrial workspace and proximity to markets suggest that Hackney could grow this industry and exploit these opportunities for employment more effectively.

Our proximity to the Centre for Engineering and Manufacturing Excellence (CEME) means that opportunities for up-skilling are on our doorstep. In partnership with institutions such as the University of East London and The Thames Gateway College, training ranging from basic apprenticeships to post-graduate study is offered. CEME works in partnership with a number of local manufacturers such as Ford Cars to ensure the training is fit for purpose and links in to employment are established.

The legacy of the Olympics and in particular, the master-planning of the Hackney Wick neighbourhood provides an opportunity to make the changes to infrastructure required to assist the growth of the HVM sector in this location. Additionally, the Olympic International Broadcast Centre / Main Press Centre will, we hope, ensure the provision of high specification commercial space of an unprecedented level in Hackney. The master-planning exercise should realise the optimum uses of Hackney's existing industrial workspace, thereby accommodating the growth of the HVM sector in this location. The Hackney Wick master-plan is explored further in chapter 7.

The Environmental Task Force Programme (ETF) has had significant success working with Social Enterprises in the Borough when matching clients to jobs. The ETF experience suggests that Social Enterprises provide a supported and focused environment for clients and a chance to boost their confidence in a less pressured work place. Hackney Community College suggests that social enterprises can help people excluded from the labour market for some time by giving people that critical first job.

As such, inward investment activity should continue to target and support social enterprises within the target sectors.

Best practice examples of demand led employment programmes

There is limited literature relating to demand led employment programmes. Research has shown that in many cases,

employment programmes have focused on the skills supply side as opposed to being demand led. However, the following case studies reflect employment interventions that have been driven by inward investment. While these examples are particular to the neighbourhood in which they operate, they contain examples of good practice that could be translated into action in Hackney.

Case Study 1 CPR Works – Cambourne, Poole and Redruth Regeneration, West Cornwall

CPR Works is a small employment project formed as part of the wider CPR Regeneration agency. The primary remit is to ensure that "employment opportunities resulting from inward investment and business expansion are used to address the employment needs of the local community". The fundamental aim is to integrate the supply and the demand side of the labour market

The CPR district covers the most deprived part of the South West region. De-industrialisation over the past 3 decades has had a significant impact on the local economy, unemployment rates have decreased in recent years and are now close to the national average. However, there are high levels of economic inactivity, a significant number of who are claiming incapacity benefit.

Currently, the largest employer in the area is the public sector. There are a handful of employers employing over 250 people. 78% of businesses employ 5 people or less.

The project is seen as unique because it links up, within the same small team of 6, staff engaged with both supply and demand side of the labour market

As well as providing training in basic skills, self esteem and confidence building, advance on transition from benefit to work, childcare, back to work finance etc, the same team is tasked with engaging with local employers to establish vacancy requirements and trial periods for individuals without them losing benefits.

The role of the Employment Engagement Coordinator includes:

- Identifying sectors in which the highest number of unemployed people had experience;
- Exploring sectors where skills gaps exist and finding ways to overcome these;
- Sending weekly letters to employers to get up dates on vacancies;
- Presenting to business networks and engaging business;
- Consulting on S106 agreements to ensure that steps are taking to interview and appoint CPR works clients in future retail related developments;

Sectors are targeted based on both their ability to provide suitable employment for those who have been unemployed for sometime, but also those who

⁶⁷ Hackney Employment Growth Options Study, Atkins, Mar 2006

are experiencing recruitment difficulties. These have included construction and the care industry. Additionally, the opening of a Tesco in Poole led to the creation of a 'job preparation course'.

The LSP supports the scheme because of the extra level of focus and support it offers to the worklessness agenda

In the past 18 months the project has engaged with around 200 people. 45 of these are now in sustainable employment. 40% of these are lone parents which suggests that this kind of assistance is particularly helpful to those with children re-entering the labour market

The Employment Engagement Coordinator reported having more success with larger companies. She reported that many companies do not appreciate many of the problems faced by CPR clients when returning to work. In particular, the most reluctance was from owners/managers of small businesses because of the risks involved and the negative implications this may have on a small workforce.

Case Study 2

The Seacroft Partnership Job guarantee programme

The Seacroft Partnership Job Guarantee programme was set up in 1999 in partnership with Tesco who were building a store as part of a new shopping centre in the Seacroft area of the City.

The Seacroft area includes a large social housing estate with high levels of unemployment and deprivation. It is one of the worst 10% of wards in Britain based on the government's index of deprivation.

As part of the process of opening a new store, Tesco guaranteed jobs to all local people who successfully completed a programme set up by the Seacroft Partnership, a local regeneration partnership.

The Partnership was responsible for selecting potential recruits, assessing training and support needs and providing basic skills and customised training in key skills. Around 500 potential recruits were selected provisionally. Some were already on New Deal programmes while others were recruited direct. Groups targeted for the scheme included lone parents, young people aged 16-24 and those over 50. The recruits were then put on a 16 week training programme designed by the Partnership in conjunction with Tesco. The training was complimented by childcare, benefits advice and other services to those who needed them. Tesco also part-funded a childcare worker and provided a bus service to allow people to access the training. The fact that a job was guaranteed at the end of the training programme encouraged participants including those lacking confidence and basic skills to address the issues that have prevented them taking up training opportunities in the past.

When the store opened, 320 out of 490 members of staff came from within three-quarters of a mile of the store. 243 of these local recruits were previously unemployed. They included 35 lone parents, 18 people who had been unemployed for over two years and 10 who were over 50. The scheme successfully provided sustainable employment. Of the 243 unemployed people who gained a job, by May 2001, some 18 months after the store opened, 220 were still working for the store, 18 had left for better jobs.

Since the opening at Seacroft, planning permission for a number of new Tesco developments has been linked to a partnership job guarantee scheme to underpin their recruitment activities and make clear what is expected.

A job guarantee scheme of the sort described here needs to be based on a strong partnership between an employer and local partners.

Some have criticised the impact of major stores on small local shops and argue that some may face closure due to competition, thereby negatively affecting the local economy. However, Tesco and other retailers argue that demand from customers shows that they are meeting local needs and that by drawing more people in to the area they may actually create new opportunities for other businesses.

Chapter 3: Key Findings and Recommendations

1) Recommendations that facilitate the inward investment and expansion of sectors that will contribute directly to the pool of jobs available to local people.

To ensure that inward investment supports the worklessness agenda, the **Retail, Hospitality and Leisure, High Value Manufacturing and Servicing the City** sectors need to be encouraged and supported.

Larger companies and multiples: Consultation with providers has identified the importance of attracting larger companies (50+ employees) to help address worklessness, particularly in terms of retail and hospitality and leisure. Hackney has an established micro-economy and there has been some resistance to larger companies and multiples. However, Hackney is not one homogenous location and should not be treated as such. Neighbourhoods with a niche offer, populated by small independent retailers, that have grown organically, should be supported and encouraged. Nonetheless, this needs to be balanced with town centres that contain a number of anchor stores, serving the local community both in terms of job opportunities and services and pump priming wider regeneration. Based on this, it may be appropriate to support the introduction of a few multiples in the Town Centres of Hackney Central and Dalston.

Franchising: Franchising can add value to the introduction of multiples by ensuring that local entrepreneurs, who may otherwise have only had the capacity to set up a micro-business, are able to establish a larger retail establishment. Additionally, good franchisers will offer comprehensive training programme in sales and other business skills. Invest in Hackney intends to establish a working partnership with The British Franchising Association to identify how franchising opportunities can be realised by Hackney residents.

Hackney Wick: The master-planning of Hackney Wick provides an excellent opportunity to effectively manage the growth of particular sectors within this area. A HVM base supported by retail and hospitality would significantly increase suitable job opportunities in a part of the borough that has historically experienced deep rooted deprivation. We would also seek to support creative industries in this location to ensure they continue to flourish in Hackney and because they sit well with HVM, retail and hospitality. Additionally, the master-planning exercise provides an opportunity to nurture and expand the existing food distribution cluster through infrastructure and public realm improvements.

Inward investment activity should continue to target and support social enterprises, particularly in relation to the sectors outlined above.

2) Recommendations that advance the relationship between inward investment activity and supply side economic development initiatives.

External Borough Partnerships: Where it is not possible to secure larger companies within Hackney, Partnerships should be formed beyond borough boundaries. The proximity to larger companies is important to secure jobs for low skilled residents. Due to Hackney's lack of companies employing over 10 people, opportunities in neighbouring boroughs need to be examined more closely. ELBA has traditionally attempted to match up Hackney residents with jobs in the City of London. There are also opportunities for 'Servicing the City' type jobs in Canary Wharf. The City Fringe Partnership has suggested that, while encouraging employment for Hackney residents in the City is to be encouraged, more focus should be given to their employment in other areas of London where there is less of a skills mismatch.

Additionally, the development of Stratford city will mean an increased pool of retail and hospitality jobs while the Olympics has already led to an increase in construction jobs. While it is critical that Hackney has a functioning sustainable economy, our partnerships with regional skills and employment agencies and employers need to be reviewed and expanded to ensure Hackney residents can tap into the regions growing economy. Hackney should be proactive about engaging with larger employers in surrounding Boroughs to secure opportunities such as retail job opportunities in Stratford City, hospitality in the West End and HVM jobs in the Thames Gateway and North London regions.

In particular, it is essential that discussions around how Hackney residents can benefit from Stratford City and the associated Retail Academy should be commenced as soon as possible. Hackney should also seek to re-enforce working relationships with learning institutions outside the Borough such as the Centre of Engineering and Manufacturing Excellence.

Local Authority and Local Strategic Partnership Functions: The economic development and regeneration functions within the Local Authority should explore opportunities for working closely with the private sector to ensure access to employment programmes are demand led.

Local Employment Partnerships in Hackney should focus on partnerships with the sectors identified in this chapter.

We would suggest that private sector representation on the Economic Development Partnership, again in line with the sectors outlined above, may be beneficial. The Planning and Regeneration directorate should explore the feasibility of Job guarantee schemes linked to new developments in the Borough, particularly in relation to the retail and accommodations sectors (an approach for delivering this through a s106 agreement is explored in Chapter 6).

Finally, all new investors should be introduced to an officer working on local jobs brokerage schemes such as ETF, Hackney works and the City Strategy Pilot programme.

In addition, supply chain work supported and encouraged to facilitate the growth and opportunities within this sector and Inward Investment activity should continue to be closely related to the work of ELBA, ELBP and the City of London.

Invest in Hackney currently issue a 'welcome to Hackney' letter to all investors relocating or expanding in the Borough. This letter includes contact details of local jobs brokerages, supply chain initiatives and training providers. However, there is not currently the capacity to follow up on this and encourage these links to be made. It may be helpful to consider the introduction of some kind of Employment Engagement Co-ordinator who could follow up on these letters and instigate introductions.

Training providers: The economic trends identified in this report should be directed at local training providers to ensure curriculum reflects our target sectors. This will help reduce the mismatch between skill supply and demand. It will also help reassure potential investors

that the local labour market can meet their needs and this will encourage them to relocate in to Hackney. This should be an ongoing process, with training providers receiving regular updates on economic trends and sector growth forecasts to ensure the relevance of their training programmes.

Corporate Social Responsibility Agenda:

Companies engaged through inward investment and retention activities should be informed and assisted in implementing their own CSR agendas, and in particular implementing the living wage. This could be done in partnership with organisations such as ELBA and Business in the Community and could become an integral function of Invest in Hackney and other business facing agencies.

In order to facilitate the growth and expansion of the target sectors in the Borough, changes to business facing policy, planning policy and the property portfolio will be required. Recommendations relating to these are outlined in chapters 4 and 5.

4. Barriers to Business Growth and Expansion

The findings set out in previous chapters suggest that some of the best opportunities for addressing worklessness in the Borough will come from attracting businesses from particular sectors. Findings also suggest that companies that employ more than 50 people can have a significant multiplier effect on the economy and can also provide more entry level jobs. Training opportunities also tend to be greater in large firms than small firms, offering more opportunities for low skilled placements.

We have also established that Hackney is a micro economy, with 80% of its business base employing less than 10 people. This means that historically, we may have been unsuccessful at nurturing the kinds businesses which are likely to assist in addressing our worklessness problem, and that assisting our existing businesses to expand may be a useful way of providing more jobs opportunities for local people.

To ensure Hackney is able to attract and expand the target sectors as set out in chapters 2 and 3, it is important that the current barriers to business growth are understood. From this we can make recommendations on upgrading Hackney's commercial environment and business facing policy, ensuring we can accommodate and support our target businesses now and in the future.

To help inform the understanding of barriers to growth and expansion, Invest in Hackney has conducted a total of 85 business interviews, with the aim of identifying perceived barriers to investment and expansion in the borough, particularly in relation to the target sectors. This chapter sets out the results of these interviews.

To identify barriers to growth for businesses investing in Hackney, we targeted clients from our database of businesses who have made enquiries regarding expanding into, starting up in or relocating into Hackney. This means that all respondents had an initial interest in Hackney as a business destination.

Telephone interviews were carried out. We anticipated a high response rate from our database of clients because all those on the database had been assisted through Invest in Hackney at some point.

Businesses interviewed were sorted into 1 of 4 categories, according to their experience of attempting to invest in Hackney:

- Businesses that expressed an interest in locating in Hackney but ultimately decided against it;
- Businesses that successfully relocated into Hackney;
- Existing businesses that attempted to expand into Hackney and were unsuccessful;
- Existing businesses that successfully expanded in Hackney;

Questionnaires were designed to gauge both quantitative and qualitative data on client experiences, and covered a variety of categories, from business typology to ability to provide training and placements. Respondents were also asked more qualitative questions relating to barriers to growth and views on business facing policy. Respondents were asked to rate the importance of various factors when making relocation decisions.

A sample questionnaire can be found in appendix C. A list of all respondents can be found in appendix D

In total, 206 businesses were contacted through the Invest in Hackney database and 79 completed responses were received. This was supplemented with 6 responses from businesses approached at the CBI conference.

Sectors

Fig 1 shows that, of the 79 businesses interviewed, 44% can be classified as operating within the creative sector. Respondents included a variety of artists, graphic designers, fashion and jewellery designers and photographic ventures, as well as media and entertainment professionals. This reinforces the notion of Hackney as a hub of activity for creative industries.

The Hospitality sector covering catering, restaurants, cafes and bars (not hotels) makes up the next largest proportion of respondents with 14% of businesses falling into this category.

Organisations providing community activities make up the next largest proportion of interviewees at 10%, with companies engaged in Education and Training close behind (9%).

In terms of our other target sectors, wholesale and retail companies made up 6 % of respondents, Manufacturing 3%, and Servicing the City (including IT communications and Professional services) 6%.

It is important to note, that some of the respondents can be classified under 2 or more sectors and there is particular cross-over between Hospitality/Creatives and Servicing the City as well as cross-over between Creatives and High Value Manufacturing.

While it appears that the creative industry and the hospitality industry (excluding hotels) continue to be attracted to Hackney, some targeted work is required if we are to increase investment from our other target sectors of retail,

High Value Manufacturing and some servicing the city sub sectors.

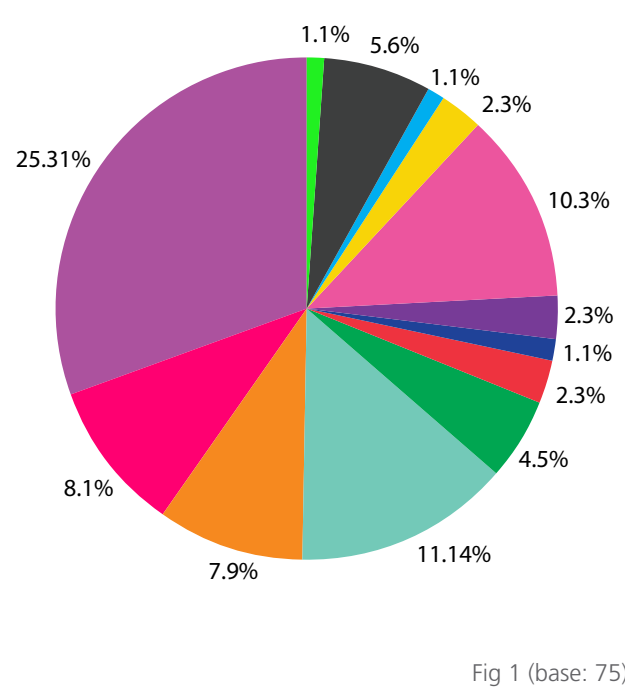
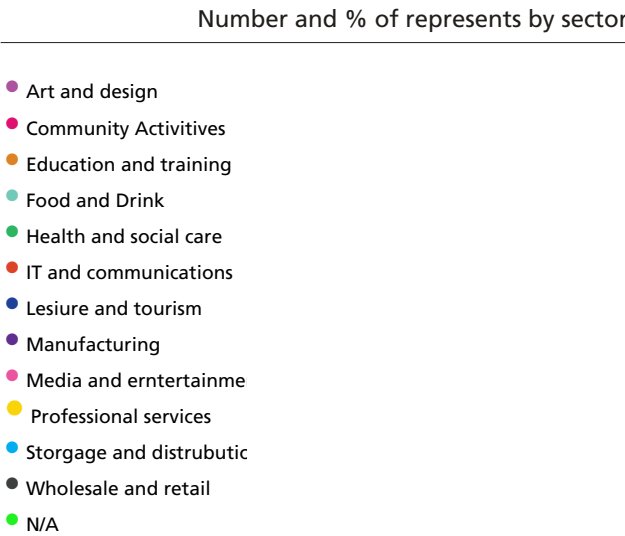


Fig 1 (base: 75)

Outcomes of enquiries with Invest in Hackney

As explained above, the 79 businesses who responded can be categorised in terms of the outcome of their original intentions to invest in Hackney. Figure 2 gives a breakdown of these outcomes.

The chart shows that of the respondent organisations, 30% did not ultimately relocate in to Hackney and 45% did not ultimately expand. 16% did manage to expand in Hackney, while only 9% successfully relocated from somewhere else in to Hackney.

Relocation, start up and expansion success rate of 79 respondents

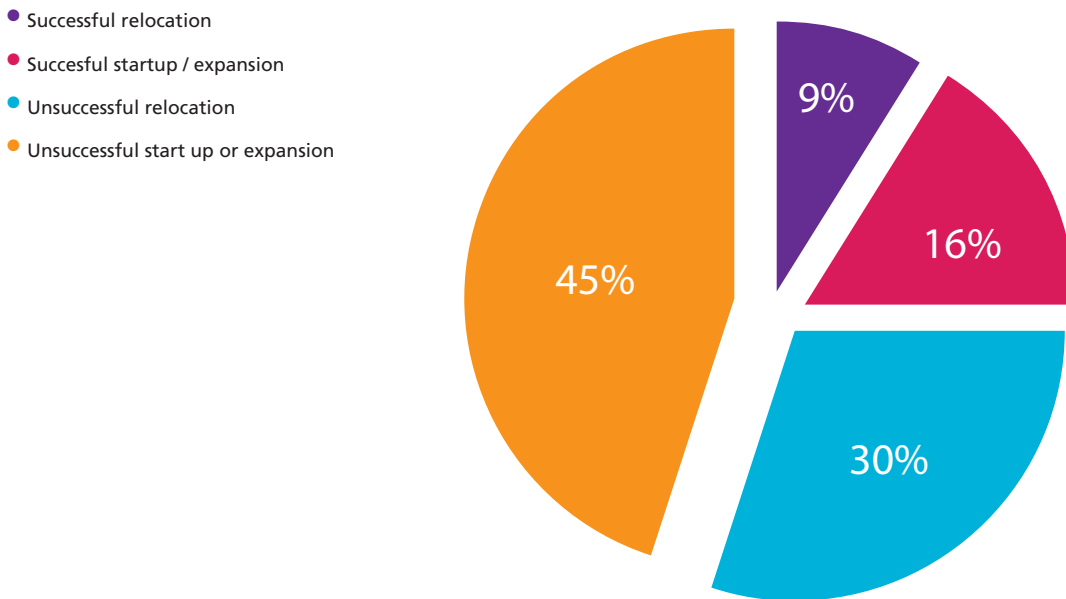


Fig 2 (base: 75)

61% of respondents were seeking to start up or expand in the borough as opposed to relocating from elsewhere. The qualitative data from the interviews indicates that a significant majority of the organisations were start ups rather than expansions.

Based on our total enquiry levels, it would appear that initial perceptions of Hackney as a business destination are improving. Our enquiry levels have increased by 25% year on year for the last 4 years. However, figure 2 suggests that a significant amount of potential investment is being lost. It is essential that we seek to understand why this might be, what the barriers to growth and investment are, and whether particular sectors and business types are more negatively affected.

Figure 3 demonstrates the levels of successful relocations across all sectors.

Success of respondents relocation, start up and expansion attempts by sector

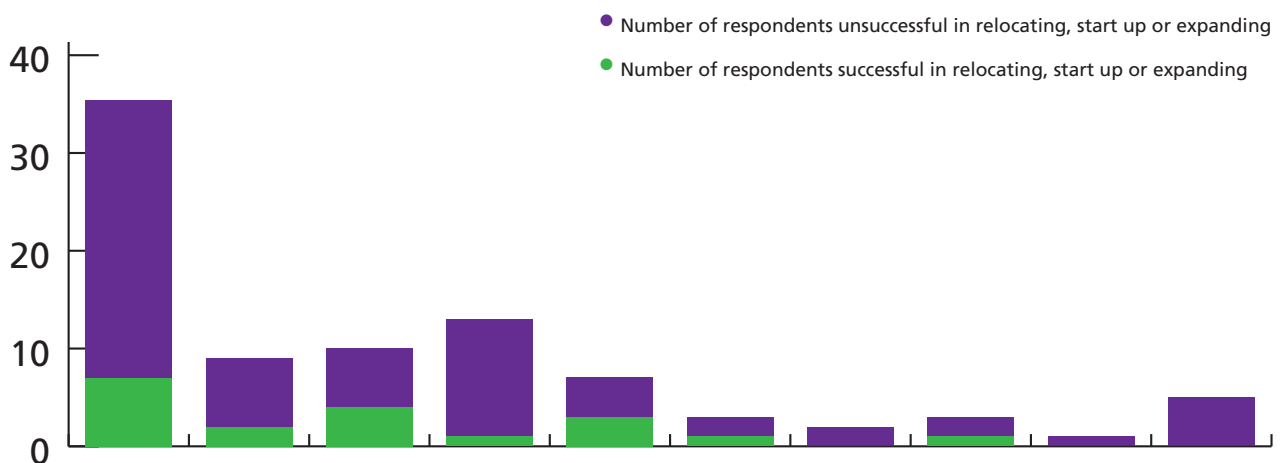


Fig 3 (base; 75)

Figure 3 suggests that Health and Social care organisations and Education and Training organisations have been relatively successful in relocating/expanding in Hackney. However, some of our target sectors have had less success. No respondents from the retail or the manufacturing sectors successfully relocated into Hackney. Respondents from the Hospitality sector had extremely limited success and the respondents from the Creative sectors (art, design, media and entertainment) had a below average relocation rate. This suggests that these sectors are either experiencing particular barriers to relocation in Hackney, or they perceive the business environment in other locations to be more competitive.

Sizes of companies

Our research suggests that a significant majority of Invest in Hackney enquiries come from businesses that can be classified as micro businesses with 10 employees or less (79%). A further 15% of respondents were small organisations with between 10 and 49 employees. 5% of respondents did not provide information on number of employees. No respondents employed between 50 and 250 employees and only one organisation employed over 250 employees. This organisation was a public sector mental health trust.

This suggests that Hackney continues to be a location of choice for micro companies, while medium sized companies with 50 or more employees are not considering Hackney as a business destination. This is something that needs to be addressed if Hackney is to encourage inward investment from medium sized companies to address its worklessness problem.

The outcomes across all company sizes were roughly equitable to the average levels. This suggests that no one particular size bracket is more or less able to expand or relocate in the Borough should they chose to do so. However, if Invest in Hackney were to have received initial enquiries from the 50 – 250 size group, it is likely this group would have had below average success in relocating or expanding. This is in part due to the limitations on property of this size (discussed further in chapter 5)

Staff Composition

Figure 4 below indicates the percentage of staff employed that are from the Borough in which the organisation operates.

The chart indicates that over half of all respondents claimed to employ the majority of staff from the local borough, with 38% claiming that more than three quarters of their staff came from the local borough. This is encouraging, and suggests that local people are benefiting from inward investment. However, a significant majority of these organisations are micro organisations. Employment in these organisations is not likely to be reaching those who have a low skills base and who have been economically inactive for some time.

What % of your staff live in the borough in which you do business?

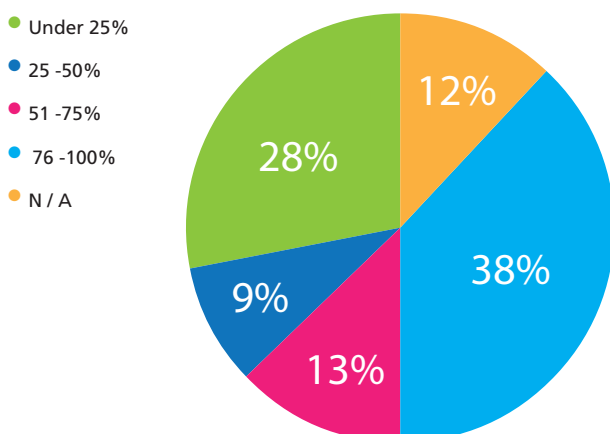


Fig 4 (base: 75)

Factors influencing the decision to invest / not invest in Hackney

Figure 5 below shows the importance of various factors for businesses when considering whether or not to relocate / expand in Hackney. It would appear that decisions are primarily influenced by property. This is closely followed by transport. Suitable property size was ranked most important, followed by property price and then property use class. Environmental factors such as waste collection were ranked less important.

Importance of facts in relocation, start up or expansion decision

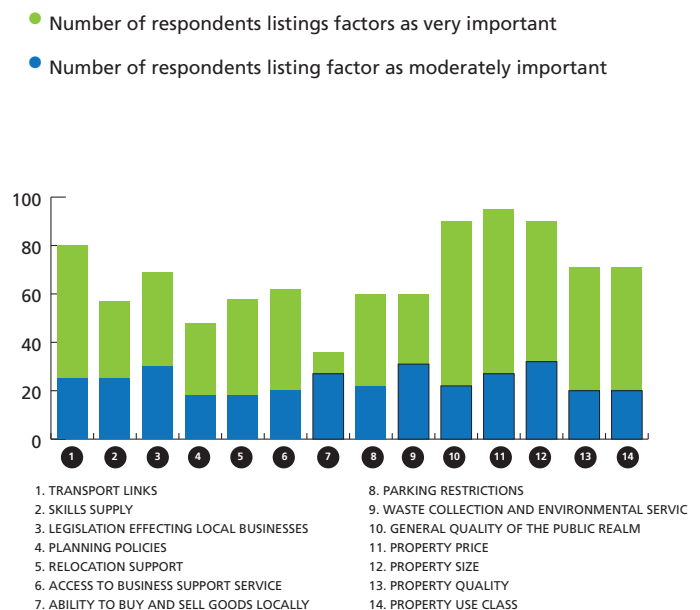


Fig 5 (base: 75)

Although the most commonly mentioned factors related to property, a number of qualitative responses were gathered providing further insight. A significant number of respondents cited insufficient or ineffective business support, including being referred from one organisation to another without receiving actual advice and business advice being too simplistic in nature.

There were also a number of respondents who cited diverse factors unrelated to Hackney's offer as contributory factors in their decision not to invest or expand. These included lack of time, developments within their business sector such as downturn or complications with their current lease.

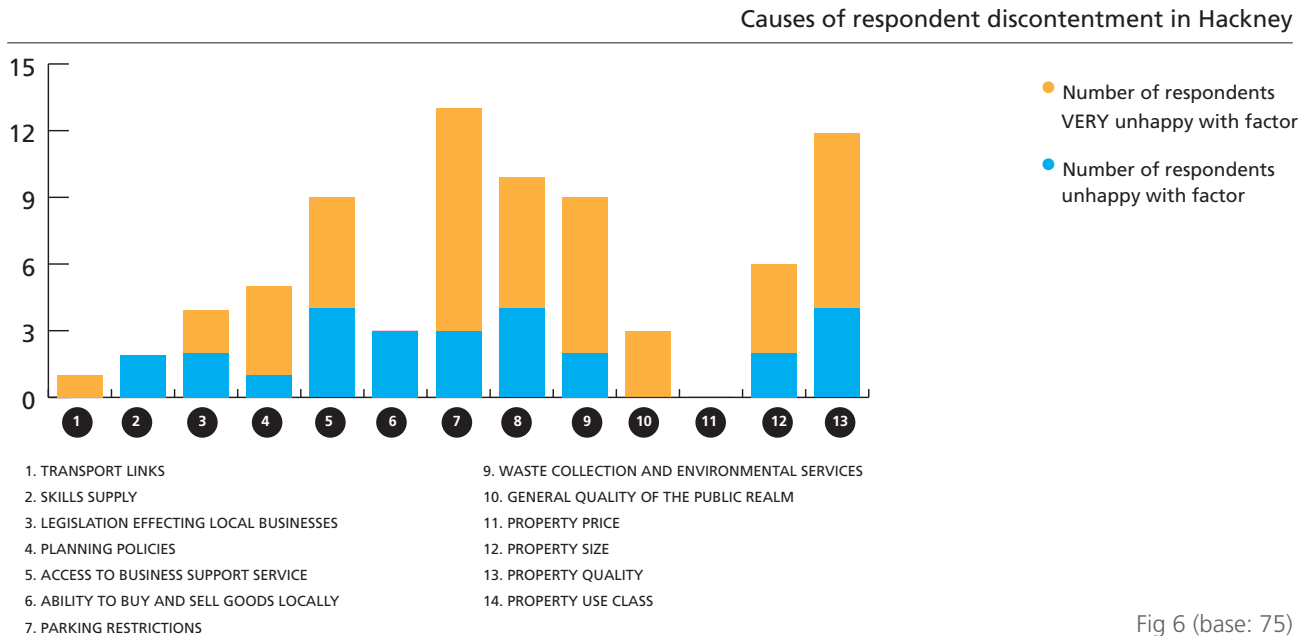
A small number of respondents specifically cited finding a more attractive option for investment in another London borough, with the Shoreditch area of Tower Hamlets featuring on at least two occasions.

The responses to this question do not significantly vary across the total sample group. Although it is interesting to note that the importance attached to 'use class' increases significantly among respondents who ultimately did not relocate or expand in the borough. This suggests that the inflexibility / unsuitability of use classes in certain locations may be creating a barrier to investment / expansion.

Chapter 5 explores incidences of market failure within the property portfolio in more detail.

Attitudes towards the business environment

Organisations that had relocated, started up or expanded successfully in Hackney were asked how content they were with various factors that affect their operational environment. Figure 6 shows that parking restrictions are by a significant margin the factor causing most discontent among Hackney businesses. This is followed by Property Use Class availability General Quality of the Public Realm.



Organisations that had relocated or expanded were also asked to say whether they felt the general business environment was conducive to their operations. Half of respondents described their experience of doing business in Hackney as good whilst 30% described it as excellent, giving an overall positive response rate of 80%. Only 10% rated their experience as average and 10% did not provide a response. No respondents rated their experience as poor. This suggests that, once businesses manage to relocate, the environment is generally supportive of their business activities.

Changes to Business Facing Policy

All respondents were asked to identify suggestions for changes to business facing policy that would assist their operations. The suggestions given by respondents focused mainly on business rates and reducing the financial and administrative burden on small business. There were also a suggestions relating to parking restrictions change, business support and premises.

Some of the most detailed and constructive policy suggestions given by the respondent group are given below. These have been selected to be representative of the general policy suggestions of the overall group;

1. "Incentive schemes for new investors in the area would be a good idea. Widening the tax threshold so they (businesses) have some untaxed profit before serious outgoings kick in would be good, and discounts for fees and rates for retention and investment in the area."
2. "Lowering the first couple of years taxation for small companies / businesses, lower community taxation on businesses, council and government should take into account the fluctuating nature of creative industries and adapt financially in terms of taxation."
3. "Cut red tape, lower the admin burden on small businesses and people wanting to start up"
4. "Local government should be more helpful, in particular, more flexibility around changing property use classes should be considered"
5. "Policy to keep a cap on prices for light industrial work spaces for culture, creative industries"
6. "Finance needs to be made easier and more accessible for start ups. Property prices and parking restrictions should be capped or restricted for small business"
7. "Would like to see properties earmarked for the creative sector and cheap let protection"
8. "Parking restrictions need to be revised. They are a major hindrance to establishments such as nurseries as they don't allow people to come and go freely to pick up / drop off kids without getting a ticket."
9. "Hackney needs to acknowledge charities and their needs and encourage them to grow. Currently there are no incentives for charities to expand (i.e. cheaper rent), find premises, or provide a full service"

10. "More personal business support and advice of the nature of that given by Invest in Hackney. In particular, more advice on who to contact within the borough"
11. "Hackney needs a support scheme that helps new starters with finance and practical start up. There needs to be more recycling provision for businesses with different compartments. Encouraging big business to recycle by creating electronic log in monitors at recycling sites would be a good idea. Incentives for investment would also be a good idea. More consultation with businesses themselves would be a good idea such as these telephone questionnaires. This gives a good indication of the bigger picture."

Responses from CBI businesses

To supplement our interviews with Invest in Hackney clients, we consulted with six much larger companies during a CBI conference in November 2007. These discussions have helped to provide an overview of how larger businesses perceive Hackney as a business destination. They also provide some insight to feelings of bigger companies regarding barriers to business investment.

The respondents represented the following sectors; a PR and Marketing company, a Business Consultancy, a High Street Bank, an Aeronautical Engineering company, a Civil Engineering company and a major high street retail chain.

Perceptions of Hackney are mixed. The Civil Engineering company had a positive impression of the borough and saw definite opportunities; however, the aeronautical engineering company felt that Hackney needs to focus on the provision of good schools and the quality of the public realm if it is to attract larger employers. The consultancy company felt Hackney should be more proactive about promoting emerging clusters and that it should do more to publicise its established creative base. There was a consensus around the importance of co – location in certain sectors, and it was highlighted that Hoxton is becoming known as a centre of excellence in the digital content field. This is a fast growing, high earning sector that is attracting professionals in to the Borough.

It was suggested by one respondent that Hackney needs to raise its game and should be more proactive about profiling its offer to compete with Boroughs such as Camden, Kensington and Chelsea and the South Bank area.

Chapter 4: Key findings and recommendations

While it appears that the **hospitality industry** (excluding hotels) continues to be attracted to Hackney, some intensive PR and marketing activity is required if we are to increase investment from our other target sectors of **retail, high value manufacturing** and some **servicing the city** sub sectors.

Of the target sectors that have considered relocating or expanding in Hackney, the outcomes have been varied. No respondents from the Hospitality (food and drink), retail and manufacturing sectors have ended up operating in Hackney and the respondents from the creative and media sectors had a below average relocation rate. This suggests that these sectors are either experiencing particular barriers to relocation in Hackney, or they perceive the business environment in other locations to be more competitive.

Hackney continues to be a location of choice for micro companies, contrastingly, it appears that medium sized companies with 50 or more employees are not considering Hackney as a business destination. Hackney's potential as a business destination for larger businesses needs to be promoted if we are to begin to attract businesses that are better placed to address its worklessness.

The research indicates that over half of the organisations claimed to employ the majority of staff from the local borough. This is encouraging, and suggests that local

people are benefiting from Inward investment. However, a significant majority of these organisations are micro organisations. Employment in these organisations is not likely to be reaching those who have a low skills base and who have been economically inactive for some time.

While a property portfolio offering a range of premises is not what attracts an organisation to a location initially, it would seem to be the most significant factor in precluding a relocation or expansion from going ahead. Suitable property size was ranked most important, followed by property price and then property use class. The importance attached to 'use class' increases significantly among respondents who ultimately did not relocate or expand in the borough. This suggests that the inflexibility / unsuitability of use classes in certain locations is creating a barrier to investment / expansion. Based on this, it is essential that incidences of property market failure are reduced. Recommendations around this are explored further in chapter 5.

On a more positive note, 80% of respondents felt that Hackney offered either an excellent or good business environment. No respondents rated their experience as poor. This suggests that, once businesses manage to relocate, the environment is generally supportive of their business activities in their current state.

Some larger organisations felt that Hackney should be more proactive about promoting emerging clusters and that it should do more to publicise its established creative base. There was a consensus around the importance of co – location in certain sectors.

In terms of issues affecting Hackney businesses, parking restrictions are the factor causing most discontent. This was followed by concerns around financial support given to small businesses and again, issues around premises. In order to maximise the changes of the expansion of our existing business base, it may be appropriate to explore further the financial support that can be provided to small businesses.

The recent Lyons's report recommends allowing local authorities to levy a supplementary business rate and to bring forward options for reforming the Local Authority Business Growth Incentive scheme (see below).

The key proposals in the Business Rate Supplement White Paper are:

- revenue from supplements will only be used to support economic development
- there will be a national upper limit of 2p in the pound
- there will be exemptions for smaller businesses
- the entitlement to levy a supplement will only be available to upper tier authorities.

These recommendations are likely to be well received by local businesses and will contribute to the growth of our micro-economy.

5. Property portfolio in the Borough

In this section we identify areas where the property market is failing to support business and economic growth in Hackney and identify how the commercial property portfolio could be developed to accommodate our target sectors. The occurrences of, and reasons for, mismatch in supply and demand need to be better understood to ensure the Borough can provide the right conditions for expansion, particularly in terms of companies / sectors that are identified as being effective in addressing worklessness. This intelligence will form the basis of a set of recommendations for realising an appropriate supply of property in the future.

We have used a combination of land use reviews and business premises studies, discussions with agents and businesses, and our own supply and demand data to present examples of levels of market failure across the Borough. A full document summary can be found in appendix A

We have reviewed our findings here against the recommendations from chapters 2 and 3 to assess how the property portfolio in the borough could be developed to meet market demand and to host the kinds of businesses that we hope to attract to the borough in the future. This will result in some recommendations for the type of floor-space required in different parts of Hackney to facilitate our wider economic development objectives.

Considerable research has been conducted regarding the property market in Hackney and the wider regional market, broadly split between those documents that look specifically at supply and demand and those that look at planning issues and constraints in relation to commercial premises. The documents are also split along the geographical lines of the London citywide region, the City Fringe area and the local/borough level.

London wide, the property market is said to be functioning well with a high degree of satisfaction with commercial accommodation.⁶⁸ A feature of the London market is that SMEs are attracted to the pool of potential customers and workers, and are prepared to accept relatively high costs, property that is sub-standard and a more difficult search for suitable property.⁶⁹

Public intervention in the market is warned against as it may distort competition or displace market-based provision that is currently functioning well. However, public intervention in the property market is welcomed in the public domain of non-market public services such as security, the public realm and, in particular, planning. Three further areas of public intervention are suggested in the literature:⁷⁰

1. For specialist client groups such as technology based start up and move on space who cannot create enough commercial value
2. To assist the provision of start up space in deprived areas
3. To prevent higher value activities like housing forcing out employment

⁶⁸ The Demand for Premises of London's SMEs, London Development Agency, 2006

⁶⁹ Ibid. & Work Space Supply and Demand in the City Fringe, City Fringe Partnership (Renaiss & Ancer Spa), Apr 2003

⁷⁰ The Demand for Premises of London's SMEs, London Development Agency, 2006

The Barker Land Use review identifies that a slow and inconsistent planning process has had a negative impact on Inward Investment. Suggestions to improve the process include a reduction in the extent to which sites are designated for restricted use classes, removing the need for minor commercial developments to require planning permission, reforming business rate relief for empty property, exploring the options for a charge on vacant and derelict previously developed land, and, separately, consulting on reforms to land remediation relief.⁷¹

Research at the City Fringe level mainly focuses on the balance of supply and demand to facilitate the economic growth of the region. Small businesses continue to dominate the City Fringe and there is strong demand from small users, especially start-ups. City Fringe companies identified proximity to the local customer base as significantly the most important factor for businesses operating there.⁷²

Various reports suggest that there is currently a considerable amount of property on the market but it is of an inappropriate typology, i.e. too high a price to match demand, not geared towards small workshop users etc. The literature also identifies the lack of mid sized stock as a problem in that many start ups that outgrow incubator space have nowhere to move onto.⁷³

At the borough level demand is identified in South Shoreditch for between 500-1000 sq ft. There is also growing demand in Dalston and Hackney Central and high demand for managed workspace across the Borough. Undersupply is identified for office properties of under 1,000 sq ft, industrial space and warehouse space. Once again there is a significant mismatch between potential floor-space and supply as high rental prices and over-sized premises hinder take-up.⁷⁴

Our review of research also identifies failures in the freehold market. Affordable workspace is over subscribed in the borough but providers suggested that, whilst they are extremely keen to invest further in the area, the market prevents this. There are few freeholds on the market and what do exist are sold quickly. There is also a suggestion that freehold values are artificially high because of a "hope value" being put on property for residential and live/work uses.⁷⁵

It should be noted that much of the data used below has been supplied by developers. Discussions with both developers and agents suggest that a market failure in the Borough can, to a significant extent, be attributed to residentialisation. Market incentives favour residential development over commercial supply in Hackney due to higher returns. This residentialisation is a widely acknowledged phenomenon which results not only in

less commercial property being built but also commercial space within mixed use developments is often neglected in terms of both money spent, quality of space within the development (e.g. basement space) and marketing of premises.

Previously recommended interventions to redress these issues include; preservation of employment space, off-site interventions, development of managed workspace centres and Section 106 funding for affordable workspace.⁷⁶ Research also emphasises that any employment land plan should work with borough wide employment policies, new policies for affordable workspace and planning guidelines for planning applications affecting commercial land.⁷⁷

Property Supply and demand

The following section uses a combination of our own supply and demand data, interviews with businesses and interviews with local agents to present a picture of supply and demand across the Borough. The data has been presented in the form of GIS maps with an accompanying commentary.

The following should be noted when considering the data;

The supply maps show all properties that have been listed with Invest in Hackney over the last four years broken down by size, type and location. Invest in Hackney's portfolio of property is regularly updated by Gateway to London and is an amalgamation of all the properties listed by major estate agents in Hackney.

The demand data is taken from the enquiries that Invest in Hackney have dealt with in the same time period. Each enquiry is for a particular size, type and location in the borough.

At times enquirers are vague or flexible about the commercial properties that they require and therefore many enquiries are for the whole borough, of various use classes and a wide size range. As such the variations for demand are more subtle than with the supply data. In order to bring out these differences in the maps, and to make meaningful comparisons between supply and demand, the data has been displayed to reflect the deviation from the Borough average in terms of size and type.

Use classes for the properties are too numerous to depict in the maps so the classifications have been amalgamated into the following classifications;

- Office/Studio (B1, some B2),
- Industrial (Most B2, B8),
- Retail (A1, A2),
- Hospitality and Leisure (A3, A4, A5, C1, D2),
- Community and Voluntary (D1).

B2 space in Hackney is very popular as it can be converted into studios. As such we have split the B2 category between

71 Barker Review of Land Use Planning, Kate Barker, Dec 2006

72 Work Space Supply and Demand in the City Fringe, City Fringe Partnership (Renaissi & Ancer Spa), Apr 2003

73 Ibid. & Barker Review of Land Use Planning, Kate Barker, Dec 2006. Hackney Employment Growth Options Study, Atkins, Mar 2006. Study of Small Business Work Space Provision in Hackney, London Borough of Hackney (Ancer Spa), Sep 2006

74 Hackney Employment Growth Options Study, Atkins, Mar 2006. Study of Small Business Work Space Provision in Hackney, London Borough of Hackney (Ancer Spa), Sep 2006. Work Space Supply and Demand in the City Fringe, City Fringe Partnership (Renaissi & Ancer Spa), Apr 2003

75 Work Space Supply and Demand in the City Fringe, City Fringe Partnership (Renaissi & Ancer Spa), Apr 2003

76 Ibid. & Study of Small Business Work Space Provision in Hackney, London Borough of Hackney (Ancer Spa), Sep 2006

77 Hackney Employment Growth Options Study, Atkins, Mar 2006. Study of Small Business Work Space Provision in Hackney, London Borough of Hackney (Ancer Spa), Sep 2006

those properties that are predominantly studios but could accommodate a light industrial classification and those that are fully industrial.

Throughout the chapter, the south of the borough constitutes the postcodes N1, EC2A, E2 and E1, this includes Shoreditch, Hoxton and Haggerston. The centre of the borough is E8 which includes Dalston and Hackney Central. The north of the borough is covered by the postcodes N16, N4, N15 and E5 which includes Stoke Newington and Stamford Hill.. The east of the borough is E5 and E9 and includes Clapton and Hackney Wick.

The postcode areas of EC2A and E1 have been combined to ensure meaningful analysis. The E1 area within Hackney is so small geographically that a separate analysis of this area would distort the data

Property Supply and Demand across the borough

There has been an overall drop in the number of available properties on the Invest in Hackney database in the last 4 years. There are 493 properties registered as 'Available' in the current year compared to around 1000 properties in 05-06.

Simultaneously, there has been an increase in enquiries fielded by Invest in Hackney. Invest in Hackney has seen a year on year increase in enquiries of an average of 25% over the last four years. This suggests that Hackney is increasingly viewed as a viable business destination.

There are a number of possible reasons for the drop in available properties. First, if the take up of properties has followed the same trajectory as the interest in properties, the available stock in the borough will be reduced. Second, there is a likelihood that property is increasingly fit for purpose and meeting the requirements of investors within the borough. Finally, this may be in part due to the conversion of commercial to residential land, thereby leading to a drop in the commercial property portfolio in the Borough overall.

The data differs when looking at different borough postcodes.

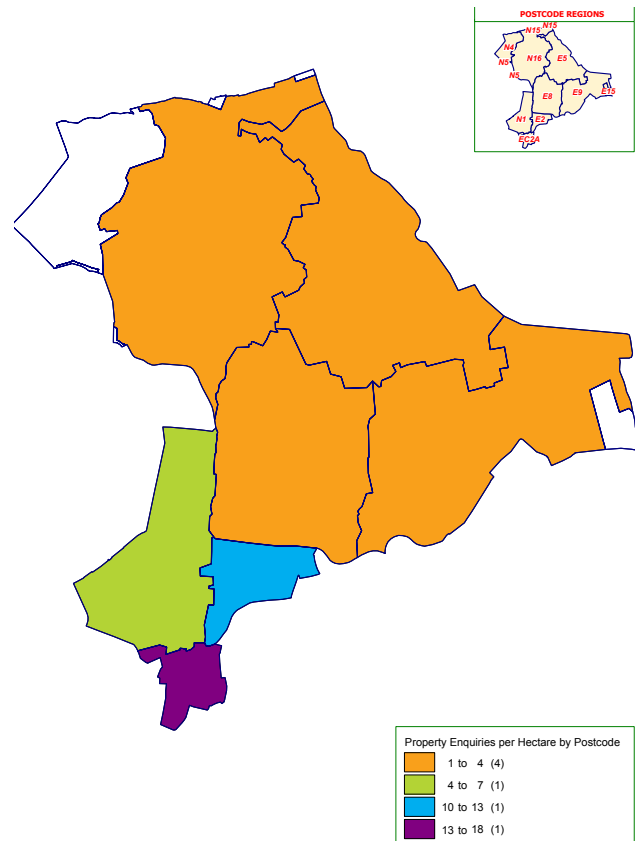
While density of commercial properties in Shoreditch continues to be higher than in the north and east of the Borough, Dalston, Hackney central and Haggerston are the only areas that have experienced an increase in vacant property listed over the last 4 years. According to local agents, this is because new B1 floor space is increasing in these locations, with developments mushrooming around the proposed East London Line Extension.

It should be noted that while the number of available units has increased in these postcode areas, the amount of floor-space available has continued to drop. This is likely to be caused by the conversion of traditional warehouse space in these locations with large B1 footplates in to mixed use schemes with smaller B1 units.

Map A shows a demand for units in the Shoreditch area continues to be high. However, there has been a considerable increase in demand in the E2 and N1 postcodes, reflecting the increased investor interest in the Kingsland

Road, Kingsland Basin and Broadway market areas of Hackney.

Map A - Total Demand 2004-2008

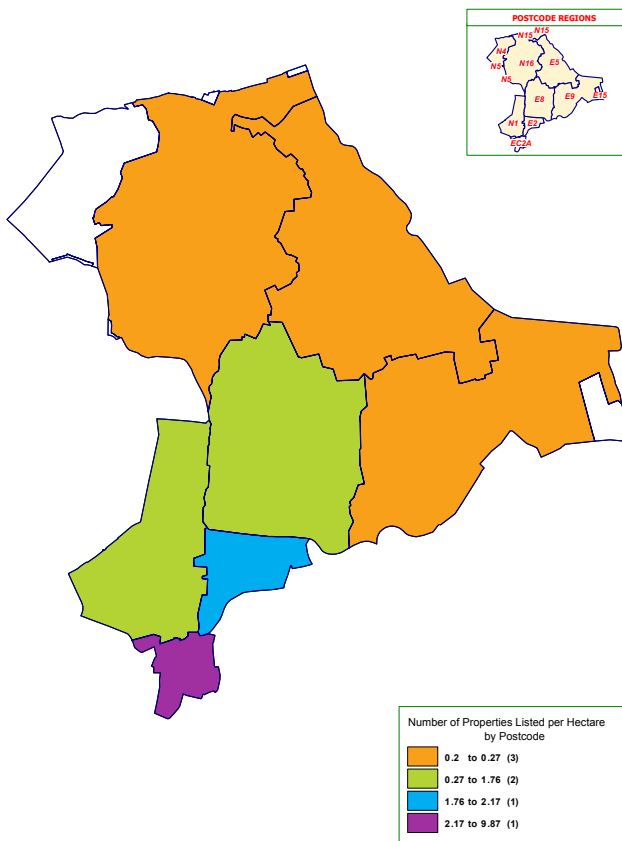


Agents concur that high demand business destinations in the borough currently are the Shoreditch area and the Kingsland Road. They are experiencing an increase in interest in the South of the Borough from businesses currently located in Clerkenwell and the West End due to the cheaper rent and other business advantages on offer.

Agents felt that in general, demand is outstripping supply in Shoreditch, particularly in terms of retail accommodation.

Map B reveals that in the northern and eastern parts of the Borough, there is a significant decrease in supply when compared to the South of the Borough. Stoke Newington and Hackney Wick continue to be emerging property suppliers although concentrations of commercial property are still low. The number of available properties has remained more or less constant during the last two years following a decline during the earlier part of the decade. This contradicts the borough wide trend of a decrease in available properties; however, discussions with agents indicate that this is, in part, due to extended periods of vacancy as well as an increase in commercial developments in these locations. The north and east of the borough still have comparatively few commercial premises listed. Hackney Wick has particularly low supply given the geographical area it covers. Only 6% of all properties listed over the last 4 years fall within the Hackney Wick area.

Map B - Total Supply 2004-2008



The demand for Hackney Wick presents a different picture. 75% of all enquiries listed express an interest in Hackney Wick. A similar pattern emerges for Stoke Newington. Based on this, it could be concluded that demand in these locations is significantly outstripping supply. However, these postcode locations are larger and as such, enquiry density remains low. It should be noted that not all enquiries specify where in Hackney they are prepared to relocate and most request a Borough wide search. Based on this it is not entirely clear from the data how many of these enquiries would seriously consider a move to this area. Nonetheless it is encouraging that businesses are increasingly prepared to consider locations in the north and east of the Borough.

The exception to this is within the extreme north of the Borough, the Brownswood, New River and Springfield areas. Agents concur that generally, these are not considered commercially viable locations.

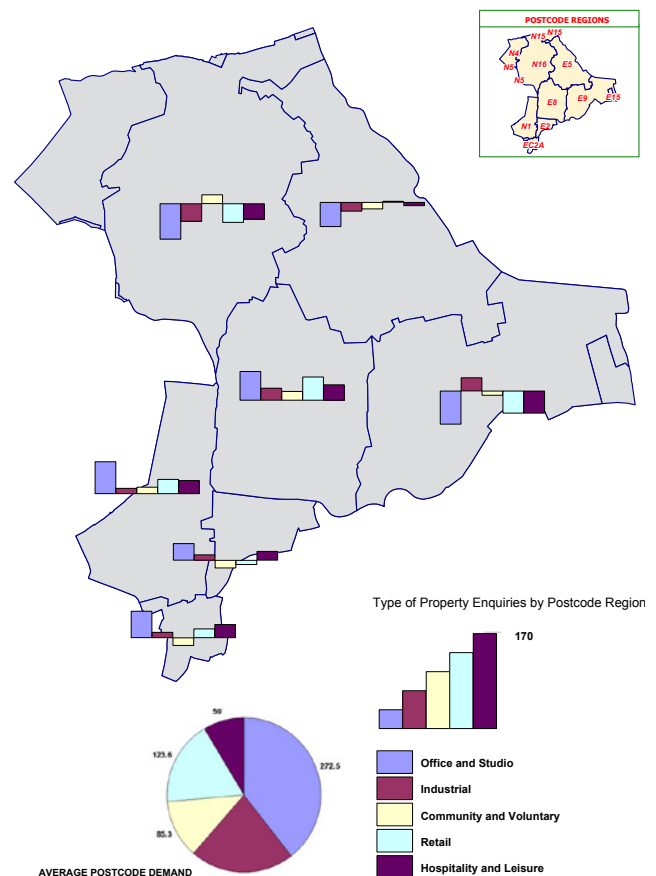
The data and interviews conducted with agents would suggest that the market is operating relatively well across the borough. It could be concluded that demand is slightly outstripping supply in most parts of the borough. This is encouraging news and suggests an upturn in the perceptions of Hackney as a business destination. However, when analysing the data in terms of unit type and unit size, the market does not appear to be fairing so well.

Property supply and demand by unit type

A1 A2 Retail

The supply of retail property in Hackney has remained fairly constant over the last 4 years although there appears to be a slight increase in supply in the current financial year. Map D shows that around 15% of all properties listed by Invest in Hackney fall within the A1 and A2 retail use classes.

Map C - Demand by Type 2004-2008

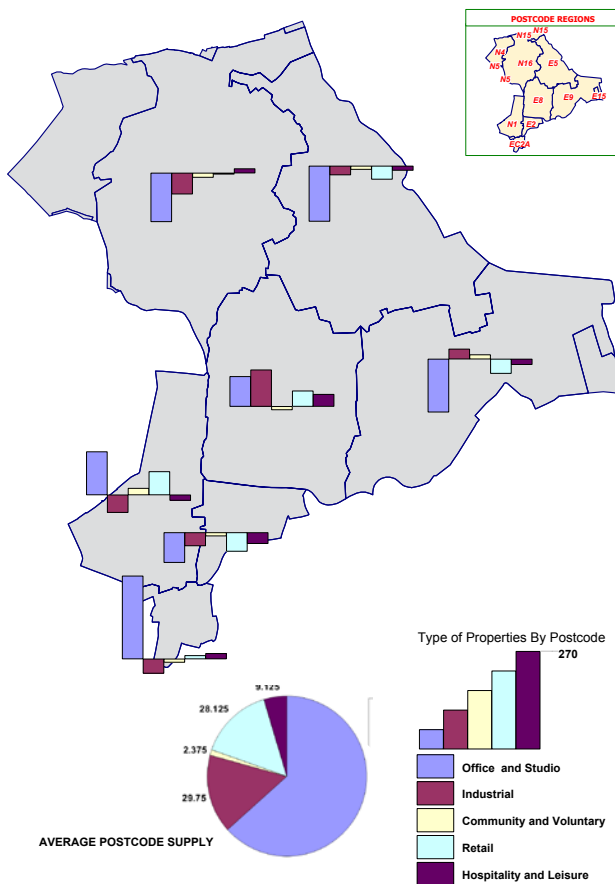


Map C shows that levels of demand are comparable, with 18% of all enquiries expressing an interest in A1 and A2 uses. However, the discrepancies between supply and demand are more stark when taking various borough locations into account.

Map D reflects minimal supply of retail space in the South of the Borough with only 7% of all properties listed as A1 and A2 use. However, 17.6 % of all enquires received for the south of the Borough were for A1 and A2 use. This reflects investor interest in retail space that is outstripping demand.

Conversely, map C also shows that retail demand in the north and east of the borough is below the borough average. Agents' testimonials support these findings. They argue that there is evidence of market failure within the A1 and A2 use classes, with not enough supply to meet demand in the south of the borough and too much supply in the East and Northern parts of Hackney. Even though supply in the North and East is below Borough average, supply density still exceeds demand density.

Map D - Supply by Type 2004-2008



Agents are concerned that there appears to be some resistance to retail planning applications, particularly in the south of the Borough. This adds to the deficit of retail premises and increases the premium attached.

The market appears to be operating fairly well in the E8 postcode. The incidence of retail demand is higher in this location, however, demand levels only slightly exceed supply.

A3, A4, A5, C1, D2 Hospitality and Leisure

Hospitality and Leisure account for around 5% of all stock in the borough.

Demand outweighs supply in this use class with around 11% of total enquiries looking for hospitality and leisure type space.

The business interviews conducted also show a sizable demand for this use class with 15% of all respondents citing this use class in their enquiry.

The greatest demand for hospitality and leisure uses was in the centre of the borough followed closely by demand for the southern postcodes.

However, supply of hospitality use classes in the south of the borough is below the borough average. Only 33% of the boroughs stock of hospitality and leisure use class is located in the south of the Borough. However 77% of all hospitality enquiries in the borough expressed an interest in this location. It is important to note that they may also have considered other locations within the borough

simultaneously.

Significantly, our business consultation showed a significant contrast between the success rate of businesses within this sector and businesses within other sectors looking to relocate or expand. Of all businesses surveyed, 25% have successfully relocated or expanded within Hackney following their initial contact with Invest in Hackney. However, of those seeking sites with hospitality / leisure use classes attached, none have been successful at relocating or expanding. Although this cannot be directly attributed to property market failure, the discrepancy between supply and demand suggests this is having a negative impact on the sector in Hackney.

Agents' testimonials support this. They argue that E8 and in particular, areas such as Kingsland Road and Dalston are suffering from a lack of restaurants and cafes and advocate supporting hospitality and leisure use classes in this area to generate a 'café culture'. They argue that without this on offer, considerable potential investment will be lost.

D1 Community and Voluntary

Community and Voluntary space make up just over 1% of the total property stock across the borough. Map D suggests that there is not enough community and voluntary space in Hackney to meet demand. This is corroborated by agents who believe that there is a shortage of D1 space. This is reflected across the whole borough apart from in the southern most area where demand is lower than average.

This is mainly because of higher rental levels but is also caused by this sector's required proximity to the communities that it serves in the north and east of the borough. It should be noted that Invest in Hackney receive a disproportionate amount of enquiries from Community groups due to direct referrals from Hackney property services.

B1 Office

While the number of available properties has reduced in Hackney over the last 4 years, there has been an increase in the amount of B1 floor space available across the borough in 2007-08. This indicates that while the number of B1 Office units available on the market has remained constant in this and the previous year, these tend to be large size units compared to the previous year. As mentioned earlier, this trend appears to be reversed in the E8 and N1 postcode areas.

B1 Office units have been in highest supply in the borough in the last 4 years when compared to all other use classes. The majority, around 60% of properties listed have B1 use.

However, only 39% of all enquiries logged required B1 space. This suggests that supply is outweighing demand. Again, this differs when considered across the borough.

78% of total stock listed in the south of the Borough has B1 use. However, only 41% of enquiries for the South of the Borough were interested in acquiring B1 space.

52% of total stock listed in E8 has B1 use. This compares to 40% of enquiries for E8 being interested in B1 space. The discrepancies between supply and demand are high in the south of the borough, where as the market appears to be adjusting well in E8 and supply is steadily increasing year on year.

Agents felt that mixed use developments are popular with clients. It would seem that the rise in mixed use developments in E8 has added to its popularity as an office destination.

B2 B8 Industrial

Approximately 15 % of all commercial premises in Hackney have B2/B8 use.

The highest concentration of B2 and B8 supply is evident in Dalston and Hackney central, which has more B2 and B8 units than Shoreditch, Hoxton and Haggerston combined.

However, there is higher than average demand for industrial premises in the south, most likely a result of organisations looking to convert industrial space into studios. Agent's testimonials and Invest in Hackney's own data suggest that landowners are sitting on vacant/ derelict properties rather than renovating them, particularly in the south of the borough. This may, in part, explain the lack of vacant light industrial space in the south of the borough.

There is also higher than average demand in both the Wick and Hackney Central, most probably a result of the provision of industrial space, more affordable rents and the established industrial reputation of both areas.

The data suggests that supply is meeting demand in the Dalston, Hackney central and Hackney Wick areas and both supply and demand for B2 and B8 exceeded borough averages.

However, the analysis for B1, B2 and B8 space becomes more complex when considering size bands in this location.

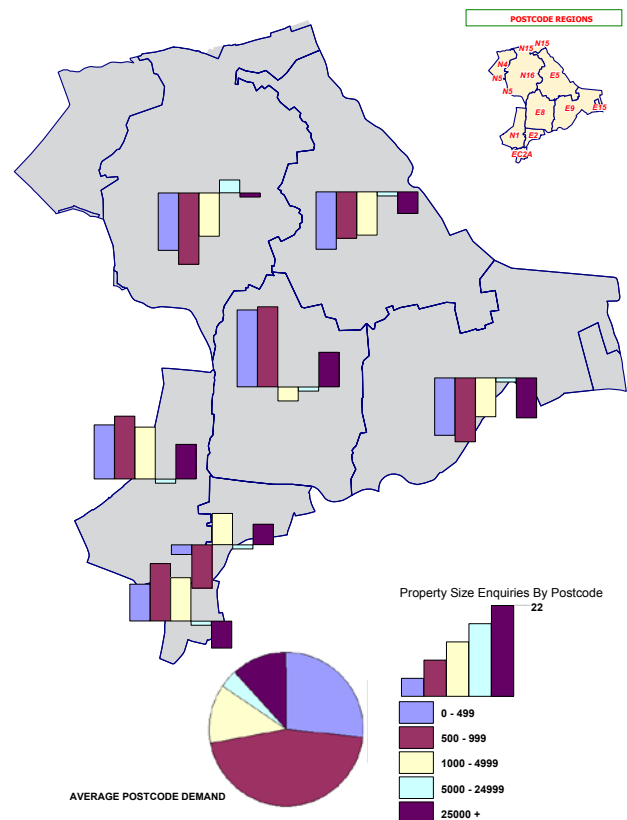
Property Supply and Demand by size

Shoreditch continues to supply the bulk of commercial properties in Hackney. While the overall available floor space has remained more or less constant, there has been a continued decline in number of properties, suggesting that the average property sizes in Hackney are going up. However, this trend is reverse in Dalston, Hackney Central and Hoxton where vacant properties have increased but floor-space has decreased.

Map E shows that micro office space (less than 1000 sqft), continues to be the most popular with Invest in Hackney clients with 75% looking for space in this size bracket.

Demand decreases significantly for properties in the 1000-5000 sqft brackets with only 15% of all enquiries citing this size bracket. However, almost half of all commercial stock in the Borough falls within this size bracket. There is a clear discrepancy between the demand for units below 1000 sqft and the majority of supply between 1000 sqft and 5000 sqft throughout the borough. This suggests that there is still some work to be done if we are to encourage some medium sized businesses in to Hackney.

Map E - Demand by Size 2004-2008

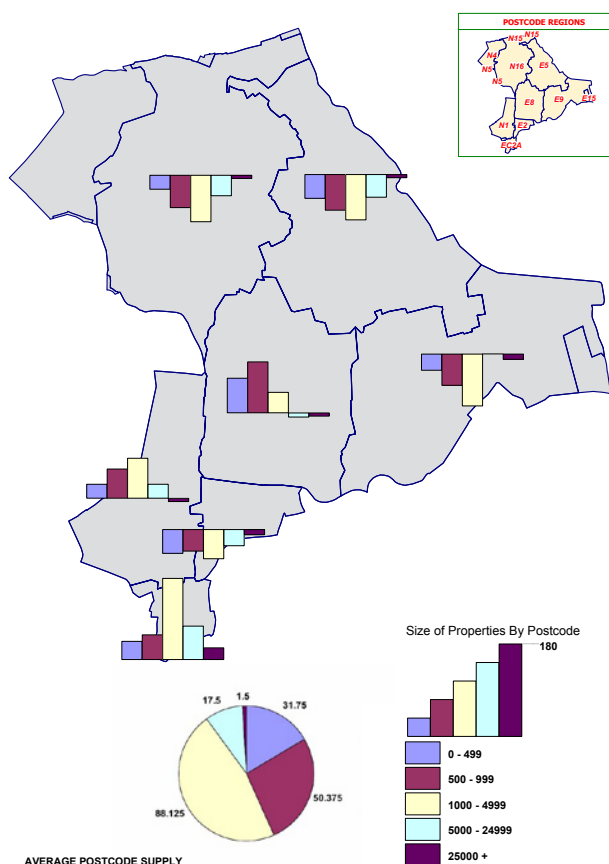


The discrepancies in supply and demand follow different patterns across the borough. Demand for units of below 500 sq ft increases significantly in the south and centre of the borough and decreases moving further north and east. This is likely to be, in part, due to cost pressures on large spaces close to the City. However, the south of the borough's B1 provision is dominated by units between 1000-4999 sqft. The Ancer Spa study supports this finding and goes on to argue that, in Shoreditch, there is an oversupply of second hand office space from 1000-10,000 sqft and a shortfall of units below 1000 sqft and of new office of all sizes. Agents agreed that demand is outstripping supply in the South of the Borough for units of 1000 sqft and below.

Only 21% percent of all enquiries were interested in space of 5000 and above, reflecting limited interest in Hackney from larger companies. However, demand is still greater than supply in this size bracket with only 10% of sites falling in to this size band. This suggests we may be losing some larger businesses because our property portfolio cannot accommodate them.

Our businesses interviews support the above analysis. Across all interviewees, following initial contact with Invest in Hackney, 25 % were successful in their attempts to relocate or expand in to Hackney. However, the success rate varies when considered across size bands.

Map F - Supply by Size 2004-2008



Businesses looking for office space of 500 sqft or below had an above average success rate (30%). However, businesses looking for floor space of between 500 and 1500 sqft had a success rate significantly below average (10%) in expanding or relocation. Although property is not the only attributable factor, it can be argued that the inadequate supply of units of 1000sqft and above in locations outside the south of the Borough is having a negative impact on the expansion or relocation of micro / small businesses.

The recommendations set out below are intended to compliment and align with the key principals embedded within the Local Development Framework, where they relate to commercial land;

- Land and floor-space should be made available for employment uses, both within designated centres, and areas where suitable development can take advantage of the concentration of infrastructure and facilities
- Such spatial provision should take account of an increasingly wide range of industrial, commercial and business demands.⁷⁸

Chapter 5: Key Findings and Recommendations

Based on the analysis above, it would appear that there are a number of areas where market interventions would be appropriate;

A1 and A2 Retail: In the south of the borough, retail demand is outweighing supply. In the north of the borough, supply appears to be outweighing demand. In E8, the market appears to be well balanced and is serving current demand.

A3, A4, A5, C1 and C2 Hospitality: There is a general under-supply across the borough.

B1 office space : Demand is outweighing supply for B1 office space in the centre of the Borough. Conversely, there is an oversupply of second hand office space in Shoreditch. This is due to the limitations on land for new / mixed use developments.

There is increasing demand for B1 office space of 1000 sqf + across the north and east of the borough. Supply does not appear to be meeting demand. Mixed use developments in these areas are characterised by smaller units.

B2 and B8 industrial space: There is a significant amount of vacant B2 and B8 stock across the borough. Vacancies appear to be exacerbated by land-banking and are not indicative of a lack of demand. The ineffectual use of these sites is having a negative impact on the borough economy as we are not able to meet the demand for this type of space.

D1 Community and Voluntary: There is not enough community and voluntary space to meet demand. This is a borough wide trend.

What does this mean for our target sectors?

These incidences of market failure pose particular threats to our target sectors as identified in chapters 2 and 3. The sectors that we are looking to target require a variety of different use classes. The borough needs appropriate A class land to develop retail, hospitality and leisure and some city services and social enterprises. B1 planning permission is required for the target sectors of Social Enterprise and some servicing the city functions, some creative functions as well as financial and professional services. Industrial space will be required to house the high value manufacturing sector. C1 uses will be required if we are to increase the provision of hotels in Hackney.

In order to address market failure within the A and C use classes, it may be appropriate for planning guidance to take a more flexible view on what constitutes employment generating land (where ever there is scope for this within the wider context of the London Plan). Currently, B1 space takes precedence as employment generating floor space. However, employment density statistics would suggest a more

⁷⁸ Local Development Framework, Core Strategy Preferred Policy Options, London Borough of Hackney, 2008

open definition may be helpful. The average employment density of straight office space is 1 employee to every 19 sqm. However, this varies according to location and in town and city centre locations; densities are often lower than in business park developments. This figure is equitable to average employment densities of town centre retail and food superstores (also 1 employee to every 19 sqm). B1 employment space is likely to be of a lower density than hospitality employment space with restaurants offering an average of 1 employee to every 13 sqm and hotels offering 1 employee to every 2 bedrooms.⁷⁹

This suggests that planning guidance should look more favourably on planning applications that seek to replace B1 space with A or C uses where there are wider indications that this would compliment the market.

Retail is identified as a target sector in earlier chapters. Market failure both in Shoreditch and in the identified opportunity areas threatens the expansion of comparison retail in these locations. At present, there is some discrepancy in dealing with retail planning applications in the South Shoreditch Area. While the planning guidance set out in the South Shoreditch Area Action Plan (SSAAP) encourages retail at ground level within the Shoreditch triangle, this is currently overruled by policy contained with in the current version of the LDF which states that B1 employment generating floor-space should not be lost as a result of a change of use. Clarity should be provided on this issue. It may be appropriate for the SSAAP planning guidance to supersede policy contained in the LDF when relating to changes of use in the South Shoreditch area.

While the market in Dalston and Hackney central appears to be self regulating, intervention will be required if we are to create the kind of town centres that encourage investment from larger retailers. In the case of E8, particular attention needs to be paid to the urban design of these spaces in order that the high street functions in a way that encourages shopping. As such any large scale residential developments in suitable town centre areas should aim to work closely with potential retailers in the design stage in order to ensure appropriate space is produced. In order to facilitate inward investment from some larger retail outlets, it might be appropriate to consider a policy of 'land assembly' in the Dalston high street area to improve the quality of the comparison and convenience offer, and encourage footfall between the tube station and the Kingsland Road shopping centre.

Earlier chapters identify the importance of the south of the borough being able to accommodate 'creatives' services. Market failure within the micro workspace bracket threatens this industry in this location. Managed workspaces should be encouraged in the South of the Borough. In particular not-for-profit workspace providers like Bootstrap Enterprises and CAN Mezzanine can provide space that matches market demand at a subsidised rate. To assist with this, the use of section 106

funding should be explored with a view to improving the configurations of existing second hand sites.

The **creative sector** in Hackney is under threat due to both an expansion of the city fringe and Olympic driven regeneration, both of which are leading to an increase in property prices in the area. Creative industries are more likely to be accommodated within managed workspace in deteriorating buildings with short term leases. This is particularly true of Hackney Wick. Space Studios for example, has already suffered a net loss of 10,000 sqf of studio space in the last 12 months due to an inability to extend leases in the area.⁸⁰ The sustainability of this sector in Hackney is reliant on planning policy that seeks to encourage the provision of affordable workspace for creative industries in the new Wick Neighbourhood.

In addition, Invest in Hackney would recommend exploring ways of protecting existing affordable workspace as pressures on land in Hackney will continue to increase. It may be appropriate to explore the possibility of establishing an affordable workspace asset trust

Market failure of larger office space in the north and east of the borough poses a problem for the expansion of 'financial and business services' and 'servicing the city' in to locations beyond Shoreditch. Dalston, and particularly the Kingsland road need to ensure the configuration of new developments reflects demand. Pipeline developments outside of Shoreditch, containing B1 office space should be providing units of between 1000 and 5000 sqf. If done successfully, a flourishing office economy will further assist in the re-invigoration of Dalston Town Centre.

Additionally, if Hackney is to be able to attract and host medium sized companies of 50+ employees, intervention will be required to ensure future B1 developments contain units of 5000 sqf +. To enable this, an audit of all vacant land and derelict sites should be conducted with the aim of establishing a land register. This will help us facilitate enquiries from medium sized organisations (50 -250 employees) who we seek to encourage in to Hackney to address our worklessness agenda

High Value Manufacturing requires high specification industrial space. Much of Hackney's existing industrial stock, particularly in the Wick, is dilapidated and requires renovation. This threatens our ability to accommodate this target sector. New stock planned in the Hackney Wick master-plan and other Local Strategic Framework documents should be built to house these types of firms and to meet their specifications.

The Wick master-plan provides us with an excellent opportunity to think about how we can best accommodate the expansion of this cluster in this area. Additionally, this kind of industrial space is well placed to accommodate the expansion of 'creatives' from the city fringe, as well as some 'servicing the city' industries such as food distribution.

⁷⁹ Employment densities, a full guide, ARUP and English Partnerships, 2001

⁸⁰ Artist Studio Provision in the Host Borough's, David Powell Associates LTD, 2008

Options also need to be identified to better incorporate industrial land into mixed use developments as this is the primary source of growth for commercial land in the borough.

Finally, options should be considered to reduce the incidence of land-banking. Invest in Hackney would welcome the introduction of rate charges on derelict previously developed land as suggested in the Barker review 2006.

Our analysis shows that there is not enough **hospitality and leisure** accommodation to meet demand. This jeopardises our ability to house this sector and will make attracting inward investment from this sector problematic. Hospitality use classes could be encouraged within mixed use developments, particularly in E8 and in the South of the Borough.

Both the market demand and the political will are palpable regarding hotel expansion in the Borough. However, one of the biggest barriers to growth for the sector is the availability of suitable land. As such, planning applications that will enhance the Borough's C1 stock should be encouraged. This sector responds particularly well to unconventional sites and quirky design, of which Hackney has plenty. However, incentives for the redevelopment of second hand, derelict sites may be required to encourage the kind of development required to make these sites fit for purpose. It may be appropriate to consider expanding the section 106 heads of terms to include 'upgrading of derelict / vacant sites'. This is likely to encourage inward investment from this sector

The analysis suggests that the north of the borough (N4, N5 and N15 postcodes) are not viewed as commercially viable. Therefore, it may be appropriate to relax the 'employment generating' policies within these postcode areas and instead, attach S106 agreements to residential

developments that divert funds in to the public realm, community facilities and employment and training programmes.

To underpin the above proposals, it is recommended that there is an improved coordination between Hackney's inward investment agency and the planning department to assist with meeting the obligations of SPP 4 and ensuring that, in so far as is possible, developments will meet market demand. To do this, we would suggest that invest in Hackney expand its functions to allow it to;

Establish planning surgeries with both Hackney Council and Developers. This will help the planning department make decisions on planning applications, developments and policy surrounding commercial/employment generating space. These surgeries will include advising on affordable workspace and section 106 agreements in areas of market failure. This will enhance the efficiency of the planning application process by facilitating partnership working and pre-application discussions with the private sector, as recommended in the Barker review.

Work closely with developers and investors to advise on the configuration of space and the alignment of individual developments with borough economic development policy frameworks. This focused and individualistic approach will add significant value to formulaic approach applied to pre-application discussions and planning decisions.

Produce quarterly market research reports, outlining trends in investment and developments. These will show trends in terms of the direction of the market in both the short and longer term. Not only will this assist developers to build commercial sites that fit with market demand, it will also provide valuable knowledge for skills providers / ILM providers / Colleges, helping, ensuring worklessness initiatives are providing local people with the skills to meet economic demand.

6. Can S106 be used more effectively as a tool for tackling worklessness

The above chapters set out ways of encouraging targeted inward investment in to Hackney. The chapters identify locations of opportunity and areas that are already commercially viable.

However, Hackney also contains areas with highly concentrated residential areas which are less suited to supporting a commercial environment. In some cases, developers are asked to include commercial space in these locations, where the developer focus is on the provision of housing and attention is not given to the nature of workspace required by the market. The result can be a typology for which there is market demand. As a result properties remain empty for significant periods of time, having a negative impact on the local economy. Assessing the right building typology and overall demand for space could prevent this from happening.

Based on this, it would be helpful in certain circumstances to ask residential led schemes to divert commercial subsidies in to a Section 106 agreement to fund worklessness programmes in locations where business accommodation isn't appropriate, and where the worklessness problem is likely to be exacerbated by the development. If this approach were to be adopted, all schemes could be assessed in terms of their overall impact on worklessness in the borough – where schemes are going to lead to a net increase in the problem, changes to the scheme or a planning contribution to the wider efforts to address

worklessness can be negotiated.

The planning gains system could be used much more effectively to support initiatives which address worklessness if decisions were made in a strategic manner and within the context of the Borough wide economy.

This chapter explores how the planning gain system is operating in Hackney and how it could be better utilised to address worklessness. The evidence gathered for this chapter is the result of desktop research into national, regional and local planning policies. Allied to this research has been a literature review of research by various agencies into the 'planning gain system'. The research has also involved a number of semi-structured interviews with key stakeholders involved in planning gain system from a worklessness perspective. These stakeholders have included LB Hackney officers, various London Borough Regeneration and Planning officers, Workplace Coordinators accessing s106 funds, private developers and Registered Social Landlords.

The chapter is split into the following sections;

- Policy Review
- LB Hackney Practices and Policies
- Practice Review
- Next Steps- making s106 work to reduce worklessness

Policy Review

National Policy

The Town and Country Planning Act 1990 as amended by the Planning and Compensation Act 1991 provides measures within section 106 that allow developers to enter into a planning obligation to provide services and facilities connected with the proposed development (DCLG National Advice 2007).⁸¹ This is normally carried out through negotiation between the developer and the local planning authority. The developer also has the option of offering a unilateral undertaking although this is normally only seen occasionally at appeal.

Planning obligations (or "section 106 (s106) agreements") are an established and valuable mechanism for securing planning matters arising from a development proposal. They are commonly used to bring development in line with the objectives of sustainable development as articulated through the relevant local, regional and national planning policies. They are essential to delivering the necessary infrastructure for creating sustainable communities. They can: improve social inclusion through mixed tenure developments; mitigate the impact of development on communities; compensate for loss or damage created by development; and support basic off-site infrastructure such as access roads (Audit Commission 2007).⁸² They have, however, been criticised by some for delaying the planning process and for reducing its transparency, certainty and accountability.

There are a variety of forms contributions can take. Below is a short description of each of the main forms:

- In kind- non-monetary contributions delivered by the developer e.g. affordable homes
- Phased or one off payments- monetary contributions either given in one lump sum or over a number of years
- Maintenance payments- monetary contributions given over a period of time to maintain a facility/service that has been adversely affected by the development e.g. local bus service
- Pooled contributions- collected monetary contributions from different development that go towards paying for the mitigation of their combined impact e.g. the provision of new schools and hospitals in a major urban extension/redevelopment

It should be noted that planning obligations should only be sought if they meet the Secretary of State's policy tests – a planning obligation must be:

- Relevant to planning;
- Necessary to make the proposed development acceptable in planning terms;
- Directly related to the proposed development;
- Fairly and reasonably related in scale and kind to the proposed development; and reasonable in all other respects.

Comment

Section 106, at a national level, allows planning authorities a degree of flexibility in making agreements to secure benefits with developers. On the one hand, it does not give planners 'a free hand'. The aim of both legislation and policy is to prevent the sale and purchase of planning permission. On the other hand, and in reality, it gives planning officers the scope to make innovative agreements that secure benefits, such as essential infrastructure, for the community affected by the new development.

Regional Policy- London Plan

The Mayor's London Plan (Policy 6A.4) states that boroughs should direct their planning contribution policies towards the policies and priorities contained in the London Plan. The Mayor states that affordable housing and transport should be given the highest importance. There should also be priority given to health facilities, childcare provision and learning and skills. Contributions should also not only meet local need, but seek to meet strategic needs across London.

However, it also important to note that the Mayor's overall strategic aims for making London a truly world class city:

- Strong and diverse economic growth;
- Social inclusivity to allow all Londoners to share in London's future success;
- Fundamental improvements in environmental management and use of resources.

These aims could also be used as a basis for borough's framing policies around the Mayor's strategic policies.

⁸¹ <http://www.communities.gov.uk/publications/planningandbuilding/planningobligationspractice>

⁸² <http://www.audit-commission.gov.uk/planning/s106.asp>

Comment

The Mayor's policy on section 106 contained in the London Plan gives a clear focus for local authorities in London drawing up planning contribution policies. Although it strongly endorses affordable housing and transport at the expense of other priorities, policy 6A.4 also supports planning authorities making policies that support learning and skills. Therefore, leaving scope for local authorities to link employment and skills programmes to the planning contributions it draws from development, whilst still being in conformity with the London Plan. Furthermore, a local authority can also take into consideration the Mayor's overall strategic aims for making London a truly world class city.

Local/ Policy- Hackney Unitary Development Plan

"The Council will, where appropriate, seek Planning Obligations to secure relevant planning benefits from new developments. Planning Obligations will be judged appropriate where they are necessary to the granting of permission; relevant to planning and to the development to be permitted; where the need for the benefits arises directly from the development concerned; and where the benefits sought are reasonably related in scale and kind to the proposed development."

Hackney's UDP is not very specific as to the kinds and types of benefits that can be secured from planning gain agreements. The policy contained in the UDP largely follows the Secretary of State's policy tests contained in the most recent government circular. The UDP unfortunately does not make reference to the types of contributions made in the London Plan.

SPG on Planning Gain

The supplementary planning guidance/document on planning gain in Hackney states that it has two sets of priorities for planning contributions: core borough-wide planning contributions and additional planning contributions based on the area a development takes place in.

The borough core priorities include:

- Affordable Housing;
- Transport Impacts Associated with All Development;
- Education Facilities and Life Long Learning;
- Providing for Employment and Removing Barriers to Work; and
- Sustainable Design and Development

Additional planning contributions are worked out on an area by area basis. These additional contributions include

- Strategic Transport Impacts Associated with Major Development;
- Other Community Facilities;
- Health Facilities;
- Open Space, Child and Recreation Facilities; and
- Live-work Units to Residential

It is important to note that 'providing employment and removing barriers to work' is a core priority for the whole of the borough. Therefore, Hackney's SPG gives a sound foundation for using Hackney's planning system to reduce worklessness.

Hackney's Planning Gain System & Worklessness

The guidance states a number of thresholds that require development to contribute to reducing worklessness:

Qualifying Measure	Required Contribution
All development that takes place within employment land and floorspace provision	Monetary contribution to be pooled
All major developments	Monetary contribution plus non-monetary local labour clauses
All development which will employ more than 10 people	Monetary contributions-removing barriers to work

There are a variety of forms contributions can take place:

Type	Forms
Local labour and construction industry training	<ul style="list-style-type: none"> • Use of local labour during construction • Use of training funds to secure more skilled employment for the construction industry
Removing barriers to work	<ul style="list-style-type: none"> • Training funds to place local residents into training and employment schemes • Facilities and/or schemes to assist people into employment • End use employment opportunities • Access to employment and training information • Apprenticeships • Childcare • Disability access • Improved access to jobs (transport)
Business Support	<ul style="list-style-type: none"> • Constructing new employment premises; • Refurbishing existing employment premises; • Promoting the growth of key priority sectors for London; • The provision of workspace that is affordable and/or incubator units; • Business support; • Environmental/public realm improvements; and/or • Improvements to public transport.

Comment

On the face of it, Hackney's guidance should give its planning officers the scope to fund and develop a number of innovative and creative measures to reduce worklessness. Hackney's guidance is particularly comprehensive as it allows for softer measures that tackle worklessness amongst groups with high unemployment, such as lone parents, whilst also supporting the growth of business via affordable workspace provision. It also allows funding to be distributed to a number of channels- providing, in theory, a very clear audit trail is established- to partners outside of the borough council.

The major policy issue with the guidance itself is the place of the worklessness agenda. The SPG might want to consider challenging the supremacy of housing and transport. Hackney suffers from higher levels of worklessness than any other London borough. It seems that it is key that development contributes on equal footing, along with housing and transport, to dealing with this issue.

Another issue is with the policy priorities set down within the SPG. There is scant mention of the Community Strategy, Local Area Agreement targets and the ongoing regeneration framework. The Hackney planning system is to become a truly spatial planning system it will need to ensure that the type of community benefits it draws from private investment are aligned to aims set out in the Community Strategy and the indicators set out in detail in LAA. At present this SPG is not directly linking into and as a consequence not helping to create a joined-up planning system. Consequently, planning gain is not directly helping to meet the LAA worklessness targets.

LB Hackney- Practices and Procedures

LB Hackney's procedures and practices for s106 are currently under review and a series of recommendations are being proposed to streamline the system and improve the efficiency of it.

The major general criticism of the system from stakeholders interviewed was LB Hackney's planning lack of creativity (for planning stakeholder interview list see appendix F). It was felt that developers did not receive the flexibility or direction from officers to develop truly innovative projects that secured a range of community benefits. There were also some more specific criticisms relating to the way its s106 system worked to reduce worklessness.

Unlike neighbouring boroughs, such as Islington or Camden, there is no employment and training code. The lack of a code means that for most construction projects, especially ones that require workplace coordinators, it will be difficult to obtain the agreed contractual conditions from developers. The absence of a strict framework to lock developers and their sub-contractors means that they have a virtual free-hand in whether they want to take on apprentices or not. Hackney does not also have a 'Procurement Code'. A procurement code is a generic code that all developers must sign up to. Essentially, it means that all partners in a development must commit to open tendering, thus allowing local firms to compete for construction contracts.

LB Hackney is currently working up a facility for registering potential projects with LB Hackney planning officers. This will ensure that funds are distributed strategically as they come into the system and siphoned off to various directorates

within the borough. For some such departments the current basic system works effectively for routine s106 payments, such as highways. However, for worklessness projects, interventions are likely to be locally shaped and require varying levels of resource. Moreover, the partner delivering the project will not always be another council or even public sector partner. By establishing a project bank to notify planners of potential projects, s106 monies can be used in a much more effective, innovative and creative way. As such, Invest in Hackney welcome the establishment of a project bank.

Looking at s106 in a more strategic fashion, the absence of Team Hackney is potentially a major gap. Although it is responsible for commissioning funds from various LAA Blocks, Team Hackney has no commissioning role or advisory role on commissioning s106 funds for worklessness projects or any other projects! Team Hackney or its economic development theme sub-partnership could play a stronger advisory or even commissioning role in the longer-term. Not involving Team Hackney, arguably, leads to less engagement between planning officers and partner organisations in the borough, such as Jobcentre Plus and third sector organisations involved in the delivery of worklessness initiatives.

Practice Review

It is the intention of this section to identify how the s106 best practice across London. Specifically, how well does s106 work as a mechanism for drawing down both monetary and non-monetary private investment to reduce worklessness?

Background- Section 106 the great enabler

S106 is generally perceived as a positive mechanism in the planning process. Although it has been seen as a barrier to unlocking development, it generally works to secure high quality development that brings benefits to community. The strength of s106 is its flexibility: it can help deliver the mitigation measures (community benefits) that make a development viable.

Regeneration officers noted that supplementary planning guidance for s106 tends to act as a menu of options rather than a set menu. It can be used as a basis for discussions and general discussions. However, leadership from senior officers and politicians is perhaps the crucial element in ensuring that planning officers take on board worklessness issues. One officer noted how that the council leadership's attitude to development, s106 and worklessness was the decisive factor that allowed them to reduce worklessness via s106.

The greatest strength of s106 is its lack of conditions and perceived 'light touch'. Unlike other types of funding for worklessness, there are relatively few conditions attached in terms of monitoring and evaluation. This allows it to be locally shaped and moulded around the actual needs of workless residents as opposed to government funding guidance. Its flexibility also allows it to be used neighbourhood-based worklessness short-term interventions and longer-term strategic interventions across a borough. **However, paradoxically s106's flexibility is its greatest strength is also its greatest weakness.** Due to its flexibility s106 naturally has an unlimited demands placed upon it and limited resources to deal with these demands. Consequently, choices have to be made in deciding between priorities for

reducing worklessness. Officers noted that the trade-off was between strategic long-term projects and more locally-based short-term interventions that represented 'quick-wins'.

There were also a number of other weaknesses picked up by officers and other stakeholders:

- **Lack of predictability** s106 funding has no set guarantee of coming into the Local Authority. Therefore, it is very difficult to plan long-term worklessness projects exclusively upon s106 funding
- **Lack of timing** s106 funding has no set timetable of when it is coming into a Local Authority and therefore it is sometimes very difficult to accommodate such funding
- **Overly reliant on external factors** s106 is market-led by the state of the development industry. If the development industry slows down, then the funding will subsequently slow down. S106 is dependent on 'political buy-in' - the leadership of the council driving such agreements forward.
- **Reluctant developers** developers are sometimes reluctant to take on local residents as apprentices and/or work placements and can be notoriously difficult at avoiding such conditions laid down in a s106
- **Planning-related** ultimately s106 agreements must conform to planning regulations and ensure that the contract does not represent 'a sale of planning permission'. However, regulations can sometimes stifle innovative projects

Making the system work- using s106 to reduce worklessness

Community Project Bank

A Community Project Bank is a register of potential S106-funded projects suggested either on a neighbourhood or borough-wide basis. It can be an effective way of setting out priority projects that are developed in partnership. An effective community project bank is also vital in building interest from mainstream service-providers, such as Jobcentre Plus and the Primary Care Trust, and 'the Third Sector'. Such organisations can be encouraged to engage with the council and design bespoke projects that reduce worklessness, but also fit planning regulations. The project bank can also serve as an active forum to engage the third sector and more peripheral public sector organisations.

LB Southwark- Community Project Bank

Southwark's community councils draw up lists setting out their area-wide priorities/community projects, which are then used as suggestions for planning contributions during discussions with developers. Certain projects then receive funding from development taking place in the area. Importantly, community project banks are compiled by Southwark's community councils in consultation with local communities to identify projects that would improve the environment and facilities in their respective areas.

Employment and Training Code

An employment and training code sets out the code of practice for local employment and training between the developer and the local authority. The purpose of such agreements is to ensure that realistic and attainable benefits are obtained in the form of training and employment jobs and/or apprenticeships.

LB Islington- Employment and Training Code

In light of the failure to secure the large employment benefits agreed by the developers of the Emirates Stadium, the LB Islington set about creating a revamped and functional employment and training code. Instead of aiming for aspirational goals, the code set out strict and robust legally binding minimum limits on what developers must provide by way of work-placements on all construction projects: developers had to provide a certain number of 13-week placements depending on the size of development. The employment code also set down a viable mechanism for fostering constructive dialogue between officers and developers.

Procurement Code

Developing a procurement code can also lead to greater local employment and higher levels of enterprise. Codes, such as these, bind developers and their sub-contractors to open tendering processes for all of their sub-contracting and, therefore, enable, local firms to bid for work. A directory of local firms with their services and contact details listed also accompanies the code.

LB Islington & Camden- Procurement Code

The Procurement Code binds developers and their sub-contractors to open tendering processes. The code has given local contractors the opportunity to compete for a range of contracts in major projects. It also brings forth the possibility of greater local employment by employing local firms who are more likely to hire local people.

Partnership Working

Building strong links between individuals and between agencies is crucial to enabling s106 to reduce worklessness. Firstly, it is vital that common working arrangements are set up between regeneration and planning officers. Secondly, strong links need to be established between Council officers and training and employment agencies: effective mobilisation should ensure that officers can quickly release s106 funds to these agencies in the shortest possible time. Thirdly it is crucial that relationships are fostered with developers and their sub-contractors from the pre-application stage, because without the active co-operation of developers it will be very difficult for workplace coordinators to place apprentices on-site.

LB Southwark- Common Protocols

Planning officers in LB Southwark all have a checklist they go through for each planning application. The checklist includes contacting the regeneration officer responsible for distributing s106 economic development projects. Therefore, when a project comes in at 'pre-application stage' the planning officer contacts the regeneration who is then consulted early as to what possible benefits could be accrued from such a development, in terms of employment and enterprise.

Model S106 Agreements

A model agreement can be a whole model agreement or simply a part of the agreement. Usually, model clauses are provided by Local Planning Authorities on a variety of standard issues, to save time and speed up the s106 process. Common 'Heads of Terms' can also be provided by the Planning Authority to act as an early tool for discussion and facilitation. Using an employment and training heads of terms at an early could ensure that worklessness 'get on the table' at the earliest possible stage.

Westminster City Council- Model Clauses

Westminster City Council provides model clauses on a variety of standard issues including affordable housing, residential land use swap, CCTV provision and highways works. The council has sped up and streamlined the process using these model clauses. By providing developers with clear and transparent guidance, the council has been able to accrue more benefits from cooperative, rather getting bogged down in lengthy discussions.

Chapter 6: Key Findings and Recommendations

Placing Worklessness at the centre of s106 - Hackney's SPG on s106 could be amended to place more emphasis on the worklessness challenge facing Hackney and the role s106 has in resolving this issue. Instead of following the London Plan 'by the letter of the law, it should seek to follow the spirit of the London Plan. In amending its planning guidance, it can re-direct inward investment to release employment and training opportunities for its residents and in doing so help make London a more socially inclusive city that allows all Londoners to share in its success.

Common Protocols - common protocols should be established not just with regeneration officers for major applications, but also with strategic commissioning officers on Team Hackney responsible for worklessness provision. Involving these officers at the earliest possible stage should ensure funding can be drawn down for the most effective employment and enterprise projects. It should help to create better partnership working between officers from different services.

S106 Champions - appoint a senior officer to 'champion' each s106 area. A senior officer could provide the necessary leadership to ensure that each major s106 thematic area receives the voice it deserves. A champion will, thus, help to create the necessary buy-in at the higher leadership in Hackney.

Employment and Training Model Clause and Heads of Terms - a standard agreement available online considerably reduces the time spent by developers and planning officers on working up the precise arrangements for construction and other employment-related placements. However, such agreements should set the minimal limits and be used as tools for planning officers as a springboard to more ambitious aims.

Employment and Training Code - drawing up a strict employment and training code developers must sign up to would ensure appropriate employment-related benefits are secured. The purpose of the code is to get developers/ employers to sign up to a clear robust agreement in which they must agree to provide a minimum amount of training placements. It could also serve as a platform on which to launch further discussions for introducing more innovative measure to reduce worklessness.

Procurement Code - developing robust procurement for developers can help ensure local firms get a greater chance of competing for construction work. Importantly, the procurement can ensure open tendering for all sub-contracting. Providing more local firms with the chance to become sub-contractors should ultimately ensure that more local construction jobs and worklessness is reduced.

Community Project Bank - This is already in the process of being established. It is likely that projects will either be developed at a strategic level through the economic development theme partnership or by neighbourhood groupings of community representatives. Importantly, the bank could act as an innovative mechanism for bringing mainstream learning providers and third sector learning providers into developing innovative workless projects at the earliest possible stage and contact with planning officers. The facility could result in some genuinely exemplary projects that help Team Hackney meet the LAA Stretch Targets on Economic Development.

Team Hackney S106 Operational Commissioner - increasing the role of Team Hackney within the s106 process could be a truly innovative and groundbreaking measure. In the short-term, the Economic Development Partnership could only assume an advisory/consultative role on applications involving employment and enterprise s106 funds. In the longer-term this role could develop into a more operational role helping to commission funds to projects developed by stakeholders through Team Hackney. No such arrangement has been piloted before; it is therefore possible that funding could be obtained from a range of sources, including Planning Advisory Service, DCLG and the JRF, to fund such an initiative.

7. The legacy of the 2012 park and associated inward investment

While previous chapters have mainly focused on the impact of the 2012 games on our target sectors across the Borough, this chapter focuses on the legacy of the Olympic Park itself and the areas immediately surrounding it.

The governance arrangements for the 2012 Olympic Park in legacy are yet to be finalised but it is hoped that the 5 host boroughs will have adequate representation. Other stakeholders will be involved and a primary objective of the host boroughs will be to ensure that the facilities and other benefits do meet the aspirations of local people.

This chapter begins by setting out the primary policy frameworks that will influence the legacy of the Olympic Zone. It goes on to outline best practice and lessons learnt from other host cities. It concludes with recommendations relating to 2012 legacy inward investment activity

The current policy framework

Legacy Masterplan Framework:

"What sort of places will the new 2012 neighbourhoods be? How will they fit around and work with the Olympic Park and venues? How will they make new links with existing neighbourhoods? Who will invest in these areas and build them? How will they be managed? Addressing these questions is all part of the legacy planning process".

The process of planning for the legacy of the 2012 games is well underway and is encapsulated in this document. By initiating the legacy process now, and involving a wide range of stakeholders, the document seeks to collate a wide range of ideas from local people, developers and investors and avoids unnecessary delays after 2012.

From January 2008 until autumn 2009, the London Development Agency and other legacy partners are leading a team of specialists to deliver this legacy design work. The legacy plans will seek to ensure the area gets the right mix of homes, shops and businesses, as well as sports, arts, entertainment, health and many other facilities. How the plans will be assembled is outlined below:

The aim of the initial phase (May-October 2008) is to learn in greater detail about the site and, with local people, create a vision for the area. Along with previous and ongoing consultation, this will help develop designs that work with the area's unique character and features. Additionally in this phase, several different design options, or scenarios will be developed. These scenarios will be presented for discussion with the public and then tested in order to choose and develop the one which will deliver longer lasting benefits in environmental, social and economic terms.

The LMF is expected to be published by May 2009. As well as setting out exactly how a physical legacy for the Games will look, it will detail how it will create and maintain jobs, bring benefits to the local community and be sensitive to the environment. Recommendations are likely to focus on;

"Land Delivery: to assemble and prepare a development platform for a sustainable regeneration legacy that fully integrates with the surrounding areas based on the successful relocation of occupiers from the Olympic Park.

Olympic Park and Lower Lea Valley Legacy: to lead the regeneration of the Olympic Park and wider Lower Lea Valley area through transformational physical and socio-economic programmes, creating a vibrant and inclusive urban district underpinned by high quality environments and sustainable communities.

Promoting Employment and Skills Benefits across London: to maximise employment and skills opportunities for all Londoners during the preparation, hosting and longer term legacy of the London Games thereby reducing worklessness and delivering sustained increases in employment and skills levels.

Tourism and Business Benefits: to showcase London, create new and exciting visitor destinations, promote inward investment and maximise opportunities for all London's businesses to compete for contracts, thereby strengthening business productivity and growth

Greater sports participation: to deliver the Olympic Park, and a viable legacy of sports infrastructure, providing tangible and lasting outcomes for increasing sports participation and physical activity London, from schools and community to elite sport.

Culture: to use the Games to grow London's cultural economy, promote London's cultural diversity and maximise cultural opportunities for all Londoners through support from the Cultural Olympiad."

Strategic Regeneration Framework:

The Strategic Regeneration Framework will be the critical legacy plan for the five host boroughs. By bringing together the Legacy Masterplan for the Olympic Park with a wider programme of social, environmental and economic work, a shared strategic programme for regeneration can be developed, refreshing partnership working, ensuring that investment is being targeted on the right projects, and developing a clear and deliverable action plan. Without an SRF, there is the risk of seeing plans developed in isolation from their wider context, with a risk that these increase, rather than tackling the disparities in health, quality of life and prosperity enjoyed by different people and communities around the Olympic Park.

The SRF will draw on existing work, but will also:

- facilitate and reflect a raised level of ambition for the five boroughs
- accelerate work being undertaken;
- offer the opportunity for greater collaboration and attracting new funding, on the basis of shared strategic objectives;

The proposal for the SRF has been agreed by borough leaders and mayors, together with the Mayor of London and Government, through discussions at the Olympic Park Regeneration Steering Group (OPRSG). The preparation of the SRF will be led by the boroughs, with support from an SRF Central Team. This Central Team is in 'start up' phase and will provide support across the programme, including programme management, secretariat and communication.

The SRF is intended to be high-level, long-term and flexible. It will not provide a detailed blueprint, but a framework that will articulate a series of common issues, common principles and a common purpose for working in partnership across the five host boroughs. The principles set out within the SRF can be used to guide and inform spatial and socio-economic delivery plans across the boroughs, so that these can contribute to an improved quality of life across the area, though the level of detail and geographic application may vary from theme to theme. The SRF will articulate an over-arching vision and a number of strategic objectives and statement(s) of intent around how these will be achieved. These will vary according to the aims and priorities of each theme and the varying levels of existing work streams. Therefore they will be a mix of intervention type (policy, discreet projects, partnership arrangements), over different timescales (short, medium and long-term) and potentially different geography.

The Legacy Masterplan Framework (LMF) will form an integral part of the SRF, when it is published in summer 2009. Merging the documents and development processes will be crucial to produce a plan that is legible to investors and the communities that live here. Ultimately, the SRF will provide the social context for the spatial guidance that is contained in the LMF

Hackney Wick Masterplan:

The Hackney Wick/Fish Island masterplan is jointly funded by LB Hackney, LB Tower Hamlets, LTGDC and Design for London. It is proposed that the masterplan will clearly set out the vision for the future character of the area, core objectives, and address key issues such as:

- Securing appropriate and sustainable legacy uses post the 2012 Olympic games to ensure the greatest benefit to the existing and future residents of the area;
- Harnessing the benefit of the area's waterways, creating linkages to, along and across the river Lea and promoting development which successfully reacts to its riverside setting; Creating a strong and distinctive neighbourhood hub around the existing Hackney Wick station, to act as a centre of activity, promoting mixed, active, higher-density uses, including looking at opportunities for introducing local retail provision;
- Successfully knitting together the urban fabric, achieving intensified industrial areas, which will set new standards for modern, well designed industrial areas and provide a diverse range of employment opportunities; and
- Improving accessibility by providing the necessary local and strategic linkages within and outside of the study area, addressing existing barriers to movement, including the North London Line viaduct, the River Lea and the A12.

It is further envisaged that this commission will produce a delivery-focussed Masterplan for the area, to be adopted by the relevant boroughs as a Supplementary Planning Document, a policy document to be used to guide and assess the Olympic Legacy planning applications. It will comprise a Masterplanning Framework, based on a detailed understanding of the potential of the area, and a Delivery & Implementation Strategy, which combined will assist to plan the necessary interventions to improve conditions for existing residents and businesses and to guide and attract new investment into Hackney Wick and Fish Island.

The baseline study for the area was produced in April 2008 and highlighted trends, existing plans and future proposals under the themes of built and natural environment, transport & infrastructure, the economy, the people, planning policy and implications of the Games & legacy. Options are now being developed amongst the master-plan team and key stakeholders; a proposed option for the area (and, particularly, the area around Hackney Wick station) will go to public consultation in early 2009.

The Olympic and Paralympic site:

From a geographical and planning perspective, this encapsulates the Greater London Assembly's Lower Lea Valley Opportunity Area Planning Framework, the London Thames Gateway Development Corporation's Vision for the Lower Lea Valley strategy and documents associated with the Hackney Wick 2008 masterplanning process. These highlight that the overall stated shared vision is: "To transform the LLV to become a vibrant, high quality and sustainable mixed use city district, that is fully integrated into the urban fabric of London and is set within an unrivalled landscape that contains new high quality parkland and a unique network of waterways."6, that the area, through the release of industrial land and reclassification could realise around 35,000 new homes and up to 50,000 jobs and that the strategic planning guidance for Hackney Wick is for a new neighbourhood centre in Hackney Wick, with new community facilities, improved transport links and improved accessibility.

From the perspective of the specific policies, planning applications and developments that cover the 2012 Olympic and Paralympic Park site, the focus here is on the Greater London Assembly's 'Vision for the Games', the Olympic Delivery Authority's Corporate Plan, Sustainable Development Strategy and their Park Section 106 Deed of Agreement. We also summarise the London Borough of Hackney's Olympic Park Land Deal and the promotional document; 'Olympic Legacy: Be a part of it.'

Headline actions from these documents include that "The Olympic Board has set out five priorities for legacy: – Making the UK a world-leading sporting nation, Transforming the heart of east London, Inspiring a new generation of young people to take part in volunteering, cultural and physical activity, Making the Olympic Park a blueprint for sustainable living and Demonstrating the UK is a creative, inclusive and welcoming place to live in, visit and for business."7.

In addition, there are commitments to "build the largest new integrated park London has seen since Victorian times, which will be integrated into the wider Lower Lea Valley park network, a converted Athletes Village which will provide more than 9,000 new homes and new office and industrial space which will accommodate 6,000 new jobs, new and improved transport infrastructure and to deliver venues, facilities and infrastructure and transport on time and in a way that maximises the delivery of a sustainable legacy within the available budget"7.

To take forward this massive task, the London Development Agency plans for a special purpose investment vehicle in charge of the assets of the post 2012 legacy zone and the promotion of relevant opportunities. This is being led by Tom Russell, who also lead the East Manchester Special purpose vehicle (outlined in detail below

Stratford City

The development of Stratford City has already commenced and has a 15 year delivery timeframe. The site sits adjacent to the Olympic site. The mixed use development will ultimately host over 100 shops, along with café's, schools, hotels, parks and community facilities. The new urban district will also house 11,000 residents. Initially, this housing will be used to host athletes during the 2012 games.

On competition, Stratford City will provide the 5th biggest retail complex in the United Kingdom and the complex will provide up to 30,000 jobs. The complex will be anchored by John Lewis who is working in partnership with the developers, Westgate, to establish a Retail Academy that will be providing training for local people to equip them with the skills to secure employment at Stratford City.

The Academy will be business led to help ensure the skills gained can ease entry in to the job market. Due to the scale of opportunity, training is likely to spread beyond the boundaries of Newham.

Finally, the desire for the Hackney Wick and Legacy Park master-planning processes to deliver a new, sustainable, employment generating neighbourhood has led to the Council to undertake a clear visioning exercise, with an unambiguous statement and structured approach. This vision is built on the premise that the International Broadcast Centre / Main Press centre will be built in Hackney Wick as a permanent Structure, leaving around 1.3 million sqf of commercial space and accommodating around 8,000 new jobs for the Borough in legacy. The vision is outlined below.

"We, at Hackney Council, have a very clear vision for the Olympic media centre site and wider Hackney Wick neighbourhood post the 2012 Games.

Our vision is for a modern media city as the magnet and economic driver for the creation of a new mixed-use living and working neighbourhood on the western Olympic fringe. The media city itself will offer state of the art communications and infrastructure for future digital, broadcast and media industry requirements. Our media city will be home to major media and new technology companies and small and medium sized businesses recognising the commercial advantages of being clustered together. The area will be enlivened by shops, cafés, bars and restaurants alongside high quality office and studio workspaces. It will be woven into the 21st Century metropolitan district which includes a range of leisure and community facilities, a high quality public realm and a mix of affordable homes and commercial space alongside idyllic parkland and waterways.

Our vision is for a well connected urban quarter served by the newly improved London Overground and the station at Hackney Wick with a rapid transport link direct to the local and international transport interchange at Stratford; Stansted and City airports accessible in minutes; excellent road connections that already link to the Channel ports and the UK motorway network; use of the waterways; and a local network that supports pedestrians and cyclists.

Our vision is of a legacy that creates several thousand sustainable jobs and job opportunities including high value and entry level jobs that can be accessed by local people supported by the high quality local and regional training providers already in place and eager to unearth untapped talent.

Our vision is of a community that is diverse, skilled and prosperous, who value and respect their modern sustainable environment as a place to live, work and enjoy; citizens who are committed to creating and retaining wealth in the area and who maintain the great Hackney tradition of taking pride in their diversity.

Our vision will transform what is without doubt one of the most deprived areas in the country where social exclusion and economic inactivity remain unacceptably high; a part of the Lea Valley which, for 150 years, has been abused by short term users with no regard for the environment, with no vision and no hope for the longer term future.

There is no part of the Olympic Park which so clearly exemplifies the primary reason why London was chosen to host the 2012 Games – that they would facilitate the sustainable regeneration of east London and contribute to the future of our city. That legacy cannot be allowed to fail through any lack of commitment or determination. Neither should the present financial climate of high costs and low values be allowed to promote a "flat pack" media centre for dismantling in 2013 leaving this crucial part of east London with no legacy at all. That would be a false economy. It would break the promise made to the IOC and more importantly to the people of east London. Belief in this vision and the ability to succeed is what is called for; not the fear of failure.

Why we are confident of success

the energetic and talented entrepreneurs in the creative and cultural sector want to be in Hackney. The creative explosion that led to Shoreditch and Hoxton becoming a major hub for the new digital media, arts and design sectors is now being repeated in Hackney Wick.

the interest of the media sector is not a new phenomenon. New media businesses dominated the vision under the pre-Olympic masterplan based on considerable research and the hard evidence that emerged from it.

Even just speculative enquiries of the media industry that have so far been possible without any hard specific marketing drive have revealed a requirement for around 1 million sq.ft. of space on this site – which would realise the target of 8,000 jobs we are seeking.

the site offers technical advantages of power and communications that are not matched elsewhere.

there is a significant opportunity to put London – and specifically East London – at the epicentre of the revolution in broadcast and digital media when the UK switches to digital in 2012. West London is the home of linear broadcasting. This high level communications site in Hackney Wick can be one of the major European homes for digital broadcasting.

rent levels in East London will be significantly cheaper than West London.

media companies see the value of synergy. Sharing technical and professional support services is now viewed as the best route to efficiency and greater competitiveness

there is enthusiasm and a strong likelihood of funding for associated skills training including an on site facility. That is good news for local people especially.

Keys to Success

There are, of course, still some parts of the jigsaw that need to be put into place for our vision to be realised. The most important of these are:

- transparent leadership in the tenancy negotiations sensitive to the commercial needs of the sector, with all the parties focused on the common objective of bringing major media company tenants to the Wick to launch this new media and technological hub. Those parties include the London Development Agency (LDA) as landowner and the media and technology companies with the support and co-operation of government departments and the Olympic Delivery Agency (ODA).
- the terms of tenancy to be sufficiently attractive as to make east London a preferred location
- the intention to improve access to the new Wick media city must be so effective as to make accessibility another compelling reason for choosing this location. In addition to what will be the new higher frequency London Overground service on the North London Line, this specifically means reducing a 15 minute walk to and from the transport network at Stratford Station to a 3 minute journey via a new rapid transit link, the precise form of which should be the subject of an urgent feasibility study.
- conviction from all parties, including government, that the Olympic media centre must be a high quality permanent development to ensure that there is an inheritance for legacy. Otherwise there is nothing on offer for potential tenants; no pressure to generate sustainable activity; just a huge vacant site to show as Hackney's Olympic legacy.

Hackney Wick is the borough's key employment site, as stated in the retained UDP policies and outlined in the borough's emerging Local Development Framework. The aspiration for a hi-tech digital media hub, offering a mix of uses on site and a variety of hi-tech, contemporary jobs will add significant value to inward investment activity aimed at our target sectors of target sectors of High Value Manufacturing and Servicing the City.

In particular, this site will assist in accommodating creative industries. As alluded to in earlier chapters, this sector is particularly important to Hackney's economy as a driver for investment from other sectors. However, this sector is under threat due to both an expansion of the city fringe and Olympic driven regeneration, both of which are leading to an increase in property prices in the area. Creative industries are also more likely to be accommodated within managed workspace in deteriorating buildings with short term leases. This is particularly true of Hackney Wick. Space Studios for example, has already suffered a net loss of 10,000 sq.ft of studio space in the last 12 months due to an inability to extend leases in the Wick.⁸³ The sustainability of this sector in Hackney is reliant on planning policy that seeks to encourage the provision of affordable workspace for creative industries in the new Wick Neighbourhood.

The new neighbourhood will also offer opportunities for retail and hospitality sectors through the provision of a mixed and vibrant economy environment.

While the policy frameworks outlined above are still being drafted, it is difficult to be prescriptive as to how they will impact on inward investment activity. However, once established, these documents will provide a clear vision of place and neighborhood which will provide a significant boost to investor confidence in the area. In addition, they will help ensure the preservation of employment generating land. Finally, they will add significant value to Hackney's Visitor Economy.

This sub-regional approach will provide significant opportunities for Partnership working and adding value to Hackney's own inward investment and related activity. However, it also poses a potential threat. For example, whilst Newham's inward investment approach addresses Stratford's need to guide investment strategically and target certain sectors, its local impact could be skewed, and its impact on Hackney could be negative. Hackney's own agenda will be part of a wider aspiration for the region and will be restricted to some extent by competing objectives. To help mitigate this, and to maximize the potential of these policy frameworks and visions, LB Hackney must ensure the following;

- Representation on the consultation and steering groups for the above frameworks must be maintained. This should be cultivated by the continual flow of information between appropriate directorates and internal partnerships.
- As the vision for the area becomes more established, this should be integrated in to existing inward investment marketing activity in terms of the opportunities and benefits it offers investors
- From an investor and business facing perspective, Council and regional leadership should be strong, aspirations should appear to be coordinated rather than conflicting and marketing and promotion work should be unified across all relevant departments, both at a Borough and sub-regional level. The host Borough Visitor / Inward Investment Centre, currently being advanced by the London Thames Gateway Development Partnership will add significant value to this.
- The accelerated impact on tourism is likely to be felt across the 5 Host Boroughs. For Hackney to maximise its impact, it needs to develop a distinguishable, quality offer that sets it apart from its neighbours. The borough's cultural and creative sector is internationally recognised and Hackney has been noted in Time Out Magazine, the New York Times and the Lonely Planet. The work of the visitor economy group should continue and should be informed by the development of the visions outlined above and the momentum already generated as well as the trends outlined in previous chapters of this report.
- In relation to Stratford City, Hackney needs to engage with vested parties now if it seeks some level of influence over how the development is delivered, how it relates to the Hackney area of the Olympic Park in legacy and how it can impact positively on local businesses and residents.

⁸³ Artist Studio Provision in the Host Borough's, David Powell Associates LTD, 2008

- The development of the Retail Academy, as outlined in previous chapters, could have a significantly impact on local residents, allowing them to access specialist training in this sector and providing the opportunity to apply for related work in Stratford City (or elsewhere). The accountable body for this has not yet been announced. However, Stratford Renaissance Partnership is engaged in the process and links with this organisation should be advanced.
- The development of Stratford City has the potential to undermine Hackney's Town Centres if they cannot provide a valuable and compelling offer of their own. As such, Hackney needs to improve its convenience offers, its niche independent stores and its markets, producing an individual and distinctive retail offer as part of durable town centres that serve the community. This can best be achieved by attracting larger retailers that provide convenience goods and that create significant footfall in the area, supporting appropriate niche and independent stores.
- The new neighbourhood hub around the Hackney Wick Overground station will be key to improving accessibility for current residents in the area and to the new neighbourhood. However, there must also be close attention paid to the number, and placing, of the new bridges linking East to West which will also be fundamental for access, and thus success, of the area.
- The sustainability of the creative sector in Hackney is reliant on planning policy that seeks to encourage the provision of affordable workspace for creative industries in the new Wick Neighbourhood.
- There will need to be an influential role for the host boroughs in terms of the Special Purpose vehicle being set up to deliver the legacy. Local people - residents and businesses - must be encouraged to develop a sense of ownership of the new Olympic Park

How can we learn from best practice elsewhere to inform our delivery agenda?

The visions outlined above offer great opportunities to Hackney, existing local businesses and developers wishing to help with the regeneration agenda in the area. But it is helpful to identify how to maximise the potential of these opportunities by reflecting on the experiences of cities that have hosted major sporting events.

Their approach and level of success have been hugely varied but all of the host cities share a focus on business, investment and the promotion of the place as both a tourist and business destination.

The section below outlines case studies relating to host cities. They include the 2002 Manchester Commonwealth Games and the 1992 Barcelona Olympic Games.

Learning from Manchester

For both Manchester's Olympic and Commonwealth Games bids, the prime focus was to use a major sports event as a vehicle to bring substantial investment into East Manchester and establish a new town centre. In their view, more and higher quality benefits have been captured than was originally envisaged because of the coherence between the Games and the regeneration strategies of East Manchester and the City. Further, one of the key elements of their original mission statement was "to leave a lasting legacy of new sporting facilities and social, physical and economic regeneration".

The Council and New East Manchester (the investment and asset holding body for the area) are now combining to promote making the best use of available opportunities for long term legacy:

- creating new business opportunities for local and regional companies;
- building connections between different regeneration areas, within Manchester and throughout the North West;
- raising the profile of Manchester;
- involving local and regional communities in the Games.

The Regional Partnerships together with the Games helped Manchester secure over £600 million of additional public and private investment.

- It is estimated 6,100 direct full time jobs are attributable to the Games.

- Commercial developments in East Manchester including a regional retail centre, a four star hotel, offices and new housing developments supporting some 3,500 jobs
- Through trade development and supply chain initiatives, approximately 250 companies have realised an additional increase of £27m in their turnover as a result of the Games;
- Over 5,500 businesses registered as part of the Commonwealth Business Club which saw growth of 8% in the month after the Games compared to 4% growth in UK membership in the same period.

In the last five years (post Games) New East Manchester Ltd delivered:

- In excess of 750,000 sq ft of new business floor-space completed and occupied.
- Over 3,000 jobs created/safeguarded.
- 3,500 units of new affordable housing for sale will be completed or under construction to the end of 2005.
- Sales of over 700+ new homes.
- 1,400+ further homes in the pipeline.
- Two new primary schools.

The development of Sports City has delivered £191m in additional investment, creating a concentration of sports facilities of international standard to which local people have access. This includes the Manchester velodrome (home to British Cycling), the City of Manchester Stadium and the English Institute of Sport.

New East Manchester Ltd is one of the first established Urban Regeneration Companies and is a partnership initiative between Manchester City Council, English Partnerships, the North West Development Agency and the communities of East Manchester.

New East Manchester aims to lead the physical regeneration of the area, co-ordinate and integrate social/community and economic initiatives and market and promote the area to new businesses and residents ensuring a sustainable future. New East Manchester's first priority in 1999 was the development of a Regeneration Framework. This followed extensive consultation with local residents and stakeholders and provides a strategic platform from which to regenerate East Manchester. Neighbourhood planning is used to drive forward the regeneration of distinct areas within East Manchester. It converts the long-term strategic plan adopted in the East Manchester Regeneration Framework into a more detailed and operational proposal that ensures local residents are fully involved in developing plans for change in their communities.

Learning from Barcelona

Barcelona provides the most pertinent example of using a global event to accelerate the creation of a new neighborhood, built around a mixed use complex hosting high value and creative industries.

The momentum generated through Barcelona's status as a host Olympic city has led to significant real estate development. Much of the infrastructure development underway now is to further develop Barcelona as an internationally competitive knowledge hub.⁸⁴

Poblenou is an inner city area of Barcelona, adjacent to the Olympic zone. It is now the site of a 3.2 million sq m development that will ultimately host a hub for advanced services, knowledge based and creative industries. Development began in 2001 and the aspiration is to create a radical transformation of what was a dilapidated industrial neighborhood into a pioneering technology and innovation district with a full range of services for living and working.

The new district is known as 22@ and incorporates 7 distinct initiatives

22@Media: A complex totaling 175,000 sq m of media offices and facilities including audiovisual business incubators, production facilities, training centre and office space.

22@ICT: Designed for SMEs working in the areas of software and telecommunications, specifically designed and serviced for their needs. The hope is to generate the critical mass required to position 22@ as a centre of excellence for this sector in Europe.

22@Bioprocession: A series of spaces designed for scientific and research based businesses that are post-incubation.

22@Campus: An urban Campus devoted to creating and sharing knowledge and innovation. The campus will specialize in environmental, architectural and planning curriculums.

22@Entrepreneurs: A center for business incubation, providing space devoted to Media and ICT sectors as well as other specialized incubators. The centre will also provide 'Landing Programmes' and temporary residence and work centers.

22@Technology: An advanced centre offering intermediation structures between the research and the corporate functions within 22@

22@Poblenou: This centre will provide a forum for interrelationships between urban agents in Poblenou and the corporations within 22@. The aim is to join up the economic benefits with the local neighborhood. This will include educational programmes that will promote the use of ICT in schools and raise awareness of opportunities within 22@.⁸⁵

This new development has made a significant contribution to the recognition of Barcelona as an international business centre. In 2005, Barcelona was named **FDi Magazine's** European City of the Future 2004/05. No other city came close, with the judges' decision being almost unanimous. The city, which has reinvented itself during the past decade to become a world-class high-value services centre, was nominated the outright winner by five of **FDi's** six judges.

The magazine reported "Not only is Barcelona one of Europe's most attractive cities, its obvious ambition to be the most successful city of the future is supported by solid economic fundamentals. These include: labour costs and availability, the value of office space, access to markets, excellent transport and an impressive quality of life.

Growing levels of private investment have gone hand in hand with increasing levels of infrastructure development and the city is currently undertaking some of the biggest development projects in Europe. For example, the inner-city area of Poblenou, in the heart of town, is being developed to create a 3.2 million m² lifestyle and technology zone called 22@, designated for media, marketing and other service-related activities, including shared service centres.⁸⁶

In terms of quantifying the fiscal impact of this publicly supported development, it is too soon to obtain final data. However, current estimations predict that the initial public sector outlay will be multiplied by a factor of 75 in terms of property development returns. Public sector investment currently stands at 162 million euros. However, property development potential is expected to reach 12,020 million euros.

⁸⁴ Local Development Benefits from staging global events, OECD, 2008

⁸⁵ Barcelona City Projects, 22@

⁸⁶ European City of the Future 2004/05: Barcelona, FDI Magazine, October 2004

Although this is a much larger scale development than the IBC/MPC, the implications are relevant. It is also useful to consider the following report

GLA: Assessing the Legacy of the Olympic Games in Sydney, Athens, Barcelona and Atlanta'

GLA: Assessing the Legacy of the Olympic Games in Sydney, Athens, Barcelona and Atlanta

The purpose of this report is twofold. First, it highlights key points of the research carried out by the University of East London for the London Assembly into the legacy of recent Games. Second, it examines how London can learn from the experience of previous host cities and draws on previous Assembly work to suggest potential ways forward. It is highlighted that the most important concept to is that of legacy momentum, or the capacity of a host city to continue to grow after the immediate post-Games downturn in economic activity. Best illustrated by the Barcelona Games in 1992, legacy momentum is the single most critical factor in determining the extent to which the Games will drive the transformation of its host city.

“Barcelona is the city that, of the four, emerges with the strongest evidence of a Games legacy. Its economy benefited from a three-stage programme of transformation, with each phase addressing the omissions and negative impacts of the preceding cycle. The Games were a catalyst for urban renewal, which was driven by both hard (infrastructure) and soft (such as increased confidence) legacy successes. Redevelopment of the site was imaginative and generally positively received, and employment levels, after an initial blip, have risen.

Atlanta’s aspiration was commercial redevelopment – which it achieved – rather than neighbourhood renewal. As a result, there appeared to have been little or no improvement in the lives of the city’s least well off residents. Atlanta’s priority was to market itself as a global business centre rather than a tourist destination. It appears to have succeeded at least to some extent in this, but there is insufficient evidence to establish a clear link with the Games.

The legacy of the Sydney Games is best described as mixed. Sydney saw significant infrastructure investment and business relocation. It also benefited from legacy benefits such as improved international status. Sydney’s tourism industry saw a significant boost, partly due to a major rebranding exercise, including a large increase in business visitors. However, evidence on the long term employment and skills legacy is unconvincing. Job creation was, with the exception of the construction industry, mainly temporary and in low-skilled service work. Sports venues have been underused since the Games, and significant government investment has gone into the site.

Athens benefited from considerable land remediation and improvement while avoiding excessive house price inflation. Residential areas in the centre and outskirts of the city were enhanced, and Athens also benefited from transport improvements. However, the city saw a dramatic drop in employment, especially in the construction sector, in the aftermath of the Games. The tourism legacy is uncertain, as it is too early to draw robust conclusions on the impact on tourist numbers in the city.”

Other notable evidence points highlighted from the research into the Games in these four cities state:

- The Games provided a significant catalyst for renewal in all four host cities, largely by accelerating the completion of infrastructure projects. In the case of Barcelona, the already impressive economic legacy is likely to grow through subsequent regenerative phases. Both Atlanta and Sydney succeeded in attracting businesses to relocate to their cities. However, there is a question mark over the viability of the site and venues. All ran the risk of creating ‘white elephants’ and Sydney required subsequent investment to nudge its underused venues towards commercial viability.
- Barcelona succeeded in securing hard legacy gains, such as improved infrastructure, reorientation of city spaces and new types of land use. Polluted waterfront areas were completely transformed, and the industrial section was replaced with beaches. Both Barcelona and Sydney recorded soft legacy gains, such as enhanced confidence, status and reputation.
- All four cities struggled to achieve a sustainable employment legacy. Although employment growth was marked in the pre-Games phase, the longer-term legacy has been mixed. Indeed, the research found that long-term unemployed and workless communities were largely unaffected by the staging of the Games in each of the cities.
- There is evidence that host cities benefited from pockets of new skills; However, evidence of a broad improvement of the skills base in the four host cities’ labour markets is limited.

The above GLA research contains valuable lessons for London on how best to maximise the legacy of the 2012 Games. These relate both to the areas of hard legacy, in which previous host cities have made substantial progress, and soft legacy, where they have been much less successful. According to the research, it is essential that the Games complement an existing regeneration plan. Secondly, the knowledge base employed in the preparation and the staging of the Games must not be dispersed at the end of the event, but used to promote further innovation. Thirdly, any negative consequences of Games-related regeneration must be addressed in subsequent urban development.

Based on these host city experiences, the following should form guiding principles for Hackney when contributing to the LMF, SNR and other visioning frameworks.

- People - not just pre-selected stakeholders – must have the right to shape the legacy masterplan. When the Legacy Master-plan and Strategic Regeneration Frameworks are produced early next year, Hackney residents must be allowed adequate time to respond, and the final document must reflect their views. This will be particularly important in ensuring that the final site is one that meets the needs of local communities. Renewal must take place at a neighbourhood level, through jobs, housing and related infrastructure, as well for a sub-region as a whole. For example, the 30,000-40,000 new homes promised for the Lower Lea Valley must reflect the needs of the people who currently live in these neighbourhoods
- It is worth noting that the original Regeneration Framework for East Manchester from 2000 notes that “A lasting legacy will not be achieved by a rigid definition of economic or land use but rather, by the creation of a dynamic and flexible framework, able to respond positively to the inevitable fluctuation and variation in market “conditions across a broad area of the city and across a ten to fifteen year time-frame”.⁸⁷ The lesson for Hackney here is to ensure that both the borough and the regeneration framework can react to market conditions (especially since the notable effect globally of the credit crunch) and contain the flexibility respond to local residents and businesses needs and aspirations.

Like East London now, Manchester at the turn of this century found itself at a crossroad of opportunity. The Commonwealth Games were the obvious catalyst for the area and the significant regeneration during the last eight years but the new Manchester Metrolink line and stations, the industrial legacy, the M60 ring road extension, publicly funded regeneration programmes and a sporting legacy, including Football at Eastlands stadium, allowed for an alignment of public investment, aspiration, opportunity and business development to achieve a real change for the people of East Manchester. Clearly, such a flexible framework, which is fundamentally outlined as being able to respond positively to current market conditions, could well prove fundamental to any successful sustainable legacy in East London post 2012, especially given the current picture in the UK and the forecast for the global economy (in the short term at least).

As aforementioned, London's economy is currently experiencing economic slowdown. If this does gather pace towards a significant recession, it will be prudent to consider the knock-on effect for the games and, specifically, the long term legacy for the area. House building will be at the heart of both the developers' interest in this area and the public body's attempts to repay the public purse. Unless additional public investment is found or banks are willing to take on long term investment associated with financial risks at this time, it would be prudent to assume that some 'development platforms' within the 2012 park boundary may not be brought forward immediately after games end.

In this instance, some of the slack in relation to other related services, small business and related functions could be filled by local community led enterprises and sectors. Examples here include the social enterprise Hackney Community Transport who recently won an ODA contract for transporting workers to, from and around the 2012 site. They could also offer the long term transport solutions for the park area in legacy which likewise could benefit from local organisations and people offering services such as park maintenance, venue usage, sporting legacy, creative start up workspace etc.

⁸⁷ East Manchester Regeneration Framework 2000 - 2008 New East Manchester, 2000

Chapter 7: Key Findings and Recommendations

While the policy frameworks outlined above are still being drafted, it is difficult to be prescriptive as to how they will impact on inward investment activity. However, once established, these documents will provide a clear vision of place and neighborhood which will provide a significant boost to investor confidence in the area. In addition, they will help ensure the preservation of employment generating land. Finally, they will add significant value to Hackney's Visitor Economy.

This sub-regional approach will provide significant opportunities for Partnership working and adding value to Hackney's own inward investment and related activity. However, it also poses a potential threat. For example, whilst Newham's inward investment approach addresses Stratford's need to guide investment strategically and target certain sectors, it's local impact could be skewed, and its impact on Hackney could be negative. Hackney's own agenda will be part of a wider aspiration for the region and will be restricted to some extent by competing objectives. To help mitigate this, and to maximize the potential of these policy frameworks and visions, LB Hackney must ensure the following;

Representation on the consultation and steering groups for the relevant visioning and policy frameworks must be maintained. This should be cultivated by the continual flow of information between appropriate directorates and internal partnerships.

As the vision for the area becomes more established, this should be integrated in to existing inward investment marketing activity in terms of the opportunities and benefits it offers investors.

From an investor and business facing perspective, Council and regional leadership should be strong, aspirations should appear to be coordinated rather than conflicting and marketing and promotion work should be unified across all relevant departments, both at a Borough and sub-regional level. This is essential if we are to attract high level interest from larger developers and investors. The host Borough Visitor / Inward Investment Centre, currently being advanced by the London Thames Gateway Development Partnership will add significant value to this and it is hoped that funds to cover Hackneys share of the overheads will be identified through the 2012 Investing in Hackney project. In addition, it may be useful to establish a 5 Borough Inward Investment working group to ensure effective coordination.

The accelerated impact on tourism is likely to be felt across the 5 Host Boroughs. For Hackney to maximise its impact, it needs to develop a distinguishable, quality offer that sets it apart from its neighbours. The borough's cultural and creative sector is internationally recognised and Hackney has been noted in Time Out Magazine, the New York Times and the Lonely Planet. The work of the visitor economy group should continue and should be informed by the development of the visions outlined above and the momentum already generated as well as the trends outlined in previous chapters of this report.

In relation to Stratford City, Hackney needs to engage with vested parties now if it seeks some level of influence over how the development is delivered, how it relates to the Hackney area of the Olympic Park in legacy and how it can impact positively on local businesses and residents.

The development of the Retail Academy, as outline in previous chapters, could have a significant impact on local residents, allowing them to access specialist training in this sector and providing the opportunity to apply for related work in Stratford City (or elsewhere). The accountable body for this has not yet been announced. However, Stratford Renaissance Partnership is engaged in the process and links with this organisation should be advanced.

The development of Stratford City has the potential to undermine Hackney's Town Centres if they cannot provide a valuable and competing offer. As such, Hackney needs to improve its convenience offers, its niche independent stores and its markets, producing an individual and distinctive retail offer as part of durable town centres that serve the community. This can best be achieved by attracting larger retailers that provide convenience goods and that create significant footfall in the area, supporting appropriate niche and independent stores.

There will need to be an influential role for the host boroughs in terms of the Special Purpose Vehicle being set up to deliver the legacy. Local people - residents and businesses - must be encouraged to develop a sense of ownership of the Olympic Park.

There is an urgent need to gain commitment from possible 2012 IBC legacy tenants both locally and via ELBA's Broadcast Centre Legacy Group. Once this and the Wick Master-plan are completed, it will be possible to put together the right investment proposition to build out the Wick Neighbourhood.

The new neighbourhood hub around the Hackney Wick Over-ground station will be key to improving accessibility for current residents in the area and to the new neighbourhood. However, there must also be close attention paid to the number, and placing, of the new bridges linking East to West which will also be fundamental for access, and thus success, of the area.

The creative sector in Hackney is under threat due to both an expansion of the city fringe and Olympic driven regeneration, both of which are leading to an increase in property prices in the area. Creative industries are more likely to be accommodated within managed workspace in deteriorating buildings with short term leases. This is particularly true of Hackney Wick. Space Studios for example, has already suffered a net loss of 10,000 sq ft of studio space in the last 12 months due to an inability to extend leases in the area.⁸⁸ The sustainability of this sector in Hackney is reliant on planning policy that seeks to encourage the provision of affordable workspace for creative industries in the new Wick Neighbourhood.

To underpin the above recommendations, it is essential that stakeholders and partnership work with central government and regional government agencies such as London Thames Gateway Development Corporation, London Development Agency, Think London, Stratford Renaissance Partnership and Gateway to London continue and support the alignment and realisation of visions and aspirations.

Based on these host city experiences, the following should form guiding principles for Hackney when contributing to the LMF, SNR and other visioning frameworks.

People – not just pre-selected stakeholders – must have the right to shape the legacy masterplan. When the Legacy Masterplan and Strategic Regeneration Framework are produced early next year, Hackney residents must be allowed adequate time to respond, and the final document must reflect their views. This will be particularly important in ensuring that the final site is one that meets the needs of local communities. Renewal must take place at a neighbourhood level, through jobs, housing and related infrastructure, as well for a sub-region as a whole. For example, the 30,000-40,000 new homes promised for the Lower Lea Valley must reflect the needs of the people who currently live in these neighbourhoods.

It is worth noting that the original Regeneration Framework for East Manchester from 2000 notes that “A lasting legacy will not be achieved by a rigid definition of economic or land use but rather, by the creation of a dynamic and flexible framework, able to respond positively to the inevitable fluctuation and variation in market “conditions across a broad area of the city and across a ten to fifteen year time-frame”. The lesson for Hackney here is to ensure that both the borough and the regeneration framework can react to market conditions (especially since the notable effect globally of the credit crunch) and contain the flexibility to respond to local residents and businesses needs and aspirations.

The following recommendations underpin those outlined in previous chapters;

The focus of the core Borough Inward Investment strategy identifies the growth sectors of retail, hospitality and leisure, servicing the city and high value manufacturing. With respect to 2012 Inward Investment, future investment actions should look to attract hospitality (specifically, hotel development), leisure uses associated with the Visitor Economy and the Games and hi-tech, HVM, creative businesses (specifically, media business relating to the 2012 IBC/MPC but also throughout the borough in the build up to, during the Olympic and Paralympic Games period and in legacy mode).

The Borough's education and training offer should be developed around media skills for 2012, ensuring access to publicly funded programmes for local residents and businesses and developing new programmes such as education and skills support for the 2012 IBC/MPC.

Inward Investment activity should continue to target Social Enterprise as part of the wider investment proposition to strengthen the community's stake in development.

There should be an annual refresh of data and research about market trends and economic conditions to inform and adjust our Inward Investment Strategy in the next four years.

There should be council wide recognition and sign up to the importance of generating inward investment in to both the Olympic Zone and the wider Borough. This will help investors navigate their way through the system, leading to a positive outcome. To assist this, this strategy should be disseminated to all corporate directors at the London Borough of Hackney.

⁸⁸ Artist Studio Provision in the Host Borough's, David Powell Associates LTD, 2008

Appendix A: Literature Review

Local Economic Literature

Evidence from the Local Area Tourism Impact Model: Hackney, London Development Agency, 2008

The Local Area Tourism Impact (LATI) model provides the best available estimates on visitor numbers and spending in each of the London boroughs, helping to improve the evidence base for tourism policy. The main findings of the LATI for Hackney are set out below.

- Of the £15 billion of tourism income for London as a whole 118 million was spent in the borough of Hackney.
- The share of overseas visitor spending in Hackney is significantly higher compared to the immediate sub-region of east London and London as a whole. However, its share of total London expenditure has eased slightly.
- The average length of stay for domestic visitors in Hackney is greater than for the sub-region of East London or London as a whole
- The proportion of tourism related employment in Hackney is slightly higher than for the sub-region of east London. However, tourism related employment is lower in Hackney than in other Boroughs with comparable tourism income. Tourism jobs constitute a smaller proportion of Hackney's workforce compared to London as a whole, largely reflecting the high number of tourism jobs in central London

Growing Hackney through Social Enterprise, DEMOS, Jan 2003

This report aims to provide an outline strategy to support and grow the social enterprise sector in Hackney. It identifies the sector as capable of responding to social need where other sectors have failed or are offering inadequate provision. It states that the social multiplier effect of the sector can help lever maximum value from the investment in Hackney, offer real regeneration and create models for a new understanding the role of business in relation to communities.

The report believes that Hackney's strong asset base, high levels of public investment and proximity to the City create a series of opportunities for social entrepreneurship.

The research identifies a sizeable social enterprise sector within Hackney, "providing an impressive range of goods and services to the community". The report identifies that the geographic spread of social enterprises has little or no pattern in the borough and is most likely a result of where cheap premises are available. The vast majority of organisations surveyed operated from a single base within the borough.

Housing Associations made the biggest contribution to the sector's combined turnover of £34.8 million, accounting for more than 56% of the combined turnover of all the enterprises surveyed. Community Centres, on the other hand, tended to have the smallest turnovers.

A total of 1294 people were employed by the surveyed organisations. Those enterprises offering individual support services (advocacy, counselling, advice, rehabilitation) employed the most people, accounting for 37% (483 staff) of all those employed. The report noted that half of these were volunteers and voluntary workers account for around a quarter of the labour force. The largest individual employers tended to be housing associations that provided a very high proportion of full time staff. For 'one-off' occasions both theatres and cinemas also had the potential to employ large numbers of people. On a busy night The Hackney Ocean, employs up to 100 people.

Hackney Night Time Economy Study, London Borough of Hackney, 2006

Hackney's Night Time Economy is an evidence based study designed to inform the local development framework and develop both licensing and planning policy for the future. The report conducts a policy and legislative review of the national and local context, looks at opportunities, challenges, recommendations and actions for developing the night time economy.

The London Borough of Hackney is currently home to over 700 licensed premises. The night-time economy of the Shoreditch area, located on the fringe of the City of London, has seen particularly rapid growth since the mid 1990s and has become one of London's most fashionable areas in which to live and enjoy a night out. This rapid growth has resulted in the need for careful management. It also highlights the important role the evening economy plays in the provision of employment; with London's growing entertainment, culture and tourism industry now employing over 300,000 people (8% of the total workforce).

Hackney's policy seeks to facilitate a sustainable entertainment and cultural industry with a full range of good quality entertainment; at the same time protecting public safety and the amenity of residential communities. The reforms aim to speed up the preparation of development plans whilst increasing the level of community involvement and flexibility.

Challenges and opportunities identified are binge drinking culture, narrowing the A3 classification, learning from the successful European model, conflicts between land uses (particularly residential and night time uses), diversity and inclusiveness of night time offer and adequate and safe transport.

Concerns raised by licensees centered around rubbish collection, guidelines for tables and chairs on the pavement, increasing number of residential planning permission being granted in the area, clearer planning regulations and the implementation of a saturation zone.

Key actions recommendations and actions for developing the night time economy in Shoreditch were based around the themes of managing saturation, managing impacts, identifying opportunities for growth, preserving and enhancing characteristics, improving safety and security and enhancing the environment. The establishment of a pilot Business Improvement District (BID) is being considered for Shoreditch with Shoreditch Trust consulting local businesses. Further priorities for the area are the restriction of residential uses in the Shoreditch Triangle in favour of residential development in the area south-west of Great Eastern Street, the retention of plot sizes to discourage 'superpubs' and the promotion of a balance of uses in the area.

Opportunities identified across the borough include the establishment of a wider balance of A class uses and the development of attractive restaurants, cafes and entertainment uses. It is also recommended that survey work, planning and development briefs are done for the specific opportunity areas of between Bradbury Street and Gillette Street, north of the junction between Stoke Newington High Street and Church Street and the smaller night time economies of Victoria Park, Broadway market and Clapton.

Hackney Retail and Leisure Study, London Borough of Hackney (Roger Tym and Partners), May 2005

This study was designed to support the local development framework and to provide baseline information for the development of Area Action Plans and regeneration strategies for Dalston Kingsland and Hackney (Mare Street) town centres. The study used a household survey, a visitor survey and a health check survey to access the current state and future trends/needs for retail and leisure in Dalston, Mare Street and Stoke Newington within Hackney. It also looks at opportunity areas and policy suggestions.

The household survey suggests that Hackney has weak comparison retail with Dalston as the main comparison site. Hackney's main retail sites are convenience and Tesco's and Sainsbury's have a 50% share of primary trips for convenience goods from their local zones. Stoke Newington Church Street is the most popular location for eating and drinking.

The visitor survey and health check look at each area's characteristics. Dalston Kingsland is the largest of Hackney's centres in terms of the amount of retail floorspace and is the best performing retail centre in Hackney.

Overall, Mare Street has the largest amount of total floorspace of the borough's centres, although a high proportion (45%) comprises non-retail uses. It provides the most attractive shopping environment of the three Hackney centres with its provision of open space and outdoor seating. The lack of bars and restaurants is both a weakness and an opportunity as the evening economy. There are currently some prominent vacant buildings which could be re-used to accommodate such uses.

Stoke Newington is the smallest of the borough's town centres. It has far fewer multiple retailers and a poorer range of shops. Stoke Newington, and Church Street in particular, is characterised by independent and niche retailers, restaurants and café uses. There is strong demand from retailers for units located in the prime retail pitches.

13 opportunity areas are identified to meet the need for additional retail and leisure floorspace in the borough's town centres, 8 of which are in Dalston, 4 in Hackney central and one in Stoke Newington.

Policy suggestions are divided into strategic policies (which cover the whole borough) and centre-specific policies for Dalston, Hackney Mare Street and Stoke Newington. Key policy findings are that the borough's centres are comparatively well provided for in terms of car parking but there is a lack of cleanliness of the street environment in all three town centres which is a significant weakness. The report suggests that Business Improvement Districts and Town Centre Management Schemes may wish to be considered to combat this.

The City of London's Supply Chain - A scoping study for the analysis of the relationship between the City and its fringes, Centre for Economics and Business Research Limited, July 2007

This research analyses the supply chain of the City of London and its relationship with other areas and economies.

A review is conducted of existing literature on the City fringes and recent procurement trends alongside a survey of firms based in the City and the City fringes to assess the availability of data and produce a reliable methodology.

The report estimates how much money is spent on procurement in the city fringes, in which sectors and by whom. The borough in the City fringes which received the greatest value of this procurement trade was Westminster, with £600 million in 2005. This was followed by Camden, with £281 million. Of the eight boroughs that make up the City fringes, Newham supplied the lowest value of goods and services to the City, totalling £51 million in 2005. The most significant sectors in the City fringes which supply the City are advertising, other business services and market research and management consultancy. The annual procurement values in these industries were £187 million, £171 million and £166 million respectively in 2005.

The City of London Supply Chain and its relationship with the City Fringe, Centre for Economics and Business Research, September 2008

This report was commissioned to respond to the following key questions;

1. What is the size and nature of potential markets for suppliers based in the city Fringes, resulting from their close proximity to the business cluster in the City, with particular regard to SME's in the City Fringes?
2. Which industries are currently trading extensively with firms in the city and which are not?
3. According to firms in the City and the City Fringes, what barriers exist to trade between them and what market failures need to be addressed?

It was identified that City of London firms procure around 13.3 billion of goods and services from suppliers per annum. These range from computer services, telecommunications, postal and courier services, property services and consultancy as well as recruitment, security, cleaning and entertainment.

At present only 4-5% of City procurement needs are met by City Fringe businesses. The report calculates that, based on the industrial structure of the City Fringe combined with typical distances from which supplies are sourced, this has the potential to rise to 13% with the right interventions.

Markets where proximity matters and where supply by SME's is common place offer the best opportunity for Fringe businesses and the report identified 6 key sectors where this is the case;

- Property services
- Legal services
- Print and publishing
- Entertainment
- Office supplies
- Events and Seminars

Similarly, the report identifies 3 additional sectors where proximity offers clear advantages;
Office cleaning,
Catering
Facilities management/repair

This means clear opportunities for these businesses exist in Hackney.

Understanding the Hospitality and Catering Sector in the City Fringe, City Fringe Partnership, Jul 2007

The report summarises the hospitality and catering sectors, particularly in relation to employment opportunities for local people, and makes recommendations in areas that may benefit from interventions and improvement.

The study identifies that nearly 12,000 jobs are available in the sector in the city fringe but, despite the high

unemployment in the area, businesses still report problems recruiting customer service based roles. Furthermore the industry nationally suffers from poor retention. Employment in the industry is dominated by women, the young and part time workers. This is magnified in the City Fringe area due to a more transient work force characterized by immigrants and students. Coupled with this is a high number of SMEs that are not as well equipped to provide opportunities in career development and income. There is a resulting lack of investment in skill development which may further exacerbate the high turn-over of staff.

There is a significant lack of generic/soft skills in the potential labour market that is precluding access to employment in this sector. The main skills gaps within the industry are communication, job specific skills, customer service, ICT skills, team working, being flexible, willingness to learn, ability to follow instructions, basic skills and management skills.

The market now incorporates a few 'big players' and lots of small independent owner managed businesses. The big players may offer better training and pay but they are less likely to divert economic benefit back in to the local area. Small businesses may employ local people and contribute to the local economy but they are less likely to expand.

The report identified the priorities for the sector as improving the perception of the industry and, in particular, its contribution to the local economy with local councils and local residents, encouraging environmental improvements and a more favourable local regulatory framework, marketing the City Fringe area as a vibrant location and promoting the industry as an attractive employment option for local people and developing training provision that responds to both employer and employee needs.

Recommended interventions include increasing the supply of labour and upskilling through filling gaps in existing training provision. In particular a hospitality CoVE at Hackney Community College. Also recommended is an area guide for independent bars and restaurants to move into the city fringe.

Visitor Economy Strategy, London Borough of Hackney (The Tourism Company), May 2007

The document was written to inform Hackney's visitor economy agenda. The strategy suggests that by 2012, Hackney should aim to 'be a significant player in London's tourism'. The 10 year vision is that 'Hackney will have a burgeoning visitor economy and be firmly on the visitor map'.

Supporting the visitor economy sits well with local and regional economic priorities for the following reasons; it attracts visitors and visitor spending, it supports existing businesses helping them to flourish and encourage local employment, it improves the image and awareness of Hackney and improves local services for local people.

The strategy states that Hackney is well placed to provide a quality offer for visitors. Strengths include established contemporary arts offers, quality catering establishments and the Olympics. Hackney's quirky and eclectic vibe offers an alternative destination for visitors. A number of strands are identified as having potential to be developed further

as a visitor product. These include food, art, heritage and sport. There is also a recommendation around shaping small geographical areas into 'recognized destinations', encouraging visitors to spend more time in each area, visiting more than one attraction. Potential 'recognized destinations' include; Shoreditch, Dalston, Hackney Central, Broadway Market and Stoke Newington.

The visitor economy strategy makes further recommendations around the following; developing business tourism, maximizing Olympic opportunities and undertaking proactive marketing activities. It also recommends that Hackney realize its full development potential. Action points relating to development potential include; undertaking a hotel feasibility study, diversifying the market offer and undertaking a retail study of both Dalston and Hackney central.

Regional Economic Literature

Thames Gateway Economic Development Investment Plan, SEEDA, EEDA, LDA, 2008

The Economic Development Investment plan sets out the priorities for £9 billion worth of regeneration programmes in the Gateway region. The plan sets out the vision for the area which is 'to establish a knowledge driven, well connected, globally competitive region, which demonstrates how economic growth and environmental sustainability work together'.

The plan sets out priority strategic investments, with particular focus on

- Skills and human capital
- Innovation, enterprise and creativity
- Connectivity
- Investment
- Quality of Life
- Economic specialisation / Diversity
- Decision making

The plan has been informed by the Regional Development Agencies understanding of potential growth sectors in the region which include; Financial and Business Services, Ports and Logistics, Environmental Technologies, Creative Industries, advanced Manufacturing, Construction and Visitor and Business tourism.

The Lower Lea Valley is identified in the report as a 'spatial transformed' for the region.

Thames Gateway Delivery Plan, Department for Communities and Local Government, Nov 2007

The Thames Gateway Delivery plans announces the details of a spending programme from 2008–2011 to accelerate regeneration in the Thames Gateway, including over

£9 billion planned cross-Government investment in the Gateway.

The plan outlines the progress already made in the gateway and the plans for the future. It includes backing for new jobs, expansion in further and higher education, increases in affordable housing, improvements to quality and design, investment in schools and health services and transport. It also sets out the next steps to enhance the natural and urban environment across the Gateway.

The plan describes the opportunities and expectations for the gateway's economy and identifies the area as strategically well positioned between London and mainland Europe. The plan wishes to use the area's advantages – and address its weaknesses – to create the right conditions for further economic growth.

The plan announces various targets:

- an increase in the number of new jobs expected in the Gateway to 225,000 by 2016;
- a £200 million Strategic Economic Investment Fund to support priority projects from the RDAs' Thames Gateway Economic Development Investment Plan, that the RDAs estimate will lever in an additional £75 million and is on top of their baseline annual investment; a Pan-Gateway Skills Plan developed by the Learning and Skills Councils to invest £1.6 billion in teaching and learning, and £850 million in new building for further education;
- the building and opening of new further and higher education campuses in Grays and Basildon, Swale and Medway, creating around 9,000 further education places;
- commitment to development of J30 of the M25 (the junction with the A13)
- an allocation of £100 million from the Community Infrastructure Fund to invest in 13 local transport schemes.

The document recognizes that much of the success of the plan depends on the market to respond to the new opportunities on offer from the public investment in infrastructure.

Buying a better London, London Centre of Excellence, 2006

This report focused on how corporate procurement could aid the regeneration of deprived areas in London. The most relevant aspects of this work to our current research are Workstream two and Workstream four.

Workstream two was a detailed survey of City businesses focused on their qualitative procurement decision process. The research highlighted the key factors which influence procurement decisions to be price and quality. Despite the interest in trading with SMEs as part of their corporate and social responsibility (CSR) agendas, firms cited the problem of lack of information on available SME suppliers and stated that CSR tended to be viewed on an environmental basis rather than in an effort to assist local SMEs. The conclusion of the research is that although awareness of CSR is rising, it still only has a limited influence on procurement decisions.

Workstream four investigated one of these barriers to procurement from SMEs, the difficulty in identifying and contacting potential SME suppliers. The report recommended the setting up of SME lists to help the dissemination of information between SMEs and contracting organisations. A number of the existing directories was also included in the report which offer useful lists of SME suppliers by geographical location.

Distinctiveness and Cities – Beyond find and replace economic development?, The Work Foundation, Oct 2007

The paper looks at the advantages to the economy of making a place distinctive and how this can be achieved in practice.

It identifies that the current situation of “territorial competition” is a problem as cities focus on attracting territorially mobile investment rather than developing indigenous strengths. They believe that this strategy represents a gamble from which only a few cities can win in the long run. Distinctiveness, it is suggested, should instead be about knowing a city’s place in the spatial economy, building on existing strengths, character and identity.

The study looks at the city of Manchester to show that more than marketing is required to communicate an area’s distinctiveness. It notes how the cities focus on developing an ‘image’ based on events, festivals and other activities, rather than a more transient ‘brand’ based around a single strapline has produced positive results.

East London Sub-Regional Tourism Development Strategy & Action Plan 2004 – 2006, LDA, TourEast London and Visit London, Sep 2004

This is a strategy and action plan for East London, one of London’s five sub-regions. The East London sub-region includes: Corporation of the City of London and the Boroughs of Barking & Dagenham, Bexley, Greenwich, Hackney, Havering, Lewisham, Newham, Redbridge, and Tower Hamlets.

The strategy outlines the longer term aspirations to encourage a greater proportion of visitors to East London’s destinations and ensure East London becomes one of the UK’s major regeneration success stories, with its iconic skyline and thriving commercial sector.

The strategy states that East London is too diverse to act under a single brand umbrella. It instead aims to support the ‘destination brands’ within the sub-region, and at the same time encourage joint marketing initiatives and other forms of collaboration within and across the East London sub-region which will add value to tourism businesses.

A SWOT analysis is conducted which highlights the opportunity for East London to develop its strategy given the political support for the development of the region from both central government and the GLA. Transport infrastructure and a rich heritage are key strengths, while weaknesses and threats lie in some weak infrastructural capacity for tourism and the potential failure to form the

right governing bodies and partnerships for the development of the sector.

The strategy outline some of these key challenges in more detail:

- The East London tourism industry must help to shape strategic public sector priorities and work in partnership with London’s tourism support structure.
- There must be good data and intelligence which measures the value that tourism adds to East London, including economic, regeneration, cultural and social benefits
- East London must be recognised as, and further integrated as, a genuine gateway from Europe (making more of the Thames, Stratford CTRL, A2 corridor, London City Airport)
- Transport projects in the pipeline must make East London easier to reach and easier to understand geographically (DLR extensions, Crossrail, river transport initiatives, new river crossings)
- Product must be easy to identify and locate, book and access, from whichever point visitors enter the area
- High quality public realm and open space projects must be brought forward across the sub-region
- East London destinations must be marketed as part of the core London product; at the same time, East London must have a dedicated marketing and information portal, not as a destination, but as a geographic area which contains a number of important destination brands (such as the Tower of London and Maritime Greenwich) and less widely-known places
- The Olympic bid must be enabled by ensuring that East London has the full range of accommodation, information and transport infrastructure in place well before 2012.

Encouraging the Supply of Visitor Accommodation across London, LDA (Price Waterhouse Coopers)

This study is about the development of London’s tourism strategy. It looks at opportunities, trends and drivers of growth in tourism accommodation.

The dispersal of tourism accommodation away from Central London is happening towards the east. The main drivers of growth are budget hotels as there is demand, they are cheaper to put up and require less facilities nearby.

The study investigates the decision making criteria of hotel developers and the relationship with planning rules and incentives. On the whole they appear to have rigid criteria to achieve a sustainable business model and as such planning incentives are unlikely to have much impact. They list some of the main criteria.

The document identifies that planning permission is not stifling hotel accommodation growth as planning permission for a significant number of tourism accommodation premises has already been accepted.

Future development should centre around three main drivers – demand, infrastructure and available, affordable sites. Appendix C contains an overview of the growth potential for such accommodation in the region and an analysis of current supply.

Inward Investment and Business Retention Review, Centre for Strategy and Evaluation Services

The review examines existing inward investment and business retention activities and proposes a set of improvements and interventions

The review recommends that the London Development Agency (LDA) should develop the overall Inward Investment and Business Retention strategy with partner/service provider alignment and improve pan-London institutional integration between Think London, Sub-Regional Partnerships, the LDA and others.

Inward Investment should proactive target specific sectors and geographic sub-regions for investment to address the needs of London and the Economic Development Strategy. This should be done through engaging in proactive, structured, strategic dialogue with target firms to build relationships allowing understanding of opportunities and challenges faced by the client.

There should also be more scrutiny of performance monitoring to address deadweight and other issues. Finally the review recommends that the sector could benefit from knowledge sharing (e.g. sharing of best practice) and shared service provision (e.g. sharing of recruitment, training, legal, functions etc).

North London Development and Investment Framework, London Development Agency, Nov 2007

The NLDIF agenda is set by 2 overlapping regional plans, the draft East of England plan and The London Plan.

The NLDIF states that, although North London is best known for its residential centers, it also offers metropolitan scale town centers and major employment corridors. It is anticipated that around 58,000 new homes will be required in the region (not sure of timescales).

The NLDIF states that six Boroughs within the North London sub-region share the following aspirations;

- Large Scale mixed use growth aspirations
- A desire to secure private sector investment
- A strong economic relationship with central London
- A commitment to sustainable communities

The assets of North London from an Inward Investment perspective as set out in the NLDIF are;

- Strong Global Links
- A connected Urban Region
- A regional economic driver

- High quality of place
- A livable City
- Diversity
- Town Centers
- Destinations
- Open spaces and Green Grid

The plan identifies Woodberry Down and Dalston Town Centre as growth opportunity areas in Hackney.

Retail in London, GLA Economics, October 2006

This report looks at the importance of retail to the London economy, it's geographical distribution across London, trends over time and it's future.

The report emphasises retail's importance to London's economy stating that almost £4 in every £10 spent by Londoners goes to the retail sector and that retail accounts for around nine per cent of London's employment, offering a viable route into employment for many residents who might otherwise find it difficult to enter employment.

The retail locations in London are split between the major international centre in the West End, around 200 town centre retailers, several major out of town shopping centres and over 1000 neighbourhood and local centres.

London's retail profile has changed over the last couple of decades seeing an increase in out-of-centre retail during the 1980s and 1990s through the development of retail warehouse parks and a corresponding decline in retail within small town centres. Overall there has been an increased retail consolidation, particularly in the grocery sector, a decline in the number of small retailers, changes in retailers' management of supply chain and logistics issues and a growth in internet retail.

As incomes increase consumers place increasing value on leisure time. As a result, retailers and developers of retail destinations have sought to develop retail as a leisure activity rather than merely a functional process or transaction whose time is to be minimised. This is also considered to be a key strategy in maintaining the attraction of high-street retail in the face of the growth in internet shopping.

A rise in the number of residents and those in employment within London is forecast to have a positive impact on retail in London as are changing in planning policy to encourage retail. The development of large retail destinations in Stratford and White City coupled with the growth in online retail will however have a detrimental effect on a number of London's town centres.

Sustaining Success – Economic Development Strategy, London Development Agency, Jan 2007

Sustaining Success is the Mayor of London's Economic Development Strategy for the capital. It focuses on four major areas of investment: People, Infrastructure and Places, Enterprise and Marketing and Promotion.

The strategy stresses that economic success and productivity, environmental sustainability, promoting equality for all Londoners and improving health and quality of life must all be looked at together. The strategy describes ways of dealing with areas where the market does not, or cannot itself, delivering our aim of helping London build on its strengths, tackle its weaknesses and the future threats to its success. Each major area of investment identified has key smaller areas of targeted investment to do this:

Investment in Places and Infrastructure is targeted at supporting the delivery of the London Plan (see appendix summary), in doing so delivering an improved and effective infrastructure and sustainable, high quality communities and urban environments.

Investment in People concentrates on tackling barriers to employment, reducing disparities in labour market outcome between groups and addressing the impacts of concentrations of disadvantage.

Investment in Enterprise has a focus on addressing barriers to enterprise start-up and growth, also highlighted are maintaining London's position as a key enterprise and trading location, improving the skills of the workforce and maximising the productivity and innovation potential of London's enterprises.

Finally Marketing and Promotion investment is aimed at ensuring a coherent approach to marketing and promoting London, co-ordinating effective marketing and promotion activities across London and maintaining and develop London as a top international destination.

The strategy then draws out a number of yardsticks within a wider action plan that aims to get the ideas introduced at a grass roots level.

The London Plan – Spatial Development Strategy, London Development Agency, Feb 2004

The London Plan is the Spatial Development Strategy for London that the Mayor is required to produce by the Greater London Authority Act 1999.

The document first looks at the forces of change affecting London and describes the challenges and objectives that these produce, specifying 6 objectives:

- To accommodate London's growth within its boundaries without encroaching on open spaces
- To make London a better city for people to live in
- To make London a more prosperous city with strong and diverse economic growth
- To promote social inclusion and tackle deprivation and discrimination
- To improve London's accessibility
- To make London a more attractive, well-designed and green city

The strategy outlined to achieve this involves a multi-stranded approach, integrating commercial and residential

development, transport and communications infrastructure, and the promotion of local communities. The plan focuses on the development strategies for five broad sub-regions: West London, North London, Central London, South London and East London including the Thames Gateway. Within this overall planning framework, specific areas have been identified as Opportunity Areas, Areas for Intensification and Areas for Regeneration.

Proposals involve an increase in the provision of housing to accommodate London's growing population and improved transport infrastructure and mixed use developments to improve working conditions in the city. Environmental sustainability, protecting important space, emphasising social cohesion and improving London's open water spaces are all also key areas of the strategy.

The document has a specific section dedicate to the East London sub region and identifies East London as the Mayor's priority area for development, regeneration and infrastructure improvement. Within the plan Shoreditch is a designated opportunity area and Hackney is placed within the London-Stanstead-Cambridge development corridor.

Working Paper 22 - London's Creative Sector: 2007 Update, Alan Freeman - GLA Economics, 2007

This is the second update to GLA Economics' Creativity: London's Core Business, a comprehensive survey of employment and wealth creation in London's creative sector.

The report finds that, since peaking in 2001, total creative employment fell for three successive years before turning up in 2005 and then goes on to look at the causes of the decline.

One explanation for the volatility of the creative industries in London is that they are affected by cyclical upturns and downturns because their products are, in economic terms, luxury goods. Demand for them is more income elastic, meaning that when income falls or rises, spending on creative products falls or rises even further. The key factor identified in the report is the impact of the cyclical decline in London's private sector industries, in particular that of Finance and Business Services, which began in 2000. Altogether, 53 per cent of the demand for Britain's creative products comes from business sources.

Creative employment in the capital is higher than elsewhere in the UK but the gap is closing. The report confirms earlier findings that the creative industries in London perform below average in the employment of women and from ethnic minorities. In 2003-04 only four industries employed a higher proportion of women than the London average – 'Arts and Antiques', 'Radio and TV', Publishing, and Fashion. And only Fashion as well as 'Arts and Antiques' employed a higher proportion of Black, Asian and Minority Ethnic staff.

Regeneration and Planning Literature

Dalston Area Action Plan; Preferred Option, London Borough of Hackney, October 2005

The Dalston Area Action Plan vision is to build on Dalston's strengths "to make it a place of quality and distinction" for people to work and play in while remaining safe.

Underpinning the Dalston Area Action Plan are the 6 key themes of Hackney's Community Strategy; sustainable neighbourhoods, urban design, transport, retail, economic activity and housing.

In particular, the retail section identifies primary and secondary retail areas and places a focus on the development of large stores in the Kingsland Shopping Centre. The economic activity of the area will be insured by the protection of all employment land and the requirement for extra space to be built in new developments in designated areas. At least 50% of new space must be suitable for affordable workspaces.

Key projects that will help the vision to be realized are implementation of market strategy outcomes, short-term parking enforcement action for Kingsland Road, a review of Council owned property in Dalston, promotion of local employment initiatives and training programs and promoting Dalston as a destination.

Hackney Central Area Action Plan; Issues and Options Manual, London Borough of Hackney, Oct 2005

The Hackney Central Area Action Plan is also a document that will make up Hackney's new Local Development Framework. The document, in its current form as an issue and options manual, presents the land use policy context, the spatial context of Hackney Central, key issues and opportunities that have come out of the AAP baseline work and the main options for the AAP.

The options outlined are developing an urban quarter, a creative Hackney central or maintaining the status quo. The land use identified for the urban quarter will be higher density development where new residents and, therefore, increased available expenditure, will support growth in shops, restaurants, bars and community facilities. Retail will be extended along Amhurst Road and Morning Lane and there will be mixed-use development of existing Defined Employment Areas (30% employment / 70% residential over site as a whole).

A creative Hackney central will have a similar land use but with lower densities of residential. Retail will be extended southwards along Mare Street to Empire and mixed-use development to the south west of the Town Hall, and on Homerton and Mare Street existing Defined Employment Areas (70% employment / 30% residential over site as a whole).

Local Area Agreement 2007-2010, Team Hackney, 2006

Hackney's Local Area Agreement is the published delivery plan of Hackney's LSP 'Team Hackney' in consultation with Hackney's voluntary and community services, residents, the private sector and the Government Office for London. The LAA focuses on increasing opportunities for all and reducing poverty in the borough.

The five priorities for the agreement, running until 2010, are reducing worklessness for 18-24 years old, violent crime, health inequalities for children and young people, tackling educational underachievement and increasing access to low cost home ownership.

The document notes that a disproportionate number of young people are claiming benefits in Hackney; there are over 2,000 under 25 year olds claiming Job Seekers Allowance (JSA), representing 8% of the working population and 25% of all claimants. It is suggested that interventions at this early stage in life will be felt in the borough for decades.

Team Hackney aim to do this by working with Jobcentre Plus and with the Learning and Skills Council to improve training and skills development and the qualifications of Hackney residents. The Economic Development Sub-Partnership is responsible for reaching these economic outcomes. The other main economic development targets in the LAA are to:

- Increase employment rate of lone parents
- Increase employment rate of residents who have been claiming Incapacity Benefit
- Support economically inactive residents into sustainable employment
- Support 18-24 year old residents to achieve skills for life qualifications.

South Shoreditch Supplementary Planning Document, London Borough of Hackney, 2006

The South Shoreditch Supplementary Planning Document forms part of the Council's Local Development Framework. The document seeks to facilitate and encourage appropriate development that will economically benefit the borough while maintaining a high quality environment.

The vision for the area is a major destination and focal point for local and regional economic growth and jobs, making use of its location in the City Fringe. The London Plan sets a minimum target of 16,000 new jobs for the Bishopsgate/Shoreditch Opportunity area before 2016 and 800 new homes.

The document subdivides the South Shoreditch area into the Edge of City, Leonard Circus and the Shoreditch Triangle and identifies planning priorities for large scale commercial, mixed use residential and specialist retail development respectively. It notes the opportunities for a thriving economy and buildings of outstanding architectural quality in the transition zone on the edge of the City and the development of a dynamic evening economy and prominent high street in the Shoreditch Triangle area.

Finally the Plan outlines the Council's intentions to retain employment land, promote new SME business premises and increase density/build on existing stock to provide a mix of uses in South Shoreditch.

Worklessness Literature

Analysis of Employment Sectors in the City Fringe, City Fringe Partnership (Trends Business Research), 2005
This document contains the results of a mapping exercise of companies in the City Fringe undertaken by Trends Business Research on behalf of the City Fringe Partnership. It provides analysis of 10 sectors of the industry; Construction, Health,

Hospitality, Leisure, Retail, Social Work, Tourism, Financial Services, Professional Services and Travel:

- The largest of these segments is Financial Services with over 2,000 firms and 65,000 employees. As a broad sector, Financial & Professional Services contains 2,810 firms and nearly 92,000 employees and is thereby the largest broad sector. This is 19% of firms in City Fringe, and 24% of employment.
- Most firms are small, with 40% having fewer than 10 employees, though this varies by sector from 35% in construction to 66% in retail.
- There are 443 new firms (start year of 2001 or later) in our data across the 5 broad sectors in City Fringe. The 135 in retail represent 11% of all firms in that sector, higher than the equivalent London figure of 8.5% (i.e. this sector contains more young, and therefore vulnerable firms in City Fringe than in other parts of London).
- Hospitality, Travel, Leisure and Tourism is also characterised by a large proportion of new firms (again, at 9.8%, higher than London, at 8.3%).
- Employment change in firms surviving over the period 2001 to 2004 is 4.2% in City Fringe as a whole. Leisure leads the way at nearly 30% growth. The largest actual change is in Professional Services, which has added nearly 4,000 jobs (11% growth). However, Financial Services and Construction show a slight decline.
- The broad conclusion is that productivity is high in the City Fringe overall. Financial Services has by far the highest figure, at over £100,000 per employee. This is also higher than the equivalent London figure (£94,000). The sector with the lowest average GVA per employee is Social Work at £14,000.

Analysis of the Creative Sector in the City Fringe, City Fringe Partnership (Trends Business Research), 2005

This document contains the results of the previous mapping exercise (above) of creative companies in the City Fringe undertaken by Trends Business Research on behalf of the City Fringe Partnership. A database of all firms in the area was developed and analysed highlighting some key issues for Hackney's creative sector:

- The creative sector in City Fringe contains over 4,100 firms and nearly 40,000 employees.
- The vast majority of creative sector firms are small – 83% have 9 or less employees.
- The creative industry are it closer to the City than the boundary of the Fringe (i.e. the West and South West), though there are concentrations of certain segments in specific locations throughout the City Fringe area.
- Crafts, Jewellery and Designer Fashion segments are particularly strong.
- New firms (start year of 2001 or later) form a larger proportion of businesses in City Fringe (7.2%) than

across London (6.8%), suggesting higher birth-rates in City Fringe (or shorter life-spans of businesses). This is true also of the non-creative sector.

- The Gross Value Added (GVA) measure of productivity suggests that City Fringe creative businesses are more productive (higher GVA per employee) than the average creative business in London (£39,300 and £35,900 respectively). This varies by segment, and Film, Jewellery, Designer Fashion and Furniture & Interiors are all especially productive, in actual figures and compared to the average for London.

The report also contains detailed audits of the business base, with breakdowns by sector and postcode.

Can Retail Development Prime Wider Regeneration? A Case Study of Merry Hill/Brierley Hill, Centre for Urban and Regional Studies – University of Birmingham, Sep 2007

This paper investigates how retail can affect wider regeneration aims. Retailing is the third largest service sector employer in the UK and is the UK's largest private sector employer at 1/10 of the workforce. Retail is therefore seen as the main contributor to employment creation in areas where manufacturing has declined. A strong retail offer can support regeneration through providing jobs, services, investment and a focal point for community activities.

The literature identified a tension surrounding the issues of skills in retail development. One argument being that skill levels are generally low-level and the employment generation benefits of retail development are overvalued. However, there is research to demonstrate the retail jobs provided important entry routes into the job market and that employees often gain valuable skills and move on to more highly skilled jobs in retail and other sectors.

The literature review confirms that retail development can be seen as a mechanism to spur wider regeneration. A number of authors noted that retail development is a mechanism to revitalize areas, put areas on the map, provide jobs, promote economic growth and provide attractions to draw people in.

East and South East London City Strategy Pathfinder (CSP) - Business Plan, London Development Agency, Mar 2007

The City Strategy Pathfinder (CSP) is a new, approach to tackling worklessness and child poverty supported by Deprived Area Funds (DAF) via the Department for Work and Pensions (DWP). The East London CSP brings together a consortium of the key partners in the area, including the five Olympic Host boroughs.

The CSP consortium's aim is to increase the employment rate across the 5 Borough area from an aggregated current rate of 60.7% to at least 63% by 2012 along with a CSP pilot figure of just over 3,800 into work by March 2009 (with the possibility of a one-year extension).

It is suggested that something new is needed on the assumption that existing delivery does not appear to be working with a growing economically inactive cohort. In response to this profile, the CSP East London has developed

the following strategic objectives that provide a framework for redesigning services and public expenditure to better meet the needs of workless residents by:

- Ensuring services are open and easily accessible to all workless people and families i.e. not just JCP customers;
- Delivering services that are flexible and tailored to the needs of individuals and employers to enable workless people to access sustainable employment;
- Achieving efficient and high quality services through better co-ordination, and strategic planning; funding alignment of CSP to mainstream such activity in the future.

As such this strategy will be supported by the following delivery model and enabling measures:

1. "Single Points of Access" (SPA) – Services available to all workless clients where they are likely more likely to be engaged in the community underpinned by a "no closed door" policy.
2. "New Deal for Families (ND4F):" to support parent(s) where at least one of them is workless and on a low income (including lone parents and couples).
3. Extended Childcare – free childcare for ND4Families for children up to 14 years rather than just up to 5 years.
4. Other enabling measures to ensure pathfinder success are: Joint investment, Employer Engagement, Mapping and Analysis of Provision, ESOL flexibilities, Performance Management and Customer Tracking.

Employment opportunity for all: tackling worklessness in London, HM Treasury, Mar 2007

The document was written to inform the government's policy on tackling worklessness and providing employment. The issues identified by this report are that a relatively large share of London's population is disadvantaged in the labour market by their individual circumstances; that there is strong competition for lower-skilled jobs in London's labour market, which reduces employment chances both for low skilled people in general, but also for young people and mothers; and the low parental employment rates, which underpin relatively high rates of child poverty in the capital. It emphasises the multiple barriers to employment that face Londoners and particularly identifies skill and mobility problems. The high value added economy also causes problems for entry level job provision and London housing and living costs render a lot of schemes that are successful elsewhere redundant. However, it comments that job growth has been strong in London over the last few years and suggests that occupational or geographical mobility constraints could be at the heart of it.

The document makes the future policy recommendations to relieve the congestion in London's low-skilled labour market, a more strategic London-wide approach at appropriate levels and a clearer focus on the employment needs of parents in London.

Hackney Borough Profile, London Borough of Hackney, 2006

Hackney Borough Profile is produced by the Local Authority to give a comprehensive picture of the state of the borough. The section on the economy is the focus of this summary.

The study has a strong focus on employment and shows that where a person works is in many ways determined by their occupation. The group with the lowest number working in Hackney were the higher managers and professionals, only 17 per cent of whom did not travel outside of the borough to go to work.

The residents of Hackney earn the second lowest hourly rates in inner London after Newham. £11.23 compared to London average of £12.08. Women earn slightly more than men per hour but work fewer hours.

There is a large disparity in job density within Hackney itself. Hackney South and Shoreditch have close to five times the job density of Hackney North and Stoke Newington. Although the gap narrowed slightly from 2000 to 2003, a considerable north/south difference still remains

The document also looks at commercial land in Hackney and identifies that the borough saw the largest decrease seen in the region after that of the City of London in both factory and warehouse space between 2000 and 2003 and reflects the change in composition of the economy.

Hackney's Economy Economic Development Partnership Paper 2007, Team Hackney, 2007

This document looks closely at unemployment in Hackney. In particular it analyses claimant unemployment, economic inactivity, labour market behaviour, training and employment and the demand side of the economy.

The paper acknowledges the progress in reducing unemployment in Hackney but also the fact that a significant gap remains (13.8% lower) with the London wide average. However in recent years there has been a steady rise in economic inactivity and it currently stands at 37.2% of the working age population. Claimant unemployment has also fallen but the raw data masks quite a considerable amount of churn within the labour market.

While explaining the labour market the report identifies numerous barriers to employment. In particular just fewer than 1 in 3 people in Hackney have no qualifications at all. Also significant lack of basic life skills such as literacy and numeracy, benefit traps for lone parents, transport and accessibility, lack of employment opportunities, culture of and cultural worklessness (87% of economically inactive do not want a job), informal economic activity and drug addiction all contribute to worklessness in Hackney.

The analysis of unemployment showed that there was high unemployment in all wards and Dalston is the highest with 620 claimants and also the highest as a percentage of the working population. Employment in hotels and restaurants, wholesale and retail and construction are all below London average. The majority of employment is in financial and business services and a relatively high proportion in manufacturing, transport, storage and communication and

health and social work. To meet the London average an additional 19 300 people need to move into employment in Hackney

The document identified the provision of training and employment support as very diverse in Hackney made up of small voluntary/community sector providers, national training providers, FE colleges and universities. Issues facing the sector include ineffective targeting and fragmented provision, lack of in-work support, inconsistent quality of implementation and lack of community based evening learning support.

Finally key areas of unemployment that need to be addressed are identified as static employment rate, incapacity benefit numbers, economically inactive lone parents, lack of qualifications, the size of the informal economy, training and employment support and the mismatch between employer needs, job availability and skill levels.

Medium Term Planning Trend Notes – Policy and Research Briefing, London Borough of Hackney – Strategic Policy and Research, Sep 2007

The study looks at the current Hackney and national policy context on employment. It also illustrates a lot of initiatives that are going on in Hackney at present and describes briefly the national approach to tackling worklessness.

Area based regeneration initiatives to boost local labour markets are believed to be a key national policy to tackle unemployment. While the notes also describe how the new performance framework for local authorities from the subnational economic review will mean that they have a key role in attracting enterprise and business and will be judged on this and their ability to tackle worklessness. This will most likely result in a strengthening of the Business Improvement District model and concentration of NRF money on the most severely deprived neighbourhoods with an increased focus on worklessness.

The notes breakdown employment, who is at risk of economic inactivity, who is economically inactive, who is on benefits, what jobs people are doing, where people in the borough work, how educated people are, how much they are earning etc. It also looks at possible future trends for Hackney and nationally. Finally it identifies some key gaps in the literature.

Patterns of Low Pay in London, Leticia Veruete-McKay - GLA Economics, Mar 2007

The study identifies young people, women, individuals working in lower level occupations or those working in wholesale and retail trade and hotel and restaurants sectors as more likely to be low paid employees in the capital.

However, the pattern of low pay that they identify should not be taken as suggesting low pay is inevitable. People can exit low pay employment by acquiring skills to get a "better job". Thus policies to assist individuals to progress in the labour market are vital to tackling low pay in London.

Skills in the City: Entry Level Opportunities in the

Financial and Business Services Sector, City Fringe Partnership, Jul 2005

This document analyses the opportunities for low skilled workers in the sizable financial and business services sector in the city fringe.

It finds that there are roles for non-graduates in the cities but in supporting roles not core earning activities. Most of these require at least some GCSEs or A levels and most firms do not recognise NVQs which are often the qualifications of people who return to education. Employers complain that many applicants lack basic skills.

The research suggests that employers could assist the process in a number of ways:

- working with brokerage services to access able students, particularly from the inner London boroughs
- Helping educators to define the skills and competencies required in the sector
- Working with training providers to develop relevant training
- Support relevant education initiatives such as increasing awareness of the financial sector, or improving practical literacy and numeracy.

The Impact of Recent Immigration on the London Economy, London School of Economics and Political Science, July 2007

This report is designed to stimulate discussion only. It looks at the characteristics of migrants, their impact on the London Economy, how to accommodate them and their use of public services.

The foreign born population has grown from 1 to 2 million over a 20 year period. London is experiencing an unprecedented period of sustained high levels of international migration, of very diverse kinds, and they work across most sectors. Highly skilled migrants from developed countries tend to stay for shorter periods and concentrate in the financial and business services. The lower skilled migrants stay longer and concentrations are found in catering and hospitality. Those coming from less developed countries tend (at least initially) to take up lower status jobs than their qualifications would warrant. Both employment rates and earnings among new migrants tend to be lower than for otherwise comparable Londoners.

These migrants' characteristics are described as better educated than their comparative cohorts in London and this impacts upon workers at the lower end of the labour market, increased supply and competition of labour. An effect of the concentration of migrants in the worst paid segment of the labour market has been a significant downward pressure on wages at the bottom end of the market. This seems to have encouraged job growth in these occupations, but earnings among workers in this sector have suffered, falling behind growth in the cost of living. The paper also suggests that this imbalance in labour supply and demand trends has been mitigated particularly by increased

out-commuting, however across the wider sub region there may have been some downward effect on labour market participation.

Migrants have improved London labour market's diversity, flexibility, international experience and skill sets while also expanding labour supply and thus enabling employment growth and reducing upward wage pressure. In some areas they have also improved trade relations and entrepreneurial culture. The paper notes substantial further research will be required fully to assess their overall impact on the London economy

Unemployment in the City Fringe Area of London, City Fringe Partnership, Jun 2003

The key findings from this research look at the relationship between the economic opportunities arising from the City of London and the employment needs of local residents and the likelihood of the residential community benefiting from economic opportunities arising in the City.

The recommendations made by the City Fringe Partnership are as follows:

- Implement a strategy for training and employment provision at borough (LSP) level, particularly in Hackney and Tower Hamlets, extending the City Fringe area
- Concentrate provision on getting local unemployed into existing vacancies in the wider London job market
- Ensure that training and employment provision is demand led
- Enhance mainstream provision, in particular Jobcentre Plus, with additional funding streams for outreach, wage subsidies, and training to ensure progression routes into employment
- Develop high quality and specialist job brokerage (e.g. the 'Wildcat Model', New York City) for entry into City and other high value / growth sectors
- Tailor available training provision (higher and lower skills) to meet the needs of available jobs, and to ensure retention and progression in the work place
- Streamline local partnership structures, with joint planning and funding, and shared targets.

Local employment opportunities identified are anticipated by the study in a range of growth sectors, including construction, hospitality and catering, public administration education and the health and social care sector. Models for customised recruitment and training and specialised job brokerage should be developed to maximise job capture in these industries for local people.

Additionally the study identifies there are numerous funding opportunities to develop new job opportunities in the Social Enterprise sector in the City Fringe – in particular childcare and transport - providing transitional employment for the harder to help clients who would require a more supportive working environment.

Two of the main employment sectors in the city for City Fringe residents are security and industrial cleaning, whilst the majority of new vacancies sourced through the local Jobcentre Plus include basic clerical and administrative, sales, security, semi-skilled trades, plant operators and other elementary occupations.

The City Fringe Partnership believe there are so many existing job vacancies within the London labour market that many unemployed residents of the City Fringe would already have found employment, without the need for outside assistance, if they were able or willing to do so.

They also identify significant areas of duplication in funding sources for programmes tackling worklessness, which could be more effectively joined up at a strategic level.

Voice of London Employers Survey, London First, Jul 2007

This survey looks at the views of employers on employability and productivity/competitiveness. They explore what policy measures employers would like to see to improve the employability of London's residents and raise the city's competitiveness. The results are split by industry sector, size, type etc.

Employers value quality staff as the most important aspect of productivity. Large organisations also invest in training and smaller ones less so. It also identifies school leavers' unrealistic expectations about employment.

Employers also commented on the types of policy interventions that they wanted in order to find the best employees. Education was their priority and they did not feel that job brokerages gave them the employees they wanted. The document also look at how policy can be changed to encourage productivity

What Works with Tackling Worklessness, GLA Economics, Sep 2006

This study looks at the successes and failures of labour market interventions and gives recommendations for best practice. This investigation into active labour market policies in tackling worklessness looks at four key types of initiatives: Help with job searches, Job Subsidies, Training and First Job creation.

Findings include that job search assistance's main impact comes through speeding up the process of finding work for those who would have found it anyway and is not sustainable for those who would not. Job subsidies, although expensive, enable people with greater disadvantages or barriers to work to take jobs that would otherwise be done by people who face fewer disadvantages. Training is expensive, slow to make an impact and often inappropriate but the direct involvement of employers helps to improve training's performance. Job creation does not improve employment chances and represents exceptionally poor value for money. The only exception to this is intermediate labour programmes.

The research finds that London has the most diverse group of workless people who require a diverse response and

analyses the different groups in turn; disabled, young, old, lone parents and BMEs.

Programmes for adults are generally more effective than those aimed at young people under twenty-five. Most interventions for long-term sick and disabled people have not been shown to be effective. In addition to language training related to workplace usage, recent migrants benefit from advice and support on how the local labour market works. The limited UK evidence suggests that labour market programmes are less effective for people of black, Asian and other minority ethnic origin than they are for the white population.

The importance of job retention and progression is emphasised. Factors that help achieve this are identified:

- having an initial job which is stable, full-time and pays above the minimum
- having come into work following training rather than just help in job search having access to training either inside or outside the workplace
- having a nominated mentor in the workplace
- having access to ongoing support in resolving problems inside the workplace (e.g. relationships with colleagues) and outside (e.g. childcare breakdowns)
- having a financial cushion to cope with crises (e.g. transport or childcare problems)

Workspace Literature

Barker Review of Land Use Planning, Kate Barker, Dec 2006

The review looks at planning policy and procedures can better to see how it can better deliver economic growth and prosperity alongside other sustainable development goals. It identifies that a slow and inconsistent planning process clearly has a negative impact on Inward Investment.

Sections of the document address increasing the responsiveness of the planning system at different spatial levels, managing growing demand for development land, improving the appeals system, delivering major infrastructure, streamlining the planning system, improving performance at local authority level and improving incentives.

Key recommendations include reforming business rate relief for empty property, exploring the options for a charge on vacant and derelict previously developed land, and, separately consulting on reforms to land remediation relief. A marked reduction in the extent to which sites are designated for single or restricted use classes could improve efficient site provision. Removing the need for minor commercial developments that have little wider impact to require planning permission (including commercial microgeneration);

These recommendations aim to help ensure that critical infrastructure is delivered in a timely manner, that small and medium-sized enterprises can access high-quality premises at affordable prices, that competition is promoted so that prices are driven down and quality improved, that high-tech clusters can expand and prosper, that businesses do not suffer unnecessary costs and delays in processing planning applications, and that inward investment is encouraged to

support higher living standards and better job opportunities for people in all regions.

Hackney Employment Growth Options Study, Atkins, Mar 2006

The study was commissioned to inform the LDF and provide information on employment levels and trends, the demand for employment land and the property mix required to meet these needs. There was also an examination of affordable workspace and related issues.

The study shows that workspace employment has grown significantly in Hackney over the last five years. The main areas of growth have been financial services, IT, sport and recreation and creative industries. There has also been a large growth in the warehousing sector and in the number of small businesses in the borough.

The study shows that there is a discrepancy between the types of jobs available locally and those that employ local people. In general high value service activities such as banking, finance and insurance employ fewer Hackney residents while relatively low paid activities such as services and distribution, manufacturing, hotels and restaurants (including retail) employ more.

There is a significant mismatch between potential floorspace and supply as high rental prices and over-sized premises hinder take-up. The study goes on to identify clusters of employment land that are capable of meeting the increasing demand for space either through vacant floorspace suitable for re-occupation, premises suitable for redevelopment (Mixed use and 100% employment) and from vacant opportunity land. The study identified demand for an extra 200,000 to 300,000 sqm for the period 2001-2016 and the capacity to generate 390,000 sqm across various sites.

The study recommends that strategic economic priorities should be identified, any employment land plan works with borough wide employment policies, the establishment of a new typology for employment sites, new policies for affordable workspace and planning guidelines for planning applications affecting commercial land.

Study of Small Business Work Space Provision in Hackney, London Borough of Hackney (Ancor Spa), Sep 2006

This extensive study was commissioned to provide an evidence base for the demand and supply of B class workspace for small and medium sized businesses in Hackney and to make recommendations about possible interventions.

Demand identified in Hackney is in South Shoreditch for between 500-1000 sq ft, growing demand in Dalston and Hackney Central and high demand for managed workspace

Undersupply is identified for B1 properties under 1,000 sq ft, B2 and B8 space. The report believes "there is clear market failure in the supply of small business workspace in Hackney".

The recommended interventions to redress this market failure are the preservation of employment space, off-site

interventions, development of managed workspace centers and section 106 funding for affordable workspace.

The Demand for Premises of London's SMEs, London Development Agency, 2006

This paper was written to inform London Development Agency's (LDA) new small and medium sized enterprises (SME) premises strategy. An analysis of supply and demand is conducted to see where there are market failures in the supply of SME premises, which could potentially be corrected by the intervention of the LDA and its partners.

The great majority of London's SMEs, across all land uses, are satisfied with their accommodation. Overall, just 6% of survey respondents say that their area and specific property fits the needs of the business 'not very well', or 'not at all well'.

The main advantages of business's locations are access for staff/owners, access to customers and good public transport facilities. The documents suggests that SMEs in London are buying especially high accessibility to an exceptionally large pool of potential customers and workers, at the cost of:

- relatively high prices and rents
- in some cases, putting up with property that is sub-standard as well as expensive
- in many cases, a longer and more difficult search for suitable property

Overall it says that the market is responding quite well and there is no need for intervention as it may distort competition or displace market based provision. However, non-market public services do sometimes fail, in that some of the most common problems relating to SME accommodation are high crime/poor security and a dirty, poorly maintained public realm.

They do suggest three areas of intervention. 1. For specialist client groups such as technology based start up and move on space who cannot create enough commercial value 2. Start up space in deprived areas 3. To prevent higher value activities like housing forcing out employment. They also say at micro level intervention is more accessible.

Work Space Supply and Demand in the City Fringe, City Fringe Partnership (Renaissi & Ancer Spa), Apr 2003

The study identifies to what extent the supply of workspace in the City Fringe is meeting demand. The study also provides commentary on specific industrial sectors namely, creative and cultural industries, manufacturing, and hospitality:

Small businesses continue to dominate the city fringe; over 70% of businesses interviewed as part of the study employed less than 5 people. Companies identified proximity to the local customer base as significantly the most important factor for businesses operating in the City Fringe. Businesses are most concerned about the lack of parking and the impact of congestion charge on their operations. For those considering moving away from the area, the cost of rent and rates is by far the greatest push factor.

Despite a rise in demand for freehold premises, the profile of existing businesses still shows a major predominance of leasehold properties, perhaps suggesting a lack of freeholds available on the market.

There is still strong demand from small users, especially start ups. This demand is dominated by users seeking space at less than £15psf. Providers of workspace have identified that whilst there is currently a considerable amount of property on the market it is the wrong kind of space and not geared towards small workshop users. They also identified the lack of mid sized stock as a problem in that many incubators who outgrow incubator space have no where to move onto.

There are a number of affordable workspace providers across the City Fringe area including Cockpit Arts, Clerkenwell Green Association and Winkley Workspace. However, discussions with affordable workspace providers suggest that space is over subscribed. Such providers suggested that, whilst they are extremely keen to invest further in the area, prevailing freehold values prevent this from happening. There is very little affordable workspace in Hackney.

In terms of creative and cultural industries, workspace development needs to be typically in units of between 400sq ft and 1000sq ft. Efforts to secure manufacturers in the area should be in the area of high density, high value design orientated businesses rather than low density low value traditional manufacturing. The hospitality sector continues to grow extremely quickly. Opportunities for the City Fringe include the development of further retail, restaurant, bar, leisure, entertainment and tourism attractions in one or more focal locations to achieve a cluster effect. Specific retail and hotel development strategies would be appropriate.

Demand for freehold premises remains high. There are few freeholds on the market and what do exist are sold quickly. The freehold market is not reflecting achievable rents. Freeholds are frequently seeing an asking price of fifteen or twenty times what they could achieve in annual rent. This compares to a figure of ten to twelve times asking rent being a more traditional reflection of value. To some degree this identifies the hope value being put on property for residential and live/work uses.

There is a current mismatch between demand and supply. Whilst demand has fallen, there is still considerable demand for properties at less than £15psf. In 2002, 60% of demand fell into this price bracket. At the same time, only 8% of supply was available at this price.

They believe that the provision of affordable workspace should remain a key priority for the City Fringe Partnership and other regeneration and public funding bodies in the area.

Bibliography

In addition to the documents summarised below, the following documents have been referred to;

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City Growth Strategy, City Fringe Partnership

Artist Studio Provision in the Host Borough's, David Powell Associates LTD, 2008

Local Development Framework, Core Strategy Preferred Policy Options, London Borough of Hackney, 2008

Appendix B: Worklessness Stakeholder Consultation List

Organization	Contact
Hackney Works Consortium	Carole Segonds
ETF	Tom Watson
Working Links	David McManus
Work Directions	Ronan Smyth
Lifeline projects	Kelly Connell
Talent Recruitment	Angharad Chapman
Groundwork East London	Colin Zetie
HOST	Saba
Business in the Community	Kirsty McHugh
London Metropolitan University	The London Office
The Learning and Skills Council	Barbara Thoroughgood
Job centre plus	Cecily Wint
GLA Economics	GLA Economics info email
LBH Economic Development Unit	Helen Redmond
Hackney Community College	Ian Ashman
The City Fringe Partnership	Hilary Potter
ELBA	Louise Miller
Shoreditch Trust	George Garwood
Access to Employment	Paul Brimmer
The LDA	Jane Riches / Tania Fletcher
HBV	Richard Abbott
The Innovatory	Neil Barklem
Dalston for London	Cory Defoe/ Adam Hart
Centre of Engineering and Manufacturing Excellence	Sue Dale

Appendix C: Sample Questionnaire

Questionnaire A: Business wanted to relocate in to Hackney and was successful

Questions 1 – 7: General Business questions;

1. What is your address within Hackney?
2. What is your company's core business activity
3. Where was your business located prior to moving into Hackney?
4. Are you a social enterprise?
5. How many people do you employ?
6. Of these, how many live in the Borough of Hackney?
7. Is your business in a position to take on individuals with a low skills base and provide training

Questions 8 – 16: Questions about your experience of relocating in Hackney;

8. How important were the following factors in influencing your decision to relocate to Hackney? (1 = Unimportant, 2 = Slightly Important, 3 = Moderately Important, 4 = Important, 5 = very important)

Transport links	1	2	3	4	5
Skills supply	1	2	3	4	5
Legislation affecting local businesses	1	2	3	4	5
Planning policies	1	2	3	4	5
Relocation support	1	2	3	4	5
Access to Business support services	1	2	3	4	5
Ability to buy and sell my goods locally	1	2	3	4	5
Parking restrictions	1	2	3	4	5
Waste collection and environmental services	1	2	3	4	5
General quality of the public realm	1	2	3	4	5
Property price	1	2	3	4	5
Property size	1	2	3	4	5
Property quality	1	2	3	4	5
Property use class	1	2	3	4	5

9. Now you are in Hackney, how content are you with the following factors
(1 = very unhappy, 2 = unhappy, 3 = undecided, 4 = happy, 5 = very happy)?

Transport links	1	2	3	4	5
Skills supply	1	2	3	4	5
Legislation affecting local businesses	1	2	3	4	5
Planning policies	1	2	3	4	5
Access to Business support services	1	2	3	4	5
Ability to buy and sell my goods locally	1	2	3	4	5
Parking restrictions	1	2	3	4	5
Waste collection and environmental services	1	2	3	4	5
General quality of the public realm	1	2	3	4	5
Property price	1	2	3	4	5
Property size	1	2	3	4	5
Property quality	1	2	3	4	5
Property use class	1	2	3	4	5

10. How would you describe your general experience of doing business so far in Hackney?

(Excellent, Good, Average, Poor)?

11. What have been your biggest barriers to business growth since relocating in Hackney?

12. What changes to business facing policy would be most beneficial to your business?

13. Do you anticipate keeping your business in Hackney for the foreseeable future? if not, why not?

14. Do you anticipate expanding your business in Hackney in the foreseeable future? if not why not?

15. If you are happy to give it, what is your current annual turn over?

16. Have you got any other comments to add to our research on barriers to business investment in Hackney?

Appendix D: Business Interviews Response List

Client Trading Name	(Contact) Title	(Contact) First name	(Contact) Surname
Academy Computer Training	Mr	David	Elford
African Carribean Reunion	Miss	Kaday	Kamara
Anne Okeke	Ms	Anne	Okeke
Anoa Opigo	Ms	Anoa	Opigo
Anton Page	Mr	Ross	O' Donnell
Astrid Schultz	Miss	Astrid	Schultz
Azeem Khan-Saerwani	Mr	Azeem	Khan-Saerwani
Barclays Bank	N/A	N/A	N/A
Big Blue Support	Mr	Max	Towns
Bilgin Anatolia	Mr	Bilgin	Anatolia
Bill Fennell	Mr	Bill	Fennell
Broadbase	Ms	Avril	Broadley
Charlotte Madsen	Ms	Charlotte	Madsen
Cherrine Cadette	Ms	Cherrine	Cadette
Christine Johnson	Miss	Christine	Johnson
Concrete Hermit	Mr	Chris	Knight
Currell	Ms	Beverley	Hedge
Darren Pull	Mr	Darren	Pull
David Starkey	Mr	David	Starkey
Dean Cleary	Mr	Dean	Cleary
Diana Pinkett	Ms	Diana	Pinkett
Dominion	Mr	Michael	Newell
E Uzener	Ms	Hally	N/A
ELATT	Mr	Bernard	N/A
ELMHT	Mr	Jimmy	Glass
Emily Bell	Ms	Emily	Bell
Emmanuel Timmy	Mr	Emmanuel	Timmy
Essentials for Hairdressing Ltd	Mr	Steven or Terry	Hayden
ETC Venues	N/A	N/A	N/A
Fraser Keddie	Mr	Fraser	Keddie
Fumio Tanga	Mr	Fumio	Tanga
General Electric	Mr	Charles	Alexander
Giorgio Girard	Ms	Giorgia	Girard
Graham Black	Mr	Graham	Black
Hani Shafi	Mr	Hani	Shafi
Headway East London	Mr	Norman	Keen
Idoia Acha	Ms	Idoia	Acha
Jacobs	N/A	N/A	N/A
Jeremy Beuno	Mr	Jeremy	Beuno
Jessica Holmes/William Tuck	Miss	Jessica	Holmes
Joe Adat	Mr	Joe	Adat
Joel Cahen	Mr	Joel	Cahen
Justin Markus	Mr	Justin	Markus
Kemi Odunuga	Ms	Kemi	Odunuga
Lionel Fairweather	Mr	Lionel	Fairweather

Client Trading Name	(Contact) Title	(Contact) First name	(Contact) Surname
Lisa Noguera	Ms	Lisa	Noguera
Louise Douglas	Miss	Louise	Douglas
Magnus Irvin	Mr	Magnus	Irvin
Maria Wright	Mrs	Maria	Wright
Marks and Spencer	Mr	Tony	Ginty
Matthew Link	Mr	Matthew	Link
Michelle Mason	Ms	Michele	Mason
Miss Bora	Ms	N/A	Bora
Miss Yuki	Ms	N/A	Yuki
Modele Elejofi	Ms	Modele	Elejofi
Mostra	Mr	David	Adshead
Mr Hoque	Mr	N/A	Hoque
Mrs DA Opigo	Mrs	DA	Opigo
Mrs Goodman	Mrs	N/A	Goodman
Natalie McDermott	Ms	Natalie	McDermott
ofra	Miss	N/A	Ofra
Patricia Chua	Ms	Patricia	Chua
Patricia Olikaeu	Miss	Patricia	Olikaeu
Paul Henry	Mr	Paul	Henry
QUADRIGA Consulting Ltd	N/A	N/A	N/A
Rebecca Mendos	Ms	Rebecca	Mendos
Richard Bateman	Mr	Richard	Bateman
Richard Williams	Mr	Richard	Williams
Riche Clegg	Mr	Riche	Clegg
Robert Hunninther	Mr	Robert	Hunninther
Rockshore	N/A	N/A	N/A
Roland Lawar	Mr	Roland	Lawar
Rose Njinimbot	Ms	Rose	Njinimbot
Sam Beaumont	Mr	Sam	Beaumont
Saveria Geronimi	Ms	Saveria	Geronimi
Semra Firat	Ms	Semra	Firat
Sheshanna Highfield	Ms	Sheshanna	Highfield
Simon Hensen	Mr	Simon	Henson
Siobhan Garibaldi	Ms	Siobhan	Garibaldi
Songhonron Brown	Mr	Songhonron	Brown
Sparks_Art	Mr	Gary	Mcilwaine
Stuart Green	Mr	Stuart	Green
Sweet Combination	Ms	Christina	Oraa
T Brown	Mr	T	Brown
Tracy Ann Stewart	Ms	Tracy Ann	Stewart
Tuba Karear	Miss	Tuba	Karaer
Vincenti	Mr	N/A	Vincenti
Vornographic	Mr	Paul	N/A

Appendix E: Section 106 Consultation list

David Panton- ACME, Director

Pascal Coyne, LB Islington, Employment Programme Manager

Zoe Collins, LB Hackney,

Dan Taylor, LB Southwark, Economic Development Programme Manager

Junior McFarlane, LB Hackney

Tim Gaskell, CMA Planning

Stephen Cherry, Horden Cherry Lee Architects

Colin Compton, GLE Properties,

Simon Baxter, London and Quadrant Housing,

Richard Hillibron, Slaughter and May

Andrew Waugh, Waugh Thistleton Architects

Planning Advisory Service

Royal Town Planning Institute

Town and Country Planning Association

Appendix F: Sector Definitions

Creative Industries Sector

The definition of the creative sector is based upon that of the Department for Culture Media and Sport's four sectors:

Audio-Visual, Visual Arts, Books and Press, Performance

- **Definition:**

"Those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property"

- **Criteria:**

- "Creativity" as a central input to the production process
- Intellectual property (and not only copyright) as a characteristic their outputs

- **Scope:**

Advertising, architecture, the arts and antique market, crafts, design, designer fashion, film and video, interactive leisure software, music, performing arts, publishing, software and computer services, radio and television.

Activities include: creation, production, distribution, dissemination, promotion, education-related, press- related activities.

High Value Manufacturing Sector

In this research document we have used the definition of the Institute of Manufacturing to define the High Value Manufacturing Sector. Below are excerpts from the executive summary of their document "defining High Value Manufacturing" which summarises this complex topic.

"Manufacturing has evolved but our understanding of it has not

Manufacturing firms turn ideas into products and services. In today's globally competitive landscape manufacturers are inventors, innovators, global supply chain managers and service providers. What was once seen just as production is now production, research, design, and service provision.

There is no simple definition of high value manufacturing

High value manufacturers can create value in a variety of ways. For example they may have unique production processes, high brand recognition, rapid delivery times, or highly customized services. Three examples of HVM from the UK are provided by Cadbury Schweppes, Rolls- Royce, and GlaxoSmithKline (GSK).

Cadbury Schweppes focuses on production aligned to a strong brand

In 2004 Cadbury Schweppes, a confectionary and soft drinks producer, had £2,266M in value added. The company has a strong base in production with a core focus on quality. Its strategy is brand led and customer focused. However, even Cadbury, with such a strong production focus, has an element of service revenue from its bottling franchises.

Moving into service provision has strengthened Rolls-Royce

In 2004 Rolls-Royce reported that over half its revenue came from services. While still investing heavily in R&D and engine production, Rolls-Royce generates its revenue through service contracts – power by the hour. In this way it has become a service-led producer.

GSK's value is based on its research strength linked to production and marketing

GlaxoSmithKline is ranked fifth overall in the UK in terms of value added (£12,538M) and is first overall in terms of R&D spend (£2.8B globally). Its value creation comes from the invention of new chemical entities and it captures value through a highly intensive sales and marketing process. Essential to the overall value proposition is the synergy of R&D, production and commercial activities.

The IfM has developed a framework for analysing high value manufacturing

Since a simple definition is not possible, the IfM has developed an initial HVM framework that builds on the financial measure of value added, categorises manufacturers into one of four types, and provides a matrix in which the nature of the financial, strategic, and social value generated by a company for a variety of stakeholders can be illustrated.

High value manufacturers come in many shapes and sizes

Service led producers who provide customers with services based on a significant production capability

Product manufacturers who focus on generating value through production

Service manufacturers who have little or no production and generate value from services which are based around a product

System integrators who control the channel to customers and manage an external production network"

Project Summary : Proposal for Pathways into employment for Charedi Men

Overview:

- The community is a strictly observant community which has devoted itself to a life of Torah study and learning.
- Young Men attend school until the age of 16 when they begin study at a Yeshiva until they get married (usually between 18-22 and then move on to a Kollel (college for advanced Talmudic studies).
- It is usual for men to study at the Kollel until the age of 24 years or more when they have established a family. Some may continue for longer.

Therefore engagement in employment has a number of barriers which include:

- Finding pathways to work that would fit in with the strictures of Charedi life – Religious & cultural observations – requirement to pray 3 times per day, avoiding an environment in which males and females socialise, issues for some of working in a mixed gender environment;
- Addressing the lack of recognised accreditation for yeshiva studies;
- Overcoming the issue of English being a second language for many.
- Overcoming the basic skills needs within the community, numeracy and literacy.
- The lack of formal qualifications for male members of the community;
- Dependency on Benefits particularly Housing Benefit
- The stigma of not attending the traditional route into the Kollel.
- The total lack of alternative education, training and employment.

Background Context:

- this community is growing at a greater rate than the general population at a rate of 3.5-4% annually, because of the high birth rate (Kol Mevaser community birth announcements / DCSF data on pupils registering for school / JPR 2007 Jews in Britain report).
- The statistics available within the Holman and Holman report 2002, show that around 54% of the community live in rented accommodation (compared to a national average of 26%), of which 71% of the live in private rented accommodation, 3% live in local authority housing and a further 22% live in Housing Association housing;
- 58% of the community receive a means tested benefit, only 14% of the community do not receive any type of benefits, less than one percent receive single parent benefit and less than one percent receive widows benefit (data from Holman & Holman Report 2002)
- An age breakdown, estimate that 80.1% of the population are below 45 years of age and over 60% are below 25 years of age;
- The housing tenure breakdown for the Charedi community shows an average of 58.7% of the population receive benefits compared to a Hackney average of 38.6%.

The project Proposal has been developed to reflect the following identified needs:

1. Rabbinical Support. Rabbinical Leaders approval for this project is essential.
- 2 . Lack of Access to Mainstream Provision.
3. Lack of Infrastructure to support the development and delivery of an employment project targeting the Male Members of the Charedi Community.
4. Lack of capacity, skills and experience to deliver employment related programmes within the community.

5. Need for a Charedi Male to lead and deliver the programme.
6. Low skill levels of Charedi Males.
7. Culture for Learning.

Project Proposal

Phase One, , will start to identify and build the basis of a sustainable infrastructure, identify capacity and a programme for delivery through the development of:

- a virtual steering group to secure Rabbinical support for the full programme of work, Workstream 1, Funding: £20k per annum X 3 years. Timeline: 3 years of programme.
- the development of a business case – Workstream 2, Funding: £25K for one year only. Timeline : approximately 6 months
- the development of a programme prospectus – Workstream 3, Funding: £25K. Timeline approximately 6 months
- Capacity building programmes – Workstream 4, Funding subject to tendering process but approximately: £60K. Timeline: 1st year of programme.
- Co-ordination and programme management. The cost of this element of the programme varies from £35K to £25K dependant on the delivery model agreed.

Funding to support all elements listed in Phase 1 of the programme is requested from Team Hackney of £210 -£220K.

Phase Two, highlighted in green below, will build on phase one, by building continuing to build capacity within the community;

- formalising the Steering Group as the Programme Board;
- identifying and contracting with an OJ organisation as accountable body for the full programme;
- implementing the business plan and prospectus by contracting with appropriate delivery agents;
- and training of Male Outreach and Advice & Guidance Workers.

Phase Three of the programme will commence the full programme delivery.

Team Hackney Strategic Commissioning Template

This completed form provides PIE with the evidence of need, a rationale for proposed activity, and a draft tender specification for the activity.

Team Hackney Partnership / Task Group (the commissioning client)

(Please delete those that do not apply)

✓
✓

Economic Development Partnership

Performance, Intelligence & Equalities Task Group

LAA Indicator and Target/s

Please list the LAA indicator/s and target/s that this proposal supports

The primary LAA Indicators that this initiative addresses are NI 151 and NI 153 as below:

PI Code	Short Name	Baseline Target	2008/09 Target	2009/10 Target	2010/11	Lead Delivery Partner
NI 151	Overall Employment rate (working-age)	60.3% 2007/2008 Annual figure	61.3%	62.3%	63.3%	Economic Development Partnership
NI 153	Working age people claiming out of work benefits in the worst Performing neighbourhoods	28.3% 2007/2008 Annual figure	26.6%	24.9%	23.0%	Economic Development Partnership
NR 11 LAA	Number of LB Hackney residents who are Lone parents, assisted by LAA funding into sustainable employment.				100	Economic Development Partnership
NR 12 LAA	Number of LB Hackney residents who have been in receipt of incapacity related benefits for a minimum of 6 months, assisted by LAA funding into sustainable employment.				100	Economic Development Partnership
N1 116	Proportion of children in poverty	37.0% 2007/2008 Annual figure	34.1%	32.6%	31.2%	Economic Development Partnership

Intervention Name	Worklessness - Ways into Work (City Strategy Pathfinder (CSP) pilot)
Design Team List all those who have been involved in developing this proposal	The Economic Development Partnership
All potential conflicts of interest must be declared below.	
A number of current providers have been consulted and have provided information that has informed the development of the brief. This does not give these organisations any advantage in the future procurement process, if any.	
Consultation List List all those who have been consulted for information in relation to this proposal. These people have not seen or been involved in developing the specification itself.	<p>Ian Ashman, Hackney Community College, Co-Chair EDP Cllr Guy Nicholson, Co-Chair EDP Derek Harvey, JCP Janet Bywater, LSC Nadeem Malik, Programme Manager, CSP Mary Cannon, CEN</p> <p>Current providers: Lucy Norgate, Hackney Works/Renaissi Housing providers Chris Hawcutt, Talent/At Work</p>

<p>Evidence</p> <p>What do we know about the issue in Hackney?</p> <p>What is the evidence base i.e. what intelligence / analysis do we have (please list your data sources)?</p> <p>Are your data sources recent, relevant and robust?</p> <p>Does the evidence tell us who, what, when, where and why?</p>
<p>This specification seeks to review the City Strategy Pathfinder (CSP) delivery model in Hackney, 'Ways Into Work', identify ways that this model could be developed to address worklessness in the borough and make recommendations as to how this programme might need to be remodelled going forward to achieve LAA outcomes and best fit the needs of the borough. Worklessness in Hackney is a well documented issue and it is unnecessary to repeat here the vast evidence base of statistics highlighting worklessness in Hackney, however, key evidence and issues that impact on the future delivery of the CSP model include:</p> <p>Based on the best available evidence and the challenges and opportunities the borough and its people currently face, Hackney's Sustainable Community Strategy (2008-2018) lists as two of the six priorities over the next 10 years to:</p> <ol style="list-style-type: none"> 1. Reduce poverty by supporting residents into sustainable employment, and promoting employment opportunities 2. Help residents to become better qualified and raise educational aspirations. <p>Outcomes include to:</p> <ul style="list-style-type: none"> • Substantially narrow the gap between Hackney's employment rate and the London average • Increase employment for people in Hackney who are disabled or have a long-term health condition or mental health problems • Improve the earnings of people in Hackney to lift them out of poverty • Close the gap between the percentage of people in Hackney with no qualifications at all and the London average and increase the percentage of people of working age in Hackney who hold qualifications fit for the job market. <p>The Hackney Skills for Employment Strategy (2008) has also identified a number of challenges to helping Hackney residents acquire the right skills and training to get into work, to progress in employment and to</p>

participate fully in the social and economic life of the borough.

It is also clear that tackling worklessness will require not just a multi-agency, partnership approach with appropriate pooling of resources or alignment of funding, but also an integrated skills and employment delivery model targeted to the needs of local people. In particular, local authority funding for employment and skills provision is seen as crucial to provide 'wraparound' services for engagement activity and to build on mainstream activity¹.

Worklessness

Is defined as all those of working age who are not in work including both residents who are unemployed and those who are economically inactive. Loosely, unemployed are those who are actively seeking employment whilst economically inactive includes students, people who are sick and disabled and people looking after their home and family. In Hackney there is a working age population of approximately 142,000 consisting of 90,500 in employment, 10,100 unemployed and 41,300 economically inactive (2007 ONS mid-year population estimates).

In 2007, the worklessness rate in London (excluding students as they are likely to find work in the future) was 23% of the working age population whilst in Hackney this rate was 29%. Amongst males this figure is 16% for London and 24% in Hackney. Typically, around 30% of the economically inactive would like a job, whilst the remainder state they do not. In Hackney this figure is closer to 26% (ONS Annual Population Survey) and more than a third of Hackney's workless have never worked.

Hackney also has the third lowest employment rate in the UK (63.3%, ONS Jul 2007-Jun 2008) compared with a London rate of 70.6%. Unemployment at 10.1%, although falling over the last few years, is significantly higher than the London rate (6.3%) or Britain (5.2%). Hackney has a particular issue with low male employment rates at ten percentage points behind the London average.

The ONS claimant count (January 2009) states that 5.2% of Hackney's working age population are claiming Job Seekers Allowance (JSA) compared with 3.3% across London and 3.4% nationally. In addition, a much higher proportion of Hackney's working age population, almost 20%, are on key long-term out of work benefits including Incapacity benefits (9.1% in Hackney compared to 6% for London and 7% for Britain) and Lone parent benefits (4.9% in Hackney compared to 3% in London and 2% nationally). Of the more than 12,000 people claiming IB in Hackney, around half have been identified as having mental health issues.

Employment rates for the non-White and White population in Hackney also show a wider variation than the rest of the country with a difference of 18% between the non-White UK nationals and the White UK nationals. The employment rate for older people (50+) is also much worse in Hackney (60%) compared to London (69%) and Britain (72%).

Skills and qualifications

In 2007², 45% of Londoners in employment had an NVQ4+ qualification (equivalent to degree level) but only 36.8% of all working age residents of Hackney have NVQ4+ qualifications. Meanwhile, 8% of Londoners in employment had no qualifications whilst in Hackney one in five or 19.3% of working age adults have no qualifications. This skills mismatch results in unemployment amongst low skilled residents who find themselves unable to compete effectively in the job market.

Social housing and worklessness

John Hills'³ recent report made clear the correlation between social housing and worklessness. Almost half of all households living in social housing in London have no-one in work, compared to just 20% in the private rented sector and 7% of owner occupiers. 70% of social tenants also have incomes within the poorest two-fifths of the overall income distribution. In Hackney there are a number of large social housing estates that are disproportionately represented by low employment and low aspirations. Hackney also has a large proportion of residents with low skill levels or no skills and there are also strong links between worklessness and skill levels. Living in these areas of concentrated worklessness can also reduce an individual's chance of getting a job as areas of high worklessness lack social networks that connect to work.

¹ Tackling Worklessness Review, Interim report, Stephen Houghton, November 2008

² ONS Annual Population Survey

³ Ends and means: The future roles of social housing in England, Feb 2007

Hackney has the highest share of social housing of any London borough with 48.3% of its housing stock in the social sector.⁴ In terms of employment, the Annual Population Survey shows that employment rates in Hackney in both social and private housing are below the London average and with their greater share of social relative to private housing, their overall employment rate is significantly below the London average.

The Hills review of social housing further found that “employment rates of those living in social housing with particular disadvantages or with multiple disadvantages were substantially lower than those of people with similar disadvantages but living in other tenures”. Thus, “the likelihood of someone in social housing being employed appears significantly lower than those in other tenures.” It goes on to note that the proportion of social tenant householders in paid employment fell from 47 to 32 per cent between 1981 and 2006. This would support the CSP approach in Hackney to prioritise outreach and engagement work on the social housing estates in an attempt to reach those furthest from the labour market.

Child poverty

Hackney has high levels of child poverty. The 2007 Index of Deprivation ranked Hackney as first in terms of the proportion of people living in the most deprived local areas in the country. It also found that 40.9% of children in Hackney live in households in income poverty and that Hackney ranks as 4 out of 406 districts in Great Britain in terms of having the highest proportion of children living in families that are claiming benefits. In fact Hackney has the highest claimant rate of housing benefit in the country, the second highest claimant count of income support and pension credit in the country and the third highest claimant count of jobseeker's allowance (JSA) and Council Tax benefit. A third (33%) of households in Hackney with children are lone parent households compared to a quarter (24%) in London and a fifth nationally (22%) (Census 2001).

There is also a significant (over 20,000) Orthodox Jewish or Charedi community in Hackney that has significantly lower levels of skills and qualifications for their working age population. Due to a lack of a sufficient number of family-sized social housing there is a predominance of private rented tenure in this community. With high private rents, many of the Charedi community who receive housing benefits find themselves in a 'benefits trap' if they enter full time employment.

Needs

Based on this evidence and analysis, what are the key issues and service gaps identified?

Again, needs in Hackney are well documented. There are a number of common **barriers to employment** that can lead to a person being workless even if they would like to work. These include:

- Employability issues: lack of basic and relevant skills, lack of work experience, record of offending.
- Childcare responsibilities, cost of working, travel, equipment, training. Health and disability. Financial concerns – benefit trap
- Lack of information
- Reluctance of employers to recruit long-term unemployed.

The Skills for Employment Strategy provides a local context and highlights a number of barriers that need to be addressed in Hackney including:

- A lack of provision of ESOL classes and entry level skills training in an environment that is sensitive to the cultural and religious practices of ethnic minority and faith groups
- Barriers to particular communities, e.g. a lack of accreditation of qualifications gained from religious rabbinical studies preventing Orthodox Jews, particularly men, from entry into higher education and well-paid employment
- A benefits trap for large family households living in the private rented sector and receiving housing benefits. (This particularly impacts Orthodox Jews as over 70% of their households who are in rented accommodation are in private rented housing).
- High childcare costs
- The cost of training/education to those ineligible for public support or on low wages
- A lack of targeted training/ employment support for vulnerable groups such as disabled people, those on

⁴ GLA Economics, Economic Overview of the Five Olympic Boroughs, Draft Report Nov 2008

incapacity benefit (including people with mental health problems), lone parents, and refugees/ asylum seekers

- A lack of targeted support for people who are at a higher risk of social exclusion such as those who have offended, particularly young people, to get them into training / work programmes

People at most risk of being workless include those with a lack of qualifications, BAME communities (often because of language skills), the long-term disabled and lone parents (more so in London than the rest of the UK mainly because of fewer part-time opportunities, more expensive childcare and a low real gain to work for lone parents). Often an individual will belong to more than one of these groups. Additionally, in Hackney the Orthodox Jewish community and Asian women have been identified as having low levels of employment and low skills levels.

Reviews and evaluations

There are a number of reviews and evaluations that have informed the drafting and recommendations of this specification:

- ***Evaluation of Team Hackney funded worklessness initiatives.***

The economic Development Partnership Board (EDP) of Team Hackney takes the lead for commissioning worklessness interventions. Seven of these interventions, either targeted at specific groups such as young black males, NEET young people, people with mental health problems and economically inactive residents such as IB claimants and lone parents, or at specific sectors such as the fitness and leisure and hospitality industries, have now been evaluated. A decision has been taken not to continue to fund any of these interventions beyond March 2009. A brief analysis of the conclusions and recommendations of these evaluations has highlighted a number of lessons to be taken into consideration and addressed when developing new initiatives to tackle worklessness:

- Need to improve initial engagement approaches and recruitment
- Better use of the community and voluntary sector providers
- Continued support to reduce high drop-out rates
- Better communication between partners
- More effective methods of referral
- Centralised co-ordination of information and data

A Position Statement on the 'Moving On' project, aimed at delivering targeted support to people with mental health problems in returning to work, was also produced. Unlike the evaluations above, this review found that despite a number of delays, the project had successfully managed to engage with a wide range of service users. Outreach activity was successful at generating a number of referrals and the level of partnership working was very effective. It concludes by stating that the key to projects such as Moving On is to recognise success based on the needs of the client group and their position on the journey to employability. This sort of specialist support to clients is crucial before they can be appropriately signposted to providers of employment IAG services through a wider partnership. However, it is not yet clear whether outcomes will be met.

- ***Evaluations of the current East London CSP***

The Experian Evaluation Research report (August 2008) is an interim evaluation aimed to develop a robust local framework required for the detailed evaluation of the CSP, identify lessons learned to date and inform future planning and working. It found that there exists a great deal of support and 'buy-in' amongst stakeholders for the CSP and a general consensus that there is a sound rationale for the CSP. It has improved collaboration between partners and services and, through the SPA, more streamlined services available to the hardest to reach. The report states that real progress has been made over the past two years and the programme is taking steps towards the implementation of work packages that will transform the delivery of skills and employment services in East London. Challenges include calling for greater devolution of regional funds to the local level, better sharing of lessons learned and the need to ensure that the local delivery infrastructure is 'fit for purpose' and able to exploit the opportunity for change that the CSP represents. The Evaluation of the Single Points of Access (Rocket Science, December 2008) is similarly enthusiastic of the model and points out qualitative evidence (that needs to be tested) to suggest that the employment pathway for clients is shorter because of improved integration of provision and effective job brokerage/matching. In terms of performance and the number of jobs achieved, per customer engaged, Hackney is highlighted as the highest performing borough with a 35% job entry rate. Recommendations include improving the ability to measure job outcomes and costs per output, implementing beneficiary tracking systems, concentrating on quality outcomes and sustainability and considering a single point of job brokerage to cover the five host boroughs.

⁵ London Joint Action Plan, Joint Regional response to the Economic Downturn

• **National reviews**

The LSC commissioned, Towards Skills for Jobs: 'What Works' in Tackling Worklessness? (May 2007), highlighted the inequality of employment opportunity manifested among certain groups and areas and the fact that those most at risk of exclusion from the labour market often face multiple barriers to employment. These groups, were identified as disabled people and those with health conditions, lone parents, ethnic minorities, people over 50, and people with no or low qualifications. These findings very much reflect the current position in Hackney and those groups most likely to be workless. The Houghton Tackling Worklessness Review (Interim Report, November 2008) looked at the role of local authorities and partnerships in tackling worklessness. It found that there is generally a high degree of satisfaction with mainstream employment and skills services but that complementary support from local partners is also needed to successfully support long term claimants. It further found that there are particular activities which local government is best placed to co-ordinate, fund or directly deliver including:

- Childcare services, especially for lone parents and low income families
- Jobs and skills brokerage both for major employers and the public sector
- Neighbourhood services incorporating access to employment, skills and enterprise opportunities
- Early intervention with families
- Collaborative projects with local Primary Care Trusts
- Outreach and community engagement
- Working with Housing Associations to provide services to tenants

The Review recognises the CSP model as containing best practice, highlights the need to ensure that the WNF is used innovatively to address the needs of the most disadvantaged groups and communities, and supports the use of MAAs to ensure increased flexibility at the sub-regional level to meet specific needs. The work of the CSP with housing providers in Hackney was the subject of a best practice case study and will feature in the final Report later this summer.

Further reviews and evaluations

There are also a number of reviews currently underway or planned in Hackney which will usefully inform future commissioning in respect of tackling worklessness. A Scrutiny review on worklessness focusing on routes to employment and addressing 'benefit traps' for those in receipt of long term benefits is due to be published at the end of March. The first cross cutting review of the SCS, in early 2009, will ensure there is a common understanding of local need and will look into the issues affecting worklessness, its complexities and the barriers that exist to people entering the labour force. Finally, in early 2009, there will be a formal evaluation of the CSP model in Hackney which will assess impact, make recommendations and provide a delivery model for the next phase of the project from July 2009.

Early conclusions from the Scrutiny Commission review have been received as follows:

"The Commission commends the success achieved so far with the City Strategy Pathfinder programme and recommends that the Cabinet Member for Regeneration and the 2012 Olympic and Paralympic Games:

- a) Ensures that the programme continues to be internally resourced and lobbies externally for continuation of the programme beyond June 2009;
- b) Ensures that the Council and Team Hackney partners support the CSP itself as employers with a greater focus on apprenticeships for local people, sharing supply chain information and making greater efforts to recruit locally
- c) Ensures that employment support is considered as a core service by Hackney Homes.

In addition the Commission recommends that a report on benefits and success of the City Strategy Pathfinder programme be prepared for consideration at Full Council."

Current economic climate

There is some concern that, especially in London, the economic downturn will divert attention and resource away from those people who have either never worked or who have been unemployed for some time to those people recently made redundant⁵. Central and regional government have stated their aim to continue to support those areas, with already weak economies, that are most likely to be affected by the recession. There is also a stated aim for a continued focus on helping those furthest from the labour market (Houghton Review).

Existing mainstream activity

Set out briefly what existing activity is currently in place that will help the delivery of this target/s

The majority of activity delivering the worklessness agenda in Hackney is the responsibility of the statutory, nationally funded, sector such as Jobcentre Plus (JCP) and the Learning & Skills Council (LSC). It is therefore essential that the work funded by Team Hackney and partners links with and adds value to activity funded by these organisations as well as piloting new, innovative activity or filling the gaps left by sometimes inflexible statutory regimes.

A brief snapshot of some of the major organisations, funding streams and key training and employment support activity is provided below. For the purposes of this specification, which is examining the effectiveness of a particular model of delivery, it was not deemed appropriate to include the detail of the myriad of skills training and employment related initiatives that are delivered by the public and private sector in the borough. Detail of the CSP programme is provided in the 'Proposed activity' section below.

Jobcentre Plus (JCP) is a part of the Department for Work and Pensions and aims to help more people into paid work, help employers fill their vacancies, and give people of working age the help and support they are entitled to if they cannot work. This is mainly provided through the **New Deal** programme which gives people on benefits the help and support they need to look for work, including training and preparing for work. Specific, targeted New Deal programmes available include New Deal for Young People, New Deal 25 plus, New Deal 50 plus, New Deal for Lone Parents, New Deal for Disabled People, New Deal for Partners and New Deal for Musicians. From April 2010 **Flexible New Deal (FND)** will replace a number of the current New Deal programmes. The new programme will aim to find more effective ways to help the long-term unemployed into work. Under FND, after 12 months of unemployment, claimants will be referred to private or third sector contractors, who will be paid by results to find them work. JCP programmes currently amount to about £13.5 million per year in Hackney.

The JCP funded **Pathways to Work** provides extra support for Incapacity Benefit (IB) claimants (Employment and Support Allowance for new customers from October 2008⁶) to help them move in to work or to be able to work in the future. It is aimed at helping individuals to better understand and manage their health condition or disability and improve their quality of life. Help offered includes :

- Extra money to help when they start work; Information about work that they might be able to do without losing benefits, permitted work, and;
- New and existing financial help, New Deal for Disabled People; training and employment programmes.

A new test, the **Work Capability Assessment**, has been introduced for Employment and Support Allowance claims. It assesses what an individual can do – rather than what they can't do and looks at people's physical and mental abilities including learning disabilities and other similar conditions. Following assessment, support and employment advice will be given to enable claimants to return to work where possible. From 2010, this Assessment will begin to be applied to existing incapacity benefits customers.

The Learning & Skills Council (LSC) is responsible for developing Further Education in England, funds all learning for 16-19 year olds in colleges, schools and training providers and works with employers to develop the skills of their workforce. In 2008, their budget for Hackney was in the region of £7.5m with significantly more for providers. Hackney Community College receives £1m per year as a T2G provider and works closely with the LSC to deliver the Skills for Jobs programme. From 2010 the LSC will be replaced by the Skills Funding Agency for adult skills and existing LSC funds for 14-19 year olds will be devolved to local authorities.

As part of the CSP pilot, the LSC is specifically responsible for the **Work Focussed ESOL Pilot** the aim of which is to test out new, work-focused approaches for parents who have ESOL needs and who are either on benefits or working tax credits. The key objective of the programme is to help parents with ESOL needs who live or work in the East London CSP area to improve their employability, gain sustainable employment and progress in work. The pilot is particularly focused on parents who are not in work when they begin their journey. The total amount of funding available is approximately £5.5 million over two years until December 2010.

Local Employment Partnerships give JCP priority customers the opportunity to acquire the skills needed to

⁶ The Welfare Reform Act 2007

get into work and to develop those skills to stay and further progress in work. They are a 'partnership deal' between JCP and employers, supported by DWP, DIUS and the LSC. Individuals can benefit from a wide range of support including mentoring, work trials and, often bespoke, pre employment training. The LSC will provide pre-employment training when employers engage in Train to Gain or can demonstrate existing commitment to workforce development for those recruited through LEPs. This will help to promote stronger links between recruitment and ongoing skills development.

Train to Gain (T2G) is the Government's flagship service to help employers get the training advice and support they need to up-skill their workforce. There is a commitment to joint investment in training by employers and Government. In return, T2G gives employers access to a high quality skills brokerage service, help to identify and source high quality training and qualifications, up to NVQ Level 2, to meet those skills needs; an expert who will pull together a skills solution package which together with the employer's own financial contribution may include government training subsidies; follow up advice and support that is fully integrated within the T2G service; access to advice on wider business needs, which will be enhanced from April 2009 with the transfer of skills brokerage to Business Link.

The **London Development Agency (LDA)** contracts with a range of providers to deliver projects that plug gaps in mainstream training in the areas of business support and skills and employment provision. They are also actively supporting a number of initiatives aimed at helping local people and businesses in east and south east London to access the future job and contract opportunities that the 2012 Olympic Games will bring to London (**Local Employment and Training Framework - LETF**) and to maximise the employment and skills benefits for Londoners arising from the Olympic Games-related business (**London Employment & Skills Taskforce – LEST**). These will link with local activity to provide training and employment schemes for local people and businesses.

The European Social Fund (ESF) funds a number of projects that use innovative learning methods to help hard to reach learners and long-term unemployed. The LDA **ESF Co-financing Programme 2007-2010** will focus primarily on tackling worklessness by funding a variety of providers to deliver projects that help to strengthen London's labour market and improve sustainability in the labour market by targeting employees with low skills.

The **Working Neighbourhoods Fund⁷ (WNF)** was introduced in 2008 as part of the Government's drive towards more flexible funding and is a distinct element of Area Based Grant. It replaces the Neighbourhood Renewal Fund (NRF) and incorporates the Deprived Areas Fund (DAF). It is focused on the most deprived areas and supports local authorities to tackle worklessness and increase skills and enterprise levels. LAA targets NI 151 and NI 153 are the 2 targets agreed for tackling worklessness. There is an expectation that WNF will support the continuation of the CSP model where applicable and DWP is currently exploring how best practice from the CSP model can be taken forward through the new Local Area Agreements (LAAs) and Multi Area Agreements (MAAs). Hackney's allocation of WNF £13 million in 2009-10 and 13.5 million in 2010-11.

Multi-Area Agreement (MAA). The 5 Olympic Host Boroughs (Hackney, Newham, Waltham Forest, Tower Hamlets and Greenwich) are building on and sustaining progress made through the CSP and LETF in addressing high levels of worklessness and child poverty by developing a Multi Area Agreement for the sub-region which includes a worklessness strand aimed at ensuring workless residents of the 5HB benefit from the jobs created directly or indirectly as a result of the 2012 Games and their regeneration legacy. The boroughs wish to commit to continued funding for the CSP packages and ask for devolved local powers allowing them to pool employment resources such as FND, LSC employment and skills provision, LDA, European and other discretionary grant. Building on experience and best practice in Hackney, the 5HB have already submitted a bid for LDA ESF funding focused on building advice and guidance support on worklessness in housing services. Future initiatives being discussed include an innovative cross borough project for a Fit for Work service aimed at residents who are currently claiming IB, or who are about to move out of employment to sickness benefits. CLG and DWP appear to be supportive of this approach.

⁷ DCLG and DWP, November 2007

Proposed activity

Name of activity: Ways into Work (Hackney's City Strategy Pathfinder)

National context

The City Strategy is a Department for Work and Pensions (DWP) funded approach to tackle worklessness and child poverty in the most disadvantaged communities across the UK. It is focused on 15 pathfinder areas that are furthest from the Government's aim of 80 per cent employment. Each CSP is distinct, reflecting local circumstances and partnership structures. The strategy is based on the idea that local partners can deliver more if they combine and align their efforts behind shared priorities, and are given more freedom to try out new ideas and to tailor services in response to local need. It aims to:

- ensure provision is more attuned to the needs of local employers so individuals gain the skills and attributes they need to access the particular jobs that employers need to fill
- play a significant role in increasing local employment rates, ensuring those most disadvantaged in the labour market can receive the help and guidance they need.

Local context

One of these 15 Pathfinders is the East London City Strategy Pathfinder based around the five 2012 Olympic Host Boroughs of Hackney, Greenwich, Newham, Tower Hamlets and Waltham Forest (5HB). This CSP delivers via a Consortium that includes the following organisations: the 5 Boroughs; JCP; LSC; LDA; GLA; ODA; and LOCOG. Although one programme, to be delivered through a number of common 'work packages', each of the 5HB produced their own business plan setting out how they would deliver these packages in response to local need. The overall amount of DAF awarded was £13.4 million of which £3.3 million was allocated to Hackney.

Hackney's CSP programme, 'Ways into Work', delivers a number of work packages including:

- Single Points of Access (SPA) – providing front-end services that are accessible to all workless people and address the range of barriers preventing them from moving into employment,
- New Deal for Families (NDF) – a package of support and advice aimed at workless and low income parents to help them find sustainable employment
- Olympic Job Brokerage (OnSite).

All activity aims to increase the rate of employment and reduce the number of children living in benefit dependent households.

The approach to drafting this specification has been to undertake a literature review, desk analysis and interviews with a number of key stakeholders, partners and funders. The aim of the specification is to review the CSP delivery model in Hackney, to determine whether this model is the best approach to tackling worklessness in the borough and to identify ways in which this model might need to be developed in the future. It is important that, if adopted as a model for Hackney, the CSP does not become just another intervention but retains its strategic vision for the borough and is used as an opportunity to join-up services and improve co-ordination between providers. Being a multi-agency approach, it also has the potential to respond in a flexible way to future priorities.

Hackney's CSP⁸

Ways Into Work seeks to transform the way that Hackney engages with its economically inactive residents. In addition, it backs up that engagement by ensuring that individuals benefit from basic skills and technical skills support as well as providing direct access to employers.

Hackney's worklessness problem is most acute amongst its social housing residents. This population contains high levels of IB claimants and families facing child poverty. Ways into Work creates the link between this group of residents (the demand side of the labour market) and the available employment opportunities (the supply side) helping residents overcome their barriers via personal development (confidence, communication skills for example), language and vocational skills, jobs matching and in work support.

The key to the CSP's end to end approach is the engagement of the housing sector. The programme brings together a partnership of the major housing providers in the Borough and uses their trusted status amongst residents and local networks to disseminate information. This is done via their local infrastructure and staff –

⁸ Taken from HMT Report, Tackling Worklessness in Hackney – CSP Update, October 2008

housing offices, community centres. Additionally, this CSP approach uses housing services to help overcome residents' barriers to employment, such as re-locating residents closer to their place of work, fast tracking housing benefit claims for residents who lose employment, removing the risk of them becoming homeless.

With the focus on both the demand and supply side of the labour market the service is refocused around the needs of the resident and their family rather than residents being grouped into type (such as ethnic minority) and then sign-posted to specialist provision in the borough. The benefits of this approach are:

- Holistic services delivered locally – removing the barrier of the resident having to travel any significant distance to access services and to have to navigate between different provision;
- The service is much more sensitive and sympathetic to the needs of the residents making it less intimidating to access;
- The end product (securing a meaningful job) is brought closer to the resident, acting as a motivation to get and remain involved in the service. Residents are told about real vacancies that have been secured by CSP and the journey is made as short as possible;
- Employers are given a better service as prospective employees are screened, trained and given additional support according to their specification.

CSP's role is to link together services. Only paying for additional resource when relevant provision does not exist. For instance, using existing childcare funding and arrangements made available through the Childcare Affordability Programme to help parents access training and employment rather than pay for new provision.

Programme performance

Performance is on track to achieve or exceed target outcomes. Hackney targets for 2008/09 were to assist 600 residents (including 100 parents) in securing employment. Of these at least 60% were to be sustainable jobs (lasting 13 weeks +). From a late October start, Renaisi, via Hackney Works as part of the NDF, have assisted 73 parents into work (of which 30 are lone parents, 55 women and 70 BAME) and are confident of achieving the 100 jobs target this year. Sustainability levels are currently at 50%. They have also engaged with in excess of 500 parents compared to a target of 300. Talent, via the In Work model, have to date assisted 443 clients in to work (of which 363 are BAME, 21 are parents, 188 are women and 2 are IB claimants) and are still hoping to achieve their 500 target. Sustainability is currently between 65-70%. There has been outreach to 30,000 residents on estates and over 2,000 residents have been engaged on the programme. A further 3,500 residents have been referred to alternative training and employment provision. Further development of this approach in 2009/10 aims to extend the service to 50,000 homes and to secure 750 job entries. This is exceptional performance and indicates the effectiveness of this model of delivery.

Best practice

The CSP approach is very much in line with both the national and local policy environment. It is seen as a successful model for tackling worklessness and has gained widespread support from partners. The 5HB are also developing a MAA with a worklessness strand which they hope will build upon and extend the CSP model. If successfully developed, this could lead to greater flexibilities and possibly some devolved mainstream funding. In particular, Hackney's approach to working with housing providers is gaining widespread recognition as best practice in this area and has proven to be an excellent way to engage inactive residents. The location of the SPAs has also been effective as has the use of Children's Centres and local community centres.

The CSP model has also led to more joined up services and improved coordination between providers. There are good examples of sharing information, opportunities and recruits. Partners also work well together and referrals between services are effective, although this could still be further improved, particularly links with JCP, and there is scope for better sharing of lessons learned. Closer working links with the Health services and Housing, including the Housing Task Group, would enhance the programme.

The CSP has a very coherent partnership that has a high degree of understanding of the issues in Hackney. It would not have been possible to achieve this level of outcome otherwise. The programme is now ready to learn from the lessons of the pilot stage and move forward, perhaps widening out geographically and feeding in to the stretch targets. However, although the programme should be contributing towards these targets it is important that this is not done at the expense of the current model and should not be allowed to derail the core work of the programme. Overall, it is strongly recommended that the CSP model is the most appropriate model to tackle worklessness in the borough. This will require continued and substantial funding.

Future development

Based on an analysis of existing documents and discussions with partners, the following key points, that need to be considered when developing this model, were identified. These should also be subject to the recommendations of the Evaluation of the CSP and the reviews on worklessness currently underway.

- At a programme level there is scope for a number of process improvements including standardised systems, a common training offer for all frontline staff and better tracking of beneficiaries.
- Current outreach activity is focused on social housing estates. This focus has been appropriate and successful. However, consideration needs to be given to the development of a whole borough approach and widening the geographical focus.
- Given the proposed changes to the Welfare system, for example ESA and Work Capability Assessments, consideration should be given to either extending the current support for lone parents and IB/ESA claimants or to commissioning interventions focused on the needs of these particular groups during the transition period. The issue will be to ensure the CSP links to all worklessness interventions and ensures appropriate referrals between programmes. This will help to deliver Hackney's challenging stretch targets for lone parents and IB claimants.
- Adapting to maintain support for those furthest from the labour market despite the economic downturn.
- Develop closer links with Health and Housing providers in the borough.
- There is a clear opportunity for the CSP to continue improving their links with Social Services and C&YP services to identify those on the high risk register and therefore enable the provision of more specialist support.
- Consider a targeted intervention for the Charedi community.
- Need to clarify where MAA targets will fit in. MAA will be looking for cross-borough applications and currently only JCP/LSC have a cross borough remit.
- CSP was identified as being ideally placed to develop a directory of all employment support and skills training provision in the borough to ensure that people know what is available and providers are able to cross refer as appropriate. However, the LDA may be producing this information for the 5HB.
- The CSP could also be a valuable source of evidence/information from customers for explaining the key barriers to achieving employment and identifying gaps in service delivery. This needs to be capitalised on.
- There are potential cost savings to be made now that the various work packages have become established for e.g. it might be possible for Hackney Works employment advisers to do more of the job brokerage 'in-house'.

Deliverables

In 2009/10 the programme anticipates enhances outreach to 50,000 households resulting in: 2,400 unemployed residents engaged; 240 residents undertaking vocational ESOL (via LSC provision); 1,200 residents receiving employment support; 750+ job entries (including 200 parents and 5-10% IB target); and 87 parents progressing in employment through T2G. Targets for 2009/10 and later years are also subject to the findings and future programme direction that will come out of the Evaluation.

Outcomes

How will this activity directly support the delivery of the identified LAA outcomes and targets?

This activity will directly support the delivery of the identified LAA outcomes and targets by delivering a range of support activities that will help unemployed residents access sustainable employment and support benefit claimants throughout their journey to employment. ESOL provision delivered by the LSC will help with language skills and the training and employment support will target NEET young people. The activity will improve low skills levels by delivering an integrated skills and employment support package with cross referral and encouraging employers to invest in workforce development.

Risk and innovation

What good practice has been considered in developing this proposal?

What are the potential risks with new approaches in this proposal?

See reviews and evaluations in Needs section above.

Cost

What is the indicative cost of this work?

What other funding sources (including mainstream / core budgets) are available to support this work?

The indicative annual costs based on the current Ways into Work model are as follows:

Budget (2009/10)	Costs (£)
Programme – Staff	200,000
Programme – Management (PR, MIS etc.)	100,000
Housing Outreach	650,000
NDF - Delivery Costs	500,000
NDF - Childcare	200,000
SPA – Delivery Cost	1,200,000
On-Site	100,000
Total	2,950,000

For 2009/10 there is a DAF allocation for the transition period from April to June 2009 of £530k. It is recommended that this programme is funded via WNF/ABG from July 2009 to March 2011. Based on the above indicative cost, funding is therefore required for 2009/10 of £2.42m plus £2.95m for 2010/11 i.e. **a total of £5.37 million**. Mainstream JCP and LSC funding is also available to support this work and there is the potential to access ESF funding and dependent upon the proposed MAA with the 5HB, further devolved mainstream funds. Linking in with the work of the Housing Task Group could also provide scope for additional funding.

Delivery options

Will this be procured through competitive tender? If not, provide explanation of proposed supplier.

Ideally, existing providers (Hackney Works/Renaissi for the NDF element, the housing providers for the SPA element and Talent/At Work for the job brokerage element) would continue to deliver this programme. This is likely to be via a Single Tender Action through Neighbourhoods and Regeneration. This approach would allow for continuity of a successful programme although Neighbourhoods and Regeneration will be expected to be able to demonstrate value for money with this approach. Sub-contractors would be procured through competitive tender.

Value for money

Can you breakdown unit costs? How do we know this offers good value for money? Can we benchmark the cost of the service? Can we demonstrate the cost effectiveness of the service?

A number of the Evaluations have provided methodologies for assessing unit costs etc. For example, the Experian report states that the average cost to CSP of assisting a customer into sustainable employment is £2,000. This provides excellent value for money. Added value and additionality comes from the improved integration and coherence of provision and partners believe that efforts to align services across the CSP have enabled more effective, efficient and economic pathways to employment. For example, Hackney Works also run an LDA funded training course that CSP customers are able to access and job vacancies are shared between JCP, At Work and Hackney Works employment advisers. The formal Evaluation of the CSP will address value for money in more detail.

Mainstreaming / future funding

Do you anticipate the need for this work to continue beyond then? If so, how will it be funded?

Worklessness is not a short-term issue and clients will continue to require targeted long-term support. As is currently the position, this will continue to be funded mainly by mainstream organisations. However, local authorities have a clear role in the provision of 'wraparound' services and there is an expectation that these will be funded by the WNF/ABG. If the CSP is taken forward as the model to address worklessness in Hackney, it will provide strategic direction for the borough.

Commissioning of interventions to tackle worklessness: forward planning report to the EDP

This report sets out progress towards commissioning new interventions relating to worklessness and outlines the involvement required from the Worklessness Policy and Performance Group and the Economic Development Partnership as a design team.

Specifications for the new interventions will be circulated to EDP for comment on 4th June 2009. They will be considered at PIE on 18th June 2009.

1. City Strategy Pathfinder

In February 2009, the EDP agreed that future investment from the Area Based Grant should be directed to the CSP model. This was in response to the performance and the learning emerging from the existing commissioned interventions and from the CSP. A paper (attached) making the case for investment in the CSP model was presented to PIE in March 2009, and PIE endorsed the recommendation that investment was made from the Area Based Grant into the CSP model to a level of £5.37M from July 2009 to March 2011. **PIE agreed to consider a more detailed specification to be developed by the Economic Development Partnership, officers from the Strategic Commissioning Team and the City Strategy Pathfinder Team.** This specification will build on recommendations of the full evaluation of the CSP, and ensure that the programme is aligned to LAA targets. In addition, Team Hackney officers will work with the CSP team and evaluators to make sure that the specification takes account of the following:

- The Multi-Area Agreement and proposed funding streams which are being sought by the 5 borough partnership
- The strengths of the CSP and the areas which need developing to ensure that the CSP has an impact on all relevant LAA targets?

2. Wider interventions required to tackle worklessness

The paper which makes the case for investment in the CSP model also summarises evidence, need and mainstream activity around worklessness in Hackney and identifies the areas of need where the CSP model is less likely to impact. The report identifies a number of groups whose needs might not be met through the CSP model, (see attached report) and a number of cross cutting issues which need to be considered including the role of volunteering and apprenticeships. **PIE agreed to consider a summary of specifications for other interventions which complement the investment in the CSP model.** A specification has already been completed in the Charedi community (summary attached) and this will need also need to be considered alongside other possible interventions which might be required.

3. Methodology and timescales for completing specifications for additional interventions

The Strategic Commissioning Team is now leading the development of these specifications, consulting with a range of agencies as required. The consultation list will include members of the EDP, the CEN, PCT, East London Foundation Trust and Community Services. The consultation would aim to establish, for the client groups described above:

- What are the specific needs, drawn from information which exists already?
- What evidence exists of what works in supporting these groups into employment, drawn from information which exists already? What good practice is there?

- What gaps in our knowledge do we need to fill and who do we need to talk to?
- What mainstream support exists to meet the needs of these groups, and what gaps exist in this support?
- Could the CSP be remodelled to meet the needs of these groups, or is different and targeted intervention required?

4. Decision making Timeline: CSP and other worklessness interventions

The two specifications will be completed for circulation to the EDP by 4th June.

CSP evaluation begins	4 th May
Officers and design team from EDP feed into specification for other interventions	12 th May to 1 st June
Officers and design team from EDP feed into CSP evaluation and specification	12 th May to 1 st June
CSP specification and specification for other interventions circulated to EDP members for comment out of session	4th June
CSP specification and other interventions specification included in papers to PIE	11 th June
PIE meet to consider specifications for CSP investment and other interventions	18 th June
Final CSP evaluation report due 3 rd July	3 rd July

Sonia Khan, Head of Commissioning and Resources, Partnerships, May 5th 2009



Economic Development Partnership

Action Log **Full notes of meeting to follow**

12th May, 2009: 3-5pm

Hackney Community College
Falkirk Street
London, N1 6HQ

Agenda Item	Actions	To be actioned by:
1	Matters arising from previous notes <ol style="list-style-type: none"> 1. Sustainable Communities Strategy action plan to come back to a future meeting 2. Hackney Apprenticeships Taskforce Changing Hackney (HATCH) apprenticeships fact sheet to be circulated to the Partnership 	<p>Randall Smith</p> <p>Janet Bywater</p>
2	Performance update <ol style="list-style-type: none"> 3. DWP Future Jobs fund. Organisations interested in being involved in a joint bid to contact Andrew Munk. Andrew.munk@hackney.gov.uk 	All
3	Community Safety and Social Inclusion Scrutiny Review <ol style="list-style-type: none"> 4. Board members to provide responses to the recommendations within Overview and Scrutiny report 5. Draft Response to recommendations to come to the next EDP meeting 6. As a result of discussion: a progress report on Hackney Skills Strategy Implementation Plan to tabled at next meeting 	<p>All</p> <p>Cllr Guy Nicholson Ian Ashman</p> <p>James Palmer</p>
4	Regeneration Inspection <ol style="list-style-type: none"> 7. Attainment information to be corrected – attainment by age 16 is on par with the national average. 8. Inspection report briefing note to be distributed to Partnership 9. Board members to send comments to Martin Calleja ASAP martin.callexx@xxxxxxx.xxx.xx 10. Implementation plan will be developed by Neighbourhoods androgen based on the weaknesses highlighted by the 	<p>Juniper Hope-Strong</p> <p>Juniper Hope-Strong</p> <p>All</p> <p>Martin Calleja</p>

	<p>inspection and produce an implementation plan. This plan to be brought to a later meeting.</p> <p>11. Mapping of how the regeneration strategies are linked together.</p>	<p>Juniper Hope-Strong</p>
5	<p>A strategic Approach to Inward Investment – Draft</p> <p>12. Comments on the draft to Russell Peacock by the end of the month</p>	<p>All</p>
6	<p>Strategic Commissioning</p> <p>13. Arrange a Worklessness Policy and Performance Group (WPPG) meeting.</p> <p>14. Consideration to be given to commissioning a piece of work for Charedi young women to compliment the project for Charedi men.</p> <p>15. ESOL consultation group. Agreed by the board that this was best discussed at the Adult Learning Group and not the EDP but that the recommendations made should come to a future meeting.</p>	<p>Sonia Khan /Partnerships Team</p> <p>Sonia Khan</p> <p>Yvonne Servante Trish Smith</p>



Economic Development Partnership

Meeting Agenda

12th May, 2009: 3.00 – 5:00pm

Board Room
Hackney Community College
Falkirk Street
London, N1 6HQ

1.	3:00	Welcome and apologies Notes from previous meeting, and matters arising Papers Agenda Item 1 - EDP_Meeting Notes_11feb2009	<i>Ian Ashman (Chair)</i>
2.	3:10	Performance update (including recession information) Context Key performance indicators are discussed at the <i>Worklessness Policy and Performance Group</i> that feeds into the Economic Development Partnership Board; the attached papers give an overview on the emerging impact of the recession. Alongside this the Board will receive a brief overview of JC+ activity that is being rolled out to support residents in this period. Role of Board To note key issues and interventions, for discussion and inclusion in views relating to our proposals for commissioning, alongside mainstream provision. Papers Agenda Item 2 - Recession Dashboard Agenda Item 2 - LC_Recession_Dashboard Agenda Item 2 - Labour Market Update April 09 Agenda Item 2 - Day one six months offers overview	<i>Helen Redmond Derek Harvey</i>
3.	3:30	Community Safety and Social Inclusion Scrutiny Review, Context Hackney Community Safety and Social Inclusion Scrutiny Review have been considering 'Worklessness - Routes to employment for those in receipt of long term inactive benefits. All recommendations are relevant to the EDP's agenda, however the board should consider in detail recommendations 2, 4, 5 6 and 7. Role of Board Recommendations include actions for consideration by the EDP. The Board will be joined by Cllr Deniz Oguzkanli and Jarlath O'Connell to discuss EDPs endorsement and agreement of next steps. Papers Agenda Item 3 - Tackling Worklessness Scrutiny	<i>Cllr Deniz Oguzkanli / Jarlath O'Connell</i>

4.	3:50	Regeneration Inspection Context LB Hackney has recently undergone a Regeneration Inspection, results of which are beginning to emerge. The EDP will receive a brief overview from Martin Calleja of the results for consideration. Role of Board The results of the Regeneration Inspection is likely to require actions for consideration and implementation for the EDP and other partners, this is an early opportunity to consider and discuss appropriate next steps. It is likely that there will be a requirement for much more in depth discussion at a future date.	<i>Martin Calleja</i>
5.	4:10	A strategic Approach to Inward Investment - DRAFT Context In 2007, Invest in Hackney was commissioned by Economic Development Partnership to investigate how inward investment can be used more effectively to address the borough's wider economic development objectives as set out in the Local Area Agreement. The draft report and recommendations will be presented by Russell Peacock, Invest in Hackney. Role of Board Draft strategy has been approved by Hackney's Neighbourhoods and Regeneration Directorate Management Team; the EDP is asked to discuss the draft and recommendations and considers steps required for EDP endorsement. Papers Agenda Item 5 - A strategic Approach to Inward Investment - DRAFT	Russell Peacock
6.	4:30	Strategic Commissioning Context In February the EDP agreed an approach to commissioning for 2009 onwards; this work is ongoing – for submission to the June PIE meeting for approval. Role of Board EDP is asked to discuss the update report submitted and commissioning specification, and considers the steps required for EDP endorsement. Papers Agenda Item 6 - Worklessness commissioning update Agenda Item 6 - Worklessness & CSP proposal-updated by Sk April 2009 Agenda Item 6 - Project Summary - Charedi Worklessness	<i>Sonia Khan</i>
7.	4:55	AOB	<i>Ian Ashman</i>
<u>Date and time of next meeting</u> 8 th September 2009: 3-5pm Hackney Community College Board Room			



Economic Development Partnership

Meeting Notes

11th February, 2009: 3-5pm

Hackney Community College
Falkirk Street
London, N1 6HQ

Attendance

Role	Name	Organisation	Present	Apology
Co- Chair	Cllr Guy Nicholson	LBH Cabinet Member		x
Co- Chair	Ian Ashman	Hackney Community College	x	
Member	Tania Fletcher	London Development Agency		x
Member	Fiona Fletcher-Smith	LBH, Corporate Director for Neighbourhoods & Regeneration		x
Member	Sue Foster	LBH, Assistant Director Regeneration & Planning		x
Member	Sonia Khan	Hackney Community Empowerment Network	x	
Member	Hilary Potter	City Fringe Partnership		x
Member	Helen Redmond	LBH, Economic Policy Officer		x
Member	Yvonne Servante	Learning Trust		x
Member	Clive Tritton	LBH, Interim Head of Regeneration	x	
Member	Cecily Wint	Jobcentre Plus		x
Member	Louise Muller	ELBA, Programme manager	x	
Member	Derek Harvey	Job Centre Plus	x	
Member	Andrew Panniker	Homerton University Hospital		x
Member	Bisi Ojuri	Hackney Community Empowerment Network		x
Member	Janet Bywater	Learning and Skills Council	x	
Member	Ian Freshwater	LBH, Inward Investment Officer	x	
In attendance	Nadeem Malik	LBH, CSP Programme Manager	x	
In attendance	Martin Calleja	LBH, Head of Performance (Neighbourhoods and Regeneration)	X	
Support	Francis Kaikumba	LBH, Partnership Adviser	x	
Support	James Palmer	LBH, Head of Partnerships	x	
Support	Lin Cotterrell	LBH, Strategic Policy and Research	x	

Agenda Item	Items Discussed	Action
1.	<p>1.1 <u>Welcome and apologies</u></p> <p>Introductions made and apologies conveyed.</p> <p>1.2 <u>Notes from previous meeting</u></p> <p>Accepted as an accurate reflection.</p> <p>1.3 <u>Matters arising</u></p> <ul style="list-style-type: none"> - <i>Invest in Hackney</i>: Lindsay Tripp will be invited to next EDP board to update the on the progress of this report. - <i>Skills for Work Skills for Hackney</i>: The board recommended that this should be taken to the Worklessness Policy and Performance Group who will discuss aligning this report with existing policy frameworks¹. - <i>Hackney Skills and Employment Strategy</i>: The Skills Strategy Working Group has met and began discussing mainstreaming this work. This entails identifying relevant policy leads and finalising the implementation plan. - <i>Worklessness Policy and Performance Group (WPPG)</i>: The board was given an update of what took place at the last WPPG meeting. Noting that the evaluation of both the City Strategy Pathfinder and Team Hackney worklessness interventions were discussed in length. The WPPG will develop a template for collecting and amalgamating worklessness data and this will be shared with the board. 	<p>FK</p> <p>HR</p>
2.	<p>Sustainable Communities Strategy (SCS)</p> <p>The board noted an action plan is currently being developed, focusing on aligning council's and partnership activities to SCS's outcomes.</p> <p>The development and roll out of this action plan will involve the following:</p> <ol style="list-style-type: none"> 1. Mapping and aligning with LBH's policy commitments. 2. Discussing it with key partner agencies – mapping, reviewing, and aligning with their business plans. 3. Identifying gaps and opportunities for further work. 4. Producing an action plan (by April 2009). <p>A discussion ensued and the following question was raised:</p> <ul style="list-style-type: none"> - <i>What is the relationship between the LAA priorities and the SCS?</i> <p>The LAA was developed with the SCS in mind. There has also been an exercise to link priorities – however this may need updating to take into account developments such as the Economic Downturn.</p>	<p>RS</p>

¹ *Update*: The Skills for Work Skills for Hackney findings have been incorporated into the Hackney Skills Strategy – so no further action is needed.

	<i>Randal Smith, Head of Policy and Research, will be approaching key stakeholders for their input into the action planning for the SCS.</i>	RS
3.	<p>City Strategy Pathfinder</p> <p>The board was given a brief summary of various evaluations and reviews taking place that evaluate or concern the CSP programme. Namely, evaluation by Rocket Science, the Scrutiny Commission's review on Worklessness, and the Houghton Report.</p> <p>The board was then given a overview of key programme outcomes achieved:</p> <ul style="list-style-type: none"> - Engaged over 400 beneficiaries. - Over 100 job opportunities created. - The programme looks set to meet end of year target of engaging with 700 beneficiaries. <p>Board then noted that this programme would like to:</p> <ul style="list-style-type: none"> - Do more focused activity around anti-child poverty - Continue to work closely with JCP providers and with clients claiming IB. <p>A discussion then ensued and the following questions were raised:</p> <ul style="list-style-type: none"> - <i>Has the economic downturn had an adverse affect on the CSP?</i> <p>The impact has generally been felt in industries such as construction and fashion retail, where the availability of vacancies has fallen dramatically. This has led to a slight shift in the CSP's focus to other larger retailers, who are proving to fare better in the current climate.</p> <p>ELBA is starting to see the effects of job losses within their member companies.</p> <p>The following points were made in summary:</p> <ul style="list-style-type: none"> • The programme is coming to the end of its first year and there is a plan to appoint an independent evaluator to validate it's the programmes performance. • The CSP programme does not try to replicate the JCP but complement it and offers a programme of activities not one off projects. • The first phase of the CSP evaluation will be completed and circulated to EDP board in advance of the next meeting. • It was also agreed that the Scrutiny Review on Worklessness should be added to May's Agenda and it was suggested to invite someone from this review to present. 	<p>NM</p> <p>FK</p>
4.	<p>Team Hackney Worklessness Interventions and Evaluation</p> <p>The board was given a brief update on the developments around current Team Hackney interventions. The following key points were raised:</p> <ul style="list-style-type: none"> - Current data shows that the Young Black Men intervention is on track and delivering. - The Hospitality intervention (HOST) is currently showing amber on the 	

	<ul style="list-style-type: none"> - The Ignition and Gym Train interventions are now closed but additional information is being sought. - The board then noted that there are issues and mitigating factors affecting all EDP commissioned interventions. - It was added that future commissioning should be conducted in line with recommendations coming out of the evaluation. We are still waiting for longitudinal analysis information, but an interim revised report has been received. They have been circulated to the intervention leads who will sign them off for accuracy. <p>The board noted the following findings from the evaluation report –(with the caveat that they have not yet been agreed by intervention leads):</p> <ul style="list-style-type: none"> - All interventions have displayed issues around engagement and drop out. Therefore, innovative and engaging recruitment methods will greatly assist this. - They have also had problems with finding suitable vacancies and work experience opportunities. - The consortium based interventions have had various problems. - They have all had problems with marketing and recruitment. 	
5.	<p>Strategic Commissioning</p> <p>The board were reminded that they agreed to direct future Area Based Grant funding to the CSP in November's meeting. This will however pose a few challenges that the board will need to take into account, namely:</p> <ul style="list-style-type: none"> • How does economic downturn affect the approach adopted to get people into work? • What have we learnt from current EDP interventions? • How do we take this on board and shape future activity? • How can we build the recommendations from the Hackney Skills and Employment Strategy into the new commissioning specifications? • We need to identify if there is any additional work required, that the CSP does not cover – is there a budget for any additional work? <p><i>The board ratified the strategic commissioning approach suggested – noting that members will be closely involved in this process.</i></p>	

6.	<p>Multi Area Agreement (MAA)</p> <p>The board was given a brief overview and outline of MAA development and roll out. The MAA is a sub-regional multi-area agreement, which is likely to focus on tackling the following issues that are best addressed in partnership:</p> <ul style="list-style-type: none"> • Skills deficits • Housing market imbalances • Transport and infrastructure projects • Economic development <p>Hackney is leading on the Housing market imbalances element, this will involve:</p> <ul style="list-style-type: none"> - Aligning to our CSP programme - Developing new ways to work with RSLs. - Testing new initiatives such as mortgage guarantee schemes. - Utilising spending on the public realm. - Clarifying and influencing governance arrangements and MAA targets. <p>The board noted that the merits outweigh the challenges and it will have an impact on flexible New Deal commissioning.</p>	
7.	<p>Hackney Apprenticeship Taskforce Changing Hackney (HATCH)</p> <p>The board was given an outline of this initiative that is aimed at drawing together key public sector agencies to increase and enhance the apprenticeship offer. This programme also aims to improve the diversity and quality of the apprenticeship training.</p> <p>The board noted the following actions and issues:</p> <ul style="list-style-type: none"> - Public Sector agencies have made a commitment of at least 2% job availability for apprentices. - The HATCH will lead on identifying what providers currently offer and joining this up with the needs and supply of potential apprentices. There is pump-primed funding available to assist this. - The HATCH aims to target marginalised groups and make the apprenticeship offer inclusive and based on good practice. - Issues such as the economic downturn and the availability of attracting SME organisations to this programme could hinder the progress of this initiative. <p>A discussion then ensued, questions were raised and the board noted the following points:</p> <ul style="list-style-type: none"> - The model adopted for this apprenticeship scheme is NVQ accredited and aimed at developing key skills. - Identifying training support, tackling bureaucracy, and funding are potential barriers/challenges that this programme will have to overcome. - For further information about the apprenticeship programme, The National Apprenticeship Service was suggested as a good information source. A FAQ or factsheet will also be produced that EDP members will be able to use to share information about the programme with others. 	JB

	The board was then asked to endorse this programme, to which they did.	
8.	<p>Regeneration Inspection</p> <p>The board noted that this inspection will take place in the first week of March and will focus primarily on two geographical areas; Shoreditch and Dalston.</p> <ul style="list-style-type: none"> - The inspection will have an emphasis on economic development and worklessness - The inspection involves conducting and submitting a self assessment, as well as a series of one to one interviews and focus groups in early March, and the inspectors will be wanting to talk to a range of people including some of the EDP members - This process is outside of the CAA but will feed into it. 	
9.	<p>AOB</p> <p>Joint Action Plan: Derek Harvey to produce a briefing on this to the next EDP Board.</p>	DH
<p><u>Next Meeting Dates</u></p> <ul style="list-style-type: none"> ▪ 12th May, 2009: 3-5pm: Hackney Community College 		