

For General Release

REPORT TO:	CABINET 10 December 2018
SUBJECT:	Economic Growth Strategy
LEAD OFFICER:	Shifa Mustafa - Executive Director, Place Emma Lindsell – Director, Economic Growth
CABINET MEMBER:	Cllr Manju Shahul-Hameed – Economy & Jobs
WARDS:	All

PRIORITY/POLICY CONTEXT

The Economic Growth Strategy will support achievement of outcomes under the following themes in the 2018-22 Corporate Plan:

- Businesses move here and invest, our existing businesses grow
The aim of this Strategy is to support sustainable economic growth across the borough that increases economic prosperity. It will increase the number of thriving businesses thereby increasing the number of “good” jobs in the borough available to our residents.
- Everybody has the opportunity to work and build their career
The Strategy will ensure that our people have the skills that businesses want and that will enable them to access work and be financial independent.

FINANCIAL IMPACT

There are no direct financial implications arising from this report. Supporting our local businesses and our residents into employment by securing jobs and opportunities has positive impacts on the Council’s finances in the longer term.

FORWARD PLAN KEY DECISION REFERENCE NO.: not a key decision

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

The Cabinet is recommended to

- 1.1 Endorse the themes and priorities of the Economic Growth Strategy for Croydon as set out below.
- 1.2 Agree the themes and priorities be used as the basis of consultation with stakeholders and partners following which the final strategy will be prepared and submitted to Cabinet for agreement.

2. EXECUTIVE SUMMARY

- 2.1 Croydon is London's Growth Borough – our extensive and ambitious programme of regeneration and investment in the metropolitan centre and across our town centres is well established and continues to be delivered. We are investing in infrastructure, leisure, schools, culture and homes to make Croydon a place where residents and businesses want to be.
- 2.2 Creating great places to live, work and play is an important part of encouraging businesses to come, grow and remain in Croydon thereby generating economic growth, but without other measures this will not create growth that maximises benefits for our borough. This paper outlines the themes and priorities of Croydon's emerging Economic Growth Strategy which will drive sustainable economic growth that delivers real benefit for our existing businesses and residents.
- 2.3 The themes of the emerging strategy are simple and mirror those of regional Local Industrial Strategies:
- I. To create places where businesses, investors and residents want to be and invest in infrastructure for growth;
 - II. To create the business environment for growth - positioning Croydon and promoting sustainable economic growth that creates "good jobs";
 - III. To invest in ideas that can deliver real change for Croydon – to be innovative and grow our knowledge, science, technical, digital and creative economies;
 - IV. To invest in our people ensuring they have access to quality skills provision and can access jobs that ensure financial independence.
- 2.4 Subject to Cabinet decision, it is proposed to consult partners and stakeholders on the themes and priorities of the emerging Strategy between December 2018 and March 2019. A full Strategy will be produced for discussion and agreement at Cabinet in April 2019.
- 2.5 It is recognised that Brexit will have a significant impact on the UK economy as outlined in the previous paper - the final strategy may be delayed or subject to early revision in light of emerging information and changing national context.

3 Detail

3.1 Current Context

Croydon has been enjoying a period of sustained economic growth over the past 5 years based on data from Office for National Statistics (NOMIS). There are more jobs in the borough and more businesses registered here than in 2013.

Our main employment sectors are retail & hospitality, business & administration and health & care. Our largest single employer is Croydon University Hospital and public sector jobs account for 20% of all jobs.

There continues to be disparity between the earnings of residents living in Croydon and working outside of the borough, and the pay rate of jobs in the

borough. Those working outside of the borough are likely to earn more than residents living and working in the borough.

There remain a number of large scale employment sectors such as retail & hospitality, and health & care that pay low wages. However the number of high wage roles is increasing with the arrival of the Government Regional Hub and growth in the information and communications (tech) sector.

The unemployment rate in Croydon is the third highest in London at 7.2% (Annual Population Survey). Many of those who are workless have multiple and complex barriers to work and have significant challenges to accessing and sustaining work.

An additional issue for Croydon is the level of in-work poverty as families work hard and still struggle to pay their bills - 25% of those in work are being paid below the living wage. Women are more likely to be paid less than the living wage than men 27% of jobs held by women are paid below the living wage (Annual survey of Hours and Earnings). In addition prior to Universal Credit, Job Centre Plus data showed that 16,600 families were in work and claiming tax credits.

Borough-wide data masks the extreme differences between various parts of the borough and sometimes between neighbouring wards. For example the three wards with the highest number of claimants share a border with wards with the lowest.

At the time of writing, the impact of Brexit is yet to be fully felt on the economy in Croydon. The impact on trade is yet to be fully understood but our businesses are reporting a slowdown in investment due to Brexit uncertainty. Brexit is likely to have disproportionate impact on sectors where EU nationals fill high volume vacancies including construction, retail and hospitality and health & care. As outlined in the previous agenda item, our response will involve providing reassurance to existing EU nationals with the aim of retaining their skills in the workforce through promoting the EU Settlement Scheme. We will also work with partners to ensure our resident workforce is able to fill skills gaps in the most affected sectors.

3.2 Progress and achievements to date

- 3.2.1 It is important to recognise and build upon what has been happening over the last four years when developing our future strategy. As above we have more businesses and more jobs in Croydon than we did in 2013 and we can also see real day-to-day changes as a result of regeneration, particularly around East Croydon Station, where the swift progress on the Tide project at 101 George Street is particularly noticeable. Other developments are also in delivery mode and on site including, Taberner House, Fairfield and College Green, the Nestle Tower and St. Georges Walk.
- 3.2.2 Since May 2014 the council and partners have delivered a number of flagship projects and achievements, some of which are detailed below. We have:

- Signed the Growth Zone agreement (approved 1/4/18) with central government which enables the council to borrow against income from future business rates uplift. The Growth Zone will invest £309.9m (plus an additional £210m being met by other sources including TfL, the GLA and Section 106 planning obligations) in infrastructure in metropolitan centre and along key transport corridors (Brighton Road / A23) to enable economic growth. The Growth Zone will deliver improvements to transport, public realm and open spaces walking and cycling, digital and social infrastructure such as health, culture and energy.
- Created and implemented a Discretionary Business Rates Relief Policy which encourages inward investment and business growth. Over the past 4 years several significant employers have relocated to Croydon including Superdrug, Green Energy Network, Body Shop and the Regional Government Hub, these relocations together with rate relief applications granted have created or safeguarded 4498 jobs in Croydon.
- Protected commercial space in the metropolitan centre thereby protecting the number of jobs by securing an Article 4 Direction; this restricts uncontrolled Permitted Development and conversion of commercial space to residential.
- Brought forward several meanwhile projects, including Boxpark which has transformed the approach to East Croydon. Boxpark social media reach extends to 16 million people per year, it has raised the profile of Croydon as a great place to visit. Boxpark has delivered hundreds of events including a 'homecoming gig' for Stormzy and their hugely successful World Cup screenings that gained national TV and press coverage.
- Supported the creation of 5,790m2 of flexible new business space by providing business rates relief and other support to Sussex Innovation Centre, TMRW and The Business Xchange Hub.
- Given planning consent to the revised Whitgift application and completed Compulsory Purchase Order arrangements bringing the redevelopment project several steps closer to delivery.
- With Croydon College, secured a university offer in the borough, supporting residents to gain higher level skills in health & social care, construction, law and HR management.
- Established new pathways to work for residents by creating employment services; we have supported over 700 residents into work through flagship Croydon Works and Gateway employment schemes.
- Listened to our small business base through the independent Small Business Commission which delivered its final report in 2017. A subsequent action plan and Year for Business have been delivered in 2018 supporting 4500 businesses through 160+ events.
- Secured devolved powers and £7.7m funding from the Department of Work & Pensions (DWP) and £6.7m funding from the European Social Fund (ESF) to support residents furthest from the labour market and with complex disability and health conditions to become closer to work. The Work & Health Programme started delivery in March 2018 and has so far supported 85 residents into work. The programme will run until at least 2023 and will support a further 2500 residents across the South London Partnership area into sustainable employment. The council hopes to build on this success securing greater powers from central government to deliver localised approaches targeted to the needs of our residents.

- Secured £14.25m from Coast to Capital for the Fairfield and College Green site to accelerate housing delivery and the redevelopment of the Fairfield Halls, our cultural flagship. This funding will help deliver 996 new homes; create 2811 new jobs (1300 directly as a result of investment and further 1511 indirectly); create 58,000m² new commercial floorspace and improve 16,000m² existing commercial floor space.
- Supported Business Improvement Districts (BIDs) and Business Associations. Purley BID was created in 2015, New Addington BID was renewed at ballot in 2017 and Croydon BID was renewed at ballot in 2016. We are committed to working with all of our BIDs and business associations to help our metropolitan and town centres be the best places they can be.
- Invested in town centres, for example in New Addington through the Leisure Centre redevelopment. This project has also ensured local benefit and employment outcomes by working with Wilmott Dixon to create a construction training hub delivered in partnership with Croydon Works. The project has so far delivered 49 construction training outcomes and secured jobs for 22 residents. There has also been £2.7m investment in Thornton Heath delivering combined public realm improvements and business support and engagement.
- Started along a path of community devolution in our town centres working with grassroots organisations to develop local community economic development solutions. The first Community Economic Development plan was developed by and with We Love SE25 (South Norwood) and plans are in train to develop more plans for specific areas.
- Established the Good Employer Charter which encourages and incentivises employers across the borough to pay the London Living Wage, recruit Croydon residents, use Croydon businesses for goods and services and be responsible by having good policy and practice around equalities, workforce development and environmental sustainability. To date 50 businesses have been accredited as Good Employers; a further 18 have pledged to do so over the coming months.

Draft Economic Growth Strategy Themes & Priorities

3.3 Theme I - To create places where businesses, investors and residents want to be and investing in infrastructure for growth

Under this theme the council is committed to the following priorities:

- 3.3.1 Delivering and enabling several key public spaces that transform the look and feel of the borough around major employment sites to lever investment and growth, this includes Queen's Square, College Green and North End.
- 3.3.2 Investing in infrastructure to unlock growth and working with partners to do so – this includes delivering key transport and digital infrastructure measures, for example, improvements to the A23, Fiveways, and Brighton Mainline.
- 3.3.3 Supporting a vibrant and diverse leisure and cultural offer, and evening & night time offer by developing an evening and night time economy steering group and action plan and embedding culture at the heart of regeneration. This priority also includes ensuring there is a strong “meanwhile” offer during the

redevelopment cycle in the metropolitan centre and at other key sites in our town centres.

3.4 Theme II - To create the business environment for growth

Under this theme the council is committed to the following priorities that will position the whole borough for sustainable economic growth that creates “good” jobs:

- 3.4.1 Maintaining robust planning policy that incentivises balanced economic growth across the whole borough and delivering a responsive Development Management and Building Control offer that drives commercial and industrial development in key locations.
- 3.4.2 Lobbying central government for meaningful review of business taxation to minimise impact on small businesses and high streets, and place balanced burden on big businesses and online retailers.
- 3.4.3 Positioning Croydon as a place open to and for business and with the capacity to deliver sustainable growth. Engaging in meaningful consultation and policy development at a national, regional or local level - we will actively engage in the development and delivery of Local Industrial Strategies with Coast to Capital (C2C) and the London Economic Action Partnership (LEAP) Local Enterprise Partnerships (LEPs) ensuring that Croydon is positioned within the Capital and south east to ensure maximum positive impact on our residents and businesses. At an international level we will continue to engage with trade delegations including those from India and China.

We will support delivery of Gatwick 360 the C2C Local Industrial Strategy – we will maintain our role as a key partner and delivery agent for this Local Enterprise Partnership (LEP) and are committed to working with C2C to realise our shared ambitions for balanced sustainable growth. The council has strong representation at C2C board level and has benefited from funding for key developments including Fairfield Halls and College Green.
- 3.4.4 Supporting balanced growth across the borough including our town centres, by creating Community Economic Development plans with our communities in specific recognisable economic areas. We will also support the creation of new business spaces to accelerate local business growth, and encourage local business and community groups to lead on and inform local developments such as markets and Business Improvement Districts (BIDs).
- 3.4.5 Helping our businesses navigate Brexit by delivering a comprehensive package of support which includes joining with the Mayor of London to echo his message that #LondonisOpen. Further we will develop specific training into work and recruitment packages for those industries likely to be hardest hit by Brexit e.g. working with employers and sector skills agencies to create training and recruitment solutions for health & care, construction and retail & hospitality.
- 3.4.6 Recognising and celebrating that 99% of our businesses are small or medium sized enterprises (SMEs) – we will support businesses with fewer than 250 employees that are the backbone of our economy by delivering a simplified and

improved business support offer, and by brokering new opportunities to trade for local business by opening up procurement and supply chain opportunities with the council and partners. We will also take action to create and protect commercial space in the metropolitan and town centres.

3.5 Theme III - To invest in ideas that can deliver real change for Croydon

Under this theme the council is committed to the following priorities making space for big ideas and growing our knowledge economy – science and technical, digital and creative sectors:

- 3.5.1 Making commercial investments that deliver both a financial return and deliver wider social and economic benefit building on our success in investing in homes, Boxpark and TMRW Tech Hub.
- 3.5.2 Working with universities, colleges, developers, investors and businesses to develop our ideas economy. We will use our buying, regulatory, investment and influencing powers to support creation of high value jobs in the knowledge economy.
- 3.5.3 Exploring and supporting alternative commercial models including social enterprises and co-operatives that have a solid business base but that also materially benefit residents and their communities.

3.6 Theme IV – To Invest in our people

Under this theme the council is committed to the following priorities to help our residents realise their full potential and live financially independent lives:

- 3.6.1 Achieving a world-renowned Higher Education offer in the metropolitan centre ensuring that residents have the skills needed in our new knowledge economy.
- 3.6.2 Raising the aspiration of young people by working with our schools and colleges to support the provision of independent Information, Advice and Guidance (IAG), and focusing on employment opportunities in our emerging economy e.g. in knowledge and STEM (Science, Technology, Engineering & Manufacturing) industries.
- 3.6.3 Ensuring the borough's skills offer meets the needs of employers and our economy. We will work with partners to create employment and skills pathways to work in key sectors including construction, health & care, STEM and digital and will support creation and take-up of apprenticeships.
- 3.6.4 Ensuring residents have access to preferential pathways to jobs in the borough by continuing to invest in and improve Croydon Works job brokerage. We will focus particularly on those with multiple and complex barriers to work who are furthest from the labour market e.g. Looked After Children, disabled people, homeless people.
- 3.6.5 Supporting further roll out of the Good Employer Charter to increase the number of employers in Croydon that, amongst other things, pay the London Living Wage and enable residents to live financially independent lives.

3.7 Proposed next steps

Subject to Cabinet agreement of the draft themes and priorities, it is proposed that:

- The themes and priorities are consulted on with stakeholders and partners;
- The Cabinet Member for Economy & Jobs oversees the consultation process and drafting of a full strategy;
- Clear success measures are included in the strategy that are aligned to the Corporate Plan;
- The full Economic Growth Strategy be presented to Cabinet for discussion and agreement in April 2019 - this date may be subject to change as Brexit discussions unfold and implications are more fully understood.

4. CONSULTATION

- 4.1 The themes and priorities in this paper have been subject to initial consultation with Future Place Board (a subgroup of the Local Strategic Partnership); membership includes partners such as Jobcentre Plus, Colleges, BIDs, Croydon Partnership, employers and third sector providers. The group has been supportive of the ideas contained in the developing strategy.
- 4.2 Further consultation is proposed with the wider stakeholders including BIDs and Business Associations, Greater London Authority (GLA), Coast to Capital and London Enterprise Action Partnership, our businesses via Federation of Small Business, Chamber of Commerce etc. This consultation will take place between December 2018 and March 2019 to inform the final strategy to come to Cabinet in April 2019.

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 There are no direct financial implications arising from this report.
- 5.2 Supporting the local economy including the sustainability of our local business base and enabling our residents to access employment alongside attracting new business investment into Croydon has positive impacts on the Council's finances in the longer term by:
- increasing business rates income to the Council.
 - supporting our residents to be financially independent through entrepreneurship or employment, enabling a reduced reliance on public funds.

Approved by: Lisa Taylor, Director of Finance, Investment and Risk

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Solicitor to the Council comments that there are no direct legal implications arising from the recommendations within this report.

Approved by: Sandra Herbert, Head of Litigation and Corporate Law for and on behalf of Jacqueline Harris-Baker, Director of Law and Governance & Monitoring Officer

7. HUMAN RESOURCES IMPACT

- 7.1 There are no specific HR issues arising from the contents of this report, if any arise these will be managed under the council's policies and procedures.

Approved on behalf of Sue Moorman Director of Human Resources by Jennifer Sankar, Head of HR Place.

8. EQUALITIES IMPACT

- 8.1 Implementation of the Economic Growth Strategy will have a positive impact on social and economic inequality by increasing the supply of good jobs and promoting routes into them thereby enabling residents to move out of poverty and into financial independence. We will ensure this process is inclusive and accessible to all residents including groups that share protected characteristics. Specific projects, programmes and work streams will be subject to equality analysis to assess the possible impact of proposed changes on customer/community groups who share a "protected characteristic" and mitigate adverse risk to customer/community groups who share a "protected characteristic".
- 8.2 The emerging Strategy will help the council to achieve its equality objectives namely; to increase the rate of employment for disabled people, young people, over 50s and lone parents who are furthest away from the labour market. Also to reduce the rate of child poverty especially in the six most deprived wards through paying the living wage. It will also support council priorities such as modern slavery.

Approved by: Yvonne Okiyo, Equalities Manager

9. ENVIRONMENTAL IMPACT

- 9.1 There are no specific environmental impacts arising from the contents of this report, however specific initiatives forming part of the strategy are designed to promote environmental sustainability and minimise negative environmental impact and air pollution. Examples of this might be around investing in public transport infrastructure including walking and cycling to divert residents and commuters from using private cars, or investment in sustainable energy projects.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There are no specific crime and disorder issues arising from the contents of this report, however there is a positive correlation between increased or improved economic activity and a reduction in crime and disorder.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 The proposed decision is endorsement of the themes and priorities of the draft Economic Growth Strategy ahead of consultation with stakeholders. The reason for the recommendation is to ensure that a robust Economic Growth Strategy is developed for Croydon which will pave the way for sustainable economic growth across the borough.
- 11.2 It is believed that the proposed themes and priorities outlined here will deliver marked benefit to residents and businesses in the borough, creating sustainable economic growth from which our residents will receive direct benefit. The consultation proposed tests the themes and priorities with stakeholders and partners and will secure wider buy-in to the final Strategy.

12. OPTIONS CONSIDERED AND REJECTED

Several options have been considered for inclusion in the strategy and it will continue to develop and evolve throughout the consultation process.

CONTACT OFFICER: Emma Lindsell - Director of Economic Growth 07776992031
Kate Ambrosi – Head of Economic Development

APPENDICES TO THIS REPORT

None

BACKGROUND PAPERS

Cabinet 15th October 2018 –Delivering the Croydon Growth Zone Third Local Implementation Plan (LIP3) & Liveable Neighbourhood Bid reports
Coast to Capital Gatwick 360
Cabinet 24th September 2018 – Corporate Plan 2018 – 2022
Labour's Plan for Croydon #Ambitious for Croydon 2018
Skills for Londoners Strategy