

Meeting of the

OVERVIEW & SCRUTINY COMMITTEE

Tuesday, 7 February 2012 at 7.00 p.m.

A G E N D A

VENUE

Room 71, 7th Floor, Town Hall, Mulberry Place, 5
Clove Crescent, London, E14 2BG

Members:	Deputies (if any):
<p>Chair: Councillor Ann Jackson Vice-Chair: Councillor Rachael Saunders, Scrutiny Lead, Adults Health & Wellbeing</p>	<p>Councillor Judith Gardiner, (Designated Deputy representing Sirajul Islam, Ann Jackson, Rachael Saunders, Zenith Rahman, Helal Uddin and Amy Whitelock) □ Councillor Peter Golds, (Designated Deputy representing Councillor Tim Archer) □ Councillor Ahmed Adam Omer, (Designated Deputy representing Ann Jackson, Sirajul Islam, Zenith Rahman, Helal Uddin and Amy Whitelock) □ Councillor Harun Miah, (Designated Deputy representing Councillor Fozol Miah) □ Councillor David Snowdon, (Designated Deputy representing Councillor Tim Archer) □ Councillor Bill Turner, (Designated Deputy representing Ann Jackson, Sirajul Islam, Zenith Rahman, Helal Uddin and Amy Whitelock)</p>
<p>Councillor Tim Archer, Scrutiny Lead, Chief Executive's Councillor Stephanie Eaton Councillor Sirajul Islam, Scrutiny Lead, Resources Councillor Fozol Miah Councillor Zenith Rahman, Scrutiny Lead, Communities Leisure & Culture Councillor Amy Whitelock, Scrutiny Lead, Children Schools & Families Councillor Helal Uddin, Scrutiny Lead, Development & Renewal</p>	
<p>[Note: The quorum for this body is 3 voting Members].</p>	

Co-opted Members:	
Memory Kampiyawo	– (Parent Governor Representative)
Jake Kemp	– (Parent Governor Representative)
Rev James Olanipekun	– (Parent Governor Representative)
Canon Michael Ainsworth	– (Church of England Diocese Representative)
Mr Mushfique Uddin	– (Muslim Community Representative)
1 Vacancy	– Roman Catholic Diocese of Westminster Representative

If you require any further information relating to this meeting, would like to request a large print, Braille or audio version of this document, or would like to discuss access arrangements or any other special requirements, please contact:

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LONDON BOROUGH OF TOWER HAMLETS

OVERVIEW & SCRUTINY COMMITTEE

Tuesday, 7 February 2012

7.00 p.m.

SECTION ONE

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

To note any declarations of interest made by Members, including those restricting Members from voting on the questions detailed in Section 106 of the Local Government Finance Act, 1992. See attached note from the Chief Executive.

3. UNRESTRICTED MINUTES

3 - 14

To confirm as a correct record of the proceedings the unrestricted minutes of the meeting of the Overview and Scrutiny Committee held on 10 January 2012.

4. REQUESTS TO SUBMIT PETITIONS

To be notified at the meeting.

5. SECTION ONE REPORTS 'CALLED IN'

There were no Section One reports 'called in' from the meeting of Cabinet held on

5.1 Cabinet Decision Called-in: Corporate and Commercial Events in Parks (CAB 061/112)

15 - 26

To consider Cabinet Report (CAB 061/112) Corporate and Commercial Events in Parks which has been called-in.

6. REPORTS FOR CONSIDERATION

6.1 Enterprise Strategy

27 - 130

To comment on the draft strategy

6 .2 Covert investigation under the Regulation of Investigatory Powers Act 2000 **131 - 144**

To note the quarterly monitoring report of activity under RIPA powers.

7. VERBAL UPDATES FROM SCRUTINY LEADS

(Time allocated – 5 minutes each)

8. PRE-DECISION SCRUTINY OF SECTION ONE (UNRESTRICTED) CABINET PAPERS

(Time allocated – 30 minutes).

8 .1 Mayoral Decisions **145 - 162**

To receive a verbal update on recent Mayoral decisions which have been made.

- i **Mayor’s Decision: Contract for 2012 Olympic Festival Live Site** (Mayor’s Decision 20 October 2011, Log No. 009) - To receive for information, the referral of the Mayor’s executive decision: Contract for 2012 Olympic Festival Live Site.

8 .2 OSC Comments on Budget Proposals

To further comment on the Budget proposals.

9. OSC ANNUAL REVIEW PROCESS **163 - 164**

To consider a process for producing the 2011/12 Overview and Scrutiny Committee Annual Review

10. ANY OTHER SECTION ONE (UNRESTRICTED) BUSINESS WHICH THE CHAIR CONSIDERS TO BE URGENT

Agenda Item 2

DECLARATIONS OF INTERESTS - NOTE FROM THE CHIEF EXECUTIVE FOR MEMBERS OF THE OVERVIEW & SCRUTINY COMMITTEE

This note is guidance only. Members should consult the Council's Code of Conduct for further details. Note: Only Members can decide if they have an interest therefore they must make their own decision. If in doubt as to the nature of an interest it is advisable to seek advice **prior** to attending at a meeting.

Declaration of interests for Members

Where Members have a personal interest in any business of the authority as described in paragraph 4 of the Council's Code of Conduct (contained in part 5 of the Council's Constitution) then s/he must disclose this personal interest as in accordance with paragraph 5 of the Code. Members must disclose the existence and nature of the interest at the start of the meeting and certainly no later than the commencement of the item or where the interest becomes apparent.

You have a **personal interest** in any business of your authority where it relates to or is likely to affect:

- (a) An interest that you must **register**
- (b) An interest that is not on the register, but where the well-being or financial position of you, members of your family, or people with whom you have a close association, is likely to be affected by the business of your authority more than it would affect the majority of inhabitants of the ward affected by the decision.

Where a personal interest is declared a Member may stay and take part in the debate and decision on that item.

What constitutes a prejudicial interest? - Please refer to paragraph 6 of the adopted Code of Conduct.

Your personal interest will also be a prejudicial interest in a matter if (a), (b) and either (c) or (d) below apply:-

- (a) A member of the public, who knows the relevant facts, would reasonably think that your personal interests are so significant that it is likely to prejudice your judgment of the public interests; AND
- (b) The matter does not fall within one of the exempt categories of decision listed in paragraph 6.2 of the Code; AND EITHER
- (c) The matter affects your financial position or the financial interest of a body with which you are associated; or
- (d) The matter relates to the determination of a licensing or regulatory application

The key points to remember if you have a prejudicial interest in a matter being discussed at a meeting:-

- i. You must declare that you have a prejudicial interest, and the nature of that interest, as soon as that interest becomes apparent to you; and
- ii. You must leave the room for the duration of consideration and decision on the item and not seek to influence the debate or decision unless (iv) below applies; and

- iii. You must not seek to improperly influence a decision in which you have a prejudicial interest.
- iv. If Members of the public are allowed to speak or make representations at the meeting, give evidence or answer questions about the matter, by statutory right or otherwise (e.g. planning or licensing committees), you can declare your prejudicial interest but make representations. However, you must immediately leave the room once you have finished your representations and answered questions (if any). You cannot remain in the meeting or in the public gallery during the debate or decision on the matter.

There are particular rules relating to a prejudicial interest arising in relation to Overview and Scrutiny Committees

- You will have a prejudicial interest in any business before an Overview & Scrutiny Committee or sub committee meeting where both of the following requirements are met:-
 - (i) That business relates to a decision made (whether implemented or not) or action taken by the Council's Executive (Cabinet) or another of the Council's committees, sub committees, joint committees or joint sub committees
 - (ii) You were a Member of that decision making body at the time and you were present at the time the decision was made or action taken.
- If the Overview & Scrutiny Committee is conducting a review of the decision which you were involved in making or if there is a 'call-in' you may be invited by the Committee to attend that meeting to answer questions on the matter in which case you must attend the meeting to answer questions and then leave the room before the debate or decision.
- If you are not called to attend you should not attend the meeting in relation to the matter in which you participated in the decision unless the authority's constitution allows members of the public to attend the Overview & Scrutiny for the same purpose. If you do attend then you must declare a prejudicial interest even if you are not called to speak on the matter and you must leave the debate before the decision.

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE OVERVIEW & SCRUTINY COMMITTEE

HELD AT 7.00 P.M. ON TUESDAY, 10 JANUARY 2012

**ROOM M71, TOWN HALL, MULBERRY PLACE, 5 CLOVE CRESCENT, LONDON,
E14 2BG**

Members Present:

Councillor Ann Jackson (Chair)
Councillor Rachael Saunders (Vice-Chair)

Councillor Tim Archer
Councillor Stephanie Eaton
Councillor Sirajul Islam
Councillor Zenith Rahman
Councillor Amy Whitelock
Councillor Helal Uddin

Co-opted Members Present:

Memory Kampiyawo – (Parent Governor Representative)
Jake Kemp – (Parent Governor Representative)
Rev James Olanipekun – (Parent Governor Representative)

Other Councillors Present:

Councillor Judith Gardiner
Councillor Ohid Ahmed
Councillor Marc Francis
Councillor Rania Khan
Councillor Rabina Khan

Officers Present:

David Galpin – (Head of Legal Services (Community), Legal Services, Chief Executive's)
Michael Keating – (Service Head, One Tower Hamlets)
Robin Beattie – (Service Head, Strategy & Resources & Olympic Impact, Communities Localities & Culture)
Isabella Freeman – (Assistant Chief Executive - Legal Services, Chief Executive's)
Jackie Odunoye – (Acting Corporate Director, Development & Renewal)
John Chilton – (Head of Parking Services, Public Realm, Communities Localities and Culture)
Jamie Blake – (Service Head of Public Realm, Communities

	Localities and Culture)
Sarah Barr	– (Senior Strategy Policy and Performance Officer, One Tower Hamlets, Chief Executive's)
Michael Bell	– (Strategic Planning Manager, Strategic Planning, Planning & Building Control, Development & Renewal)
Antonella Burgio	– (Democratic Services)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Fozol Miah.

2. DECLARATIONS OF INTEREST

The following declarations were made in respect of agenda item 9.1:

Councillor Islam declared a personal interest in that he was a Council tenant.

Councillor Saunders declared a personal interest in that she was a Tower Hamlets Homes (THH) leaseholder.

Councillor Helal Uddin declared a personal interest in that he was formerly a member of THH Board.

Call-in Member Councillor Judith Gardiner declared a personal interest in that she was formerly a Board Member of THH.

Co-opted Member Mr James Olanipekun declared a personal interest in that he was the Vice-Chair of Poplar HARCA Board.

3. UNRESTRICTED MINUTES

The Chair **Moved** and it was

RESOLVED

1. That the unrestricted minutes of the extraordinary meeting of the Overview and Scrutiny Committee held on 22 November 2011 be approved and signed by the Chair as a correct record of the proceedings and
2. That the unrestricted minutes of the meeting of the Overview and Scrutiny Committee held on 6 December 2011 be approved and signed by the Chair as a correct record of the proceedings.

4. REQUESTS TO SUBMIT PETITIONS

Nil items.

5. SECTION ONE REPORTS 'CALLED IN'

The Committee considered two call-in requests recorded at minutes 5.1 and 9.1.

The Chair **moved** to vary the order of business to enable the decisions called-in to be determined consecutively.

The agenda order was resumed following these items.

5.1 Cabinet Decision Called-in: Olympic Games Parking and Traffic Management Issues

Councillor Marc Francis presented the call-in on behalf of Councillors Carli Harper-Penman, Abdul Ullah, Ahmed Omer and Shiria Khatun outlining the reasons and the concerns that were raised. Councillor Francis then responded to questions from the Committee. The concerns highlighted together with Councillor Francis' answers are summarised below:

- parking matters were a cause of concern to the residents of Fish Island, which was the last area of the Borough yet to be designated a Controlled Parking Zone (CPZ)
- Members wished to highlight matters of concern with the decision that had been provisionally approved by Cabinet and to ask for three assurances to mitigate the effects of the Olympics and the implementation of the CPZ zone on residents of the Fish Island:
 1. To limit the period of the CPZ trial to 3 months or a maximum of 6 months.
 2. To permit residents of Fish Island to have access to resident parking permits.
 3. To undertake a further consultation with residents before a decision to extend and / or establish a permanent CPZ at Fish Island.

Councillor Francis noted that, in principle, there was no opposition to the introduction of a CPZ, taking into account the need for parking controls during the Olympics, the recent increase in traffic complaints in the area and that it would be unreasonable for Fish Island to remain the sole part of the Borough without controlled parking during the Olympics and Paralympics. His concerns were:

- that the controlled parking zone scheme would be made permanent at the end of the trial phase without further consulting residents on the impact of the trial on the community.

- access to public transport and infrastructure in Fish Island was poor compared to other areas of the Borough. If the Council choose to continue the CPZ scheme beyond the trial period, residents would have insufficient time to make alternative arrangements.

Councillor Ohid Ahmed, Deputy Mayor, Robin Beattie, Service Head, Strategy and Resources (representing Stephen Halsey Corporate Director (Communities Localities & Culture)), Jamie Blake, Head of Public Realm, and John Chilton, Head of Parking; responded to the concerns raised, informing the Committee that:

- the introduction of full parking restrictions at Fish Island was a pilot for a flexible period of up to 18 months. This was intended to manage increased parking pressures during the Olympic Games and also, to assess the effect of controlled parking on the area in general, afterwards.
- the three-month trial period suggested by Councillor Francis would be insufficient for a proper analysis. Officers' preference would be that the trial period be at least 9 months to ensure the collection of better data.
- in regard to concerns that the car free zone agreement, that applied to most residents currently living on Fish Island, would render them unable to obtain a residents' parking permit once the CPZ was introduced. Councillor Ahmed confirmed that Cabinet had always intended that all Fish Island residents would be able to apply for parking permits during the trial period irrespective of whether their home was covered by a car free agreement.
- it had been, and remained, the Council's intention to consult again with residents at the end of the trial period.

The Committee considered the views and comments made by Councillor Francis in presenting the call-in, the information given by Councillor Ohid Ahmed, Deputy Mayor, and Officers in response to Councillor Francis' issues and their answers to the Committee's questions.

The Committee's discussion of the call-in raised the following issues:

- notwithstanding that many residential properties in Fish Island were covered by car free agreements, residents should be able to apply for resident parking permits during the full period of the controlled parking trial.
- the Committee felt that residents had not been adequately notified about the experimental CPZ, and recommended that a communications programme to do this be undertaken immediately.

- the Committee acknowledged that officers needed to set a period for the CPZ trial that would accurately reflect the effects of controlled parking in the Fish Island area. The Committee therefore endorsed officers' recommendation that the experimental period be between six and nine months to enable the Council to gain a greater understanding of parking pressures after the Olympics, and allow for future parking measures to protect residents' interests.
- residents should be assisted in complying with the new controls with clear explanations of the requirements and tolerance shown to initial minor infringements to enable a smooth transition.
- a further consultation with residents should be undertaken prior to any permanent decision to introduce a controlled parking zone in the Fish Island area.

Having considered the information provided by all parties, the Overview and Scrutiny Committee endorsed the reasons for the call-in and referred the matter back to Cabinet for further consideration recommending the alternative courses of action set out at 8.2 of the report and the recommendations above.

RESOLVED

1. That the Call-in be endorsed by Overview and Scrutiny Committee
2. That the Cabinet Decision called-in "Olympic Games Parking and Traffic Management Issues" (CAB 053/112), be referred back to the Cabinet for further consideration in the context of the views brought forward by the Committee.

6. REPORTS FOR CONSIDERATION

6.1 Open Space Strategy

Councillor Rania Khan, Cabinet Member for Culture, Robin Beattie, Service Head, Strategy and Resources, and Thorsten Dreyer, Strategy & Business Development Manager - Culture Public Realm and Spatial Planning, presented the report circulated at agenda item 6.1.

Members were advised that the borough was classified as deficient in green space. The Open Space Strategy had been adopted in 2006 to protect existing open space from development and other pressures caused by population growth and to direct improvements to existing open space. An interim review of the Open Space Strategy had been undertaken and the Committee was asked to comment on the draft circulated at Appendix 1, prior to its adoption by Council on 25 January 2012, and to note that detailed action planning for the strategy would be aligned with the annual budget cycle in light of the medium-term reductions in funding from Central Government.

The Committee considered the draft strategy and made the following comments:

That the revised Open Spaces Strategy should:

- ensure that provisions for all communities, such as older people as well as playing fields and sports facilities for young people
- include provisions to enable open spaces that were presently used for community events to remain inclusive to other demographic groups in the community
- incorporate provision that would influence the appearance of areas and neighbourhoods by coordinating / linking green spaces
- incorporate provision to engage RSL's to explore better use of their green spaces

RESOLVED

1. That the Committee's comments above be noted
2. That it be noted that detailed action planning for the strategy will be aligned with the annual budget cycle in light of the medium-term reductions in funding from central government.

6.2 Planning Obligations Supplementary Planning Document

The Committee received a presentation from Michael Bell, Strategic Planning Manager, Strategic Planning, Development & Renewal, on Planning Obligations Supplementary Planning Document (SPD) which formed part of the Local Development Framework. The presentation informed the Committee of changes to the SPD since the consultation undertaken during Summer 2011. The revised SPD was to be presented to Cabinet on 11 January 2012. The following information was provided:

- in April 2012, the Mayor of London would be able to impose a Community Infrastructure Levy (CIL). This would place pressure on the ability of Tower Hamlets to secure planning obligations. However, the Planning Obligations SPD served to strengthen the Council's own priorities until its own CIL was prepared and implemented in April 2014.
- the rise in education contributions resulting from schemes providing in excess of 35% affordable housing could deter RSLs from making applications. A specific reference in the SPD had therefore been included prior to approval by Cabinet to ensure Officers apply the contribution requirements flexibly.
- where improvements could otherwise be obtained under other mechanisms – such as under S278 of the Highways Act, related clauses had been removed from the SPD.
- the SPD reflects the priorities set out in the LDF Core Strategy, the Mayor's priorities and those set out in the individual service strategies from across the Council such as the IDEA Store Strategy and Open Space Strategy.

In response to Members' questions the following information was provided:

- work had been undertaken to ensure a better platform was provided to secure contributions from developers for employment and enterprise than had previously been possible on individual negotiations.
- a formula was used to calculate education benefits from developers' contributions, these could only be applied to the Council's schools,
- the calculation of the Mayor of London's CIL was a fixed charge at £35 per square metre (subject to final confirmation). Officers wished to ensure that they were able to maximise the benefits of schemes already planned before this was imposed. Tower Hamlets Council CIL would be brought forward on the same basis as a compulsory charge on all new development.
- in future it would not be possible to secure S106 benefits for infrastructure, such as education, therefore the Council would need to rely on its CIL to secure funding for infrastructure.
- the estimated implementation of the Council's CIL by April 2014 is the latest possible date for its introduction. Officers had already commenced work and it was anticipated it would be ready ahead of this date.
- RSL's expressed a view that contributions expected of them were too great. Therefore it was necessary for officers to exercise judgement when stipulating benefits they wished to negotiate. Neither the Mayor of London's CIL nor Tower Hamlets would apply to affordable housing.
- there was a risk that the Council could lose developments after the introduction of the Mayor's and the Tower Hamlets CIL. However Tower Hamlets was in a favourable position compared to certain other London boroughs because of its higher land values.

RESOLVED

That the presentation be noted.

7. VERBAL UPDATES FROM SCRUTINY LEADS

Councillor Sirajul Islam reported that the Resources Directorate budget pressures were ICT and the decant of Anchorage House.

Councillor Amy Whitelock reported that budget pressure areas for CSF were increased demand for school transport and school places and changes in

demand for services to schools, particularly if more of them become academies.

Councillor Rachael Saunders reported her concern, in relation to the AHWB budget proposals, about the failure to deliver savings of £800,000 and an unspecified savings proposal of £200,000. She also reported ongoing communication issues with Barts and The London Trust, including, the closure of the Walk-In Centre in Whitechapel and concern about the resignation of a number of orthopaedic surgeons which had been reported in national media. She had met with senior managers from the Trust to discuss these issues.

Councillor Tim Archer reported that the terms of reference for the review of East End Life costs had been agreed.

RESOLVED

That the verbal updates be noted

8. PRE-DECISION SCRUTINY OF SECTION ONE (UNRESTRICTED) CABINET PAPERS

Nil items.

8.1 Mayoral Decisions

The Chair advised that Mayor's Executive Decision "Housing Stock Options Appraisal" (Mayor's Decision Log No. 013) had been published on 22 December 2011 and had been called-in. The call-in was determined under urgent business provisions at agenda item 9.1.

9. ANY OTHER SECTION ONE (UNRESTRICTED) BUSINESS WHICH THE CHAIR CONSIDERS TO BE URGENT

The Chair informed the Committee that she had agreed to consider the call-in of the Mayor's Executive Decision "Housing Stock Options Appraisal" (Mayor's Decision Log No. 013) as an item of urgent unrestricted business to enable the call-in to be discharged within the prescribed timescales.

9.1 Mayor's Executive Decision Called-in

The Chair moved to vary the order of business. Accordingly, the call-in of the Mayor's executive decision was considered as the second item of business.

Councillor Judith Gardiner presented the call-in on behalf of Councillors Joshua Peck, Bill Turner, Shiria Khatun, Khales Uddin Ahmed, Rajib Ahmed and Carlo Gibbs outlining the reasons and the concerns that were raised.

Councillor Gardiner then responded to questions from the Committee. The concerns highlighted together with Councillor Gardiner's answers are summarised below:

- the Mayor's decision that the ALMO should continue was supported.
- however the decision to reform the Board of Tower Hamlets Homes (THH) and the methods undertaken to do this caused concern.
- the source of legal advice that had been sought which then led to the disbandment of the previous THH Board was not clearly presented in the report and not consistently identified across documents and correspondence to Board Members.
- many of the key decision criteria were clearly fulfilled but the decision was not dealt with in this category. It was the Call-in Members' view that this had therefore been dealt with incorrectly.
- interim arrangements had not been put in place while the reform of the Board was undertaken
- the method for handling the old Board was inconsistent. The Independent Members had been dismissed whilst Resident Representatives had been given interim appointments on the Board which, in Call-in Members' view, risked its stability.
- it was argued that rather than dismiss the Board, interim arrangements should have been put in place until new Board members were recruited to prevent any risk to THH services.
- it was noted that THH had received positive comments about the involvement and commitment of Board members during a recent Audit Commission inspection that has resulted in a two-star rating.

Councillor Rabina Khan, Cabinet Member for Housing, Isabella Freeman, Assistant Chief Executive – Legal Services, and Jackie Odunoye, Interim Corporate Director for Development & Renewal responded to the concerns raised informing the Committee that:

- appointments to the THH Board were an Executive not a Council matter.
- reform of the Board would ensure monies received through Decent Homes Scheme will be utilised effectively.
- THH performance had improved but had yet to attain excellent standards.
- ensuring there were Resident Representatives on the Board was most important to the Executive.
- THH Memorandum and Articles state that all Board Members will stand down at the third AGM and a new Board be established.
- it is intended that the process for appointment of independent Members be changed from previous interview based arrangements.
- advice from Counsel confirmed that Memorandum and Articles of THH confers powers on the Council's Executive. It was then concluded that appointments formerly made through General Purposes Committee were incorrect. This had to be rectified.

Overview and Scrutiny Committee considered the views and comments made by Councillor Judith Gardiner in presenting the call-in, the information and answers provided by Jackie Odunoye, Interim Corporate Director for Development and Renewal, Isabella Freeman, Assistant Chief Executive, Legal Services, and Councillor Rabina Khan, Cabinet Member for Housing, in response to Councillor Gardiner's issues.

The Committee's discussion of the call-in brought forward the following views:

- the timescales for the decision were short, falling just before a national holiday, with no real working days being available for adhering to regulation timescales.
- a key decision had been incorrectly processed through the decision making procedures. The Chair expressed her concern that this contravened the Council's constitution.
- the Committee noted the Monitoring Officer's statement that the General Purposes Committee guidance (electing board) about Members was incorrect, and was only discovered after consulting Counsel about the Executive process. The Committee was very concerned about this and requested that the Monitoring Officer now check whether other appointments by General Purposes Committee might be affected. The Chair also requested that the Monitoring Officer report back that this had been done.
- that the process that had been undertaken to amend the Memorandum and Articles should be clarified.
- decisions were taken without adequately advising Board Members and that this would have a destabilising effect on THH. Board Members had asked the week before what was happening but had not received any information.
- the process undertaken to renew the Board had not been transparent. The Committee agreed that rules for new members must be seen to be robust in future and that Independent Members brought expertise and commitment, and had performed a key role in the ALMO's success thus far. The decision to exclude them was not explained.
- given the above, the Committee agreed that the decision be referred back to the Mayor with a request that a proper transition process for the Board be put in place establishing formal interim arrangements.
- it was noted that Resident Representatives had been kept on during the interim. As the Committee felt that this had been fair and open this should also be the case for Independent Members of the Board.

Following discussion, the Overview and Scrutiny Committee endorsed the reasons for the call-in and alternative action proposed as submitted by the call-in Members as set out above. Accordingly the decision was referred back to the Mayor for further consideration.

RESOLVED

1. That the Call-in be endorsed by Overview and Scrutiny Committee

2. That the Mayor's Executive Decision called-in "Housing Stock Options Appraisal" (Mayor's Decision Log No. 013), be referred back to the Mayor for further consideration in the context of the views brought forward by the Committee.

10. EXCLUSION OF THE PRESS AND PUBLIC

The Chair **Moved** and it was: -

RESOLVED:

That in accordance with the provisions of Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985, the press and public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contained information defined as exempt or confidential in Part 1 of Schedule 12A to the Local Government, Act 1972.

11. EXEMPT/ CONFIDENTIAL MINUTES

These were considered and approved in closed session.

12. ANY OTHER SECTION TWO (RESTRICTED) BUSINESS THAT THE CHAIR CONSIDERS URGENT

Nil items.

The meeting ended at 9.20 p.m.

Chair, Councillor Ann Jackson
Overview & Scrutiny Committee

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Agenda Item 5.1

Committee: OVERVIEW AND SCRUTINY	Date: 7 th February 2012	Classification: Unrestricted	Report No.	Agenda Item No.
Report of: Service Head, Democratic Services Originating Officer(s): Antonella Burgio, Democratic Services		Title: Cabinet Decision Called-in: Corporate and Commercial Events in Parks (CAB 061/112) Wards: All		

1. SUMMARY

- 1.1 The attached report of the Corporate Director (Communities Localities & Culture) was considered by the Cabinet on 11th January 2012 and has been "Called-In" by Councillors Peter Golds, Gloria Thienel, Zara Davis, Craig Aston, David Snowdon and Emma Jones. in accordance with the provisions of Part Four Sections 16 and 17 of the Council's Constitution.

2. RECOMMENDATION

- 2.1 That the Committee consider the contents of the Cabinet attached report, review the provisional decisions arising and
- 2.2 decide whether to accept them or refer the matter back to Cabinet with proposals, together with reasons.

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

Brief description of "background paper"

Cabinet Report CAB 061/112 –
11 January 2012

Name and telephone number of holder and address
where open to inspection

Antonella Burgio

0207 364 4881

3. BACKGROUND

3.1 The request to call-in the Cabinet's decision dated 13th January 2012 was submitted under Overview and Scrutiny (O and S) Procedure Rules Sections 16 and 17. It was considered by the Assistant Chief Executive, Legal Services who has responsibility under the constitution for calling in Cabinet decisions in accordance with agreed criteria.

3.2 The call-in request fulfilled the required criteria and the decision is referred to Overview and Scrutiny Committee in order to consider whether or not to refer the item back to the Cabinet, at its meeting on 8th February 2012, for further consideration. Implementation of the Cabinet decision is suspended whilst the call-in is considered.

4. THE CABINET'S PROVISIONAL DECISION

4.1 The Cabinet after considering the report attached, at Appendix 1, provisionally decided the following:-

1. *agreed that income generating opportunities in all suitable parks continue to be pursued where these do not impact unduly on the local community and planned sporting arrangements; and*
2. *agreed that Decision 1. above applies to Sir John McDougal Gardens, Millwall Park and Island Gardens.*

4.2 Reasons for Decisions

These were detailed in paragraph 3.1 of the report (CAB 061/112) and stated that

“On 21 September Council resolved that three parks should remain “solely for the use of residents and community groups for the purpose of recreation, leisure and sports”. This resolution, however, has potential financial impact and therefore needs to be considered by Cabinet and a decision taken as to whether these parks are to be excluded from consideration for any suitable income-generating events.”

4.3 Alternative Options Considered

This was detailed in paragraph 4 of the report (CAB 061/112); and stated that:

“Cabinet may decide to exclude these sites; however the implication is that further lists of sites are likely to be brought forward for exclusion which will impact on the Council's ability to meet income targets and fund community events which are met from income generated from parks. A proportion of the income generated is re-invested in parks

and implementing this resolution would also impact upon this investment.”

5. REASONS / ALTERNATIVE COURSE OF ACTION PROPOSED FOR THE ‘CALL IN’

5.1 The Call-in requisition signed by the Councillors identified at Section 1 of this report gives the following reason for the Call-in:

“This report allows parks to be used for commercial and corporate events even if it is to inconvenience and detriment of the local community. It allows council officers the freedom to allow parks to be used for such events even if there are pre-scheduled sporting events or if the event is so private (such as a wedding) it would not be open to members of the public and local community.

- In section 6.2 of the report it is stated that “other parks are also able to accommodate smaller corporate commercial events and private social events such as weddings”. Then a little further on it says “No park will be used exclusively for commercial use, there will be public access at all times” These two statements are contradictory as if a private, social or corporate event is taking place, it will not be open to the public as it is exclusively private.
- Also in section 6.2 of the report, it is stated that “Furthermore regular sports bookings will be taken into account when considering events”. This statement does not state that regular sport bookings will be avoided, just that they will be taken into account when making decisions. Therefore this means there will be freedom and the ability to book commercial events over sports bookings. This would seem to go contrary of the Councils Open Space Strategy. This states “The Council is the principal provider for formal field based sports in Tower Hamlets... and Local demand for outdoor sports and recreational use of parks is known to be high, given the young population”. As the Council has acknowledged it is the main provider of field based sports, which mostly take place in parks, and there is a high demand for these spaces; by allowing the freedom to allow commercial events to come before sporting activities the Council, would appear to be contradicting their Open Space Strategy.
- The reports states that events in parks, whether free or commercial; provide similar opportunities for communities to come together. This is unlikely to be true as commercial; events such as product launches which will probably have an invitation only guest list and this would mean it would be unlikely for local residents to attend, Therefore they do not provide an opportunity for communities to come together - in fact they do the complete opposite. They actively prevent communities from coming together, since they prevent the communal use of the local park.
- In 6.1 of the report, it is said “A proportion of all income generated in parks (other than Victoria Park which has a separate target of £100,000) will go to help the upkeep and improve facilities”. Although

a good idea to reinvest some of the income raised from commercial events in parks back into them. 10% of income from commercial events is a very low amount to be reinvested back into parks. The point is that if residents have to put with all the disruption from commercial events, it is insulting that only 10% of the income will get reinvested into those parks. They will therefore see virtually no benefit for all the disruption, inconvenience and loss of amenity that they will have to bear.

5.2 The requisition also proposed the following alternative course of action:

“We call upon the Mayor and Cabinet to review the decisions in the report and follow the motion passed in Council on 21 September 2011 that states:

‘Sir John McDougal Gardens, Millwall Park and Island Gardens will remain solely for the use of residents and community groups for the purpose of recreation, leisure and sports.’

To do more than to take into consideration regular sports bookings and to protect these sports bookings when considering commercial events to take place in parks.

To significantly increase the percentage of income raised from commercial events that is going to be reinvested back into parks to take account of the disruption, inconvenience and loss of amenity that local residents will have to tolerate when these events are taking place.

6. CONSIDERATION OF THE “CALL IN”

6.1 Having fulfilled the call-in request criteria, the matter is referred to the Overview and Scrutiny Committee in order to determine the call-in and decide whether or not to refer the item back to the Mayor and Cabinet for further consideration.

6.2 The following procedure is to be followed for consideration of the “Call In”:

- (a) Presentation of the “Call In” by one of the “Call In” Members followed by questions.
- (b) Response from the Cabinet Member and / or officers followed by questions.
- (c) General debate followed by decision.

N.B. – In accordance with the Overview and Scrutiny Committee Protocols and Guidance adopted by the Committee at its meeting on 5 June, 2007, any Member who presents the “Call In” is not eligible to participate in the general debate.

6.3 It is open to the Committee to either

- resolve to take no action which would have the effect of endorsing the original Cabinet decision(s), or
- the Committee could refer the matter back to the Cabinet for further consideration setting out the nature of its concerns and possibly recommending an alternative course of action.

7. APPENDIX

Attached, as an appendix, is the Cabinet Report (CAB 061/112) Corporate and Commercial Events in Parks

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Committee/Meeting: Cabinet	Date: 12 January 2012	Classification: Unrestricted	Report No: CAB 061/112
Report of: Corporate Director Communities, Localities and Culture Originating officer(s) Heather Bonfield Interim Service Head, Culture, Learning and Leisure		Title: Corporate and Commercial Events in Parks Wards Affected: All	

Lead Member	Cllr Rania Khan
Community Plan Theme	A Great Place to Live
Strategic Priority	2.2 Strengthen and Connect Communities

1. **SUMMARY**

- 1.1 This report relates to corporate, private and commercial events in three specific parks. When the report on Commercial Events in Parks was agreed by Cabinet on 6 April 2011, Cabinet agreed: "income generating opportunities in other suitable parks continue to be pursued where these do not impact unduly on the local community and planned sporting arrangements". Subsequently Council, on 21 September 2011, passed the following motion:

"Sir John McDougal Gardens, Millwall Park and Island Gardens will remain solely for the use of residents and community groups for the purpose of recreation, leisure and sports"

- 1.3 As this motion has a potential financial impact (loss of income) the matter is referred back for consideration by Cabinet.

2. **DECISIONS REQUIRED**

The Mayor in Cabinet is recommended to:-

- 2.1 Agree that income generating opportunities in all suitable parks continue to be pursued where these do not impact unduly on the local community and planned sporting arrangements.
- 2.2 Agree that this decision applies to Sir John McDougal Gardens, Millwall Park and Island Gardens

3. REASONS FOR THE DECISIONS

- 3.1 On 21 September Council resolved that three parks should remain “solely for the use of residents and community groups for the purpose of recreation, leisure and sports”. This resolution, however, has potential financial impact and therefore needs to be considered by Cabinet and a decision taken as to whether these parks are to be excluded from consideration for any suitable income-generating events.

4. ALTERNATIVE OPTIONS

- 4.1 Cabinet may decide to exclude these sites; however the implication is that further lists of sites are likely to be brought forward for exclusion which will impact on the Council’s ability to meet income targets and fund community events which are met from income generated from parks. A proportion of the income generated is re-invested in parks and implementing this resolution would also impact upon this investment.

5. BACKGROUND

- 5.1 Cabinet 6 April 2011 agreed future arrangements with regard to large commercial events in Victoria Park, but also considered the opportunity to raise income through smaller events, including corporate events and weddings. Cabinet was advised that Officers already progressed these types of event where suitable; Cabinet endorsed this approach and agreed that income generating opportunities in other suitable parks continue to be pursued where these do not impact unduly on the local community and planned sporting arrangements. On 21 September however, Council resolved to exclude three parks on the Isle of Dogs from this consideration and it is this matter which is now before Cabinet.
- 5.2 Officers from the Council’s Arts and Events team are drawing up plans to actively market specific parks and open spaces in the borough to commercial organisations, along with guidelines on types of use and potential numbers of bookings per year.

6. BODY OF REPORT

- 6.1 Commercial activity in our parks is not new and each year a number of income generating events already take place. To date the Council has been reactive to approaches from companies/individuals to use parks and open spaces. It is now looking to actively market specific spaces to increase the level of commercial activity and increase income generation. A proportion of this income will be reinvested in parks; from 2011 10% of all income generated in parks (other than Victoria park which has a separate target of £100,000) will go direct to parks to help with their upkeep and improve facilities.
- 6.2 The aim is to spread commercial activity across more parks to ensure that there is no undue impact on specific parks. Victoria Park is the most suitable

for major events, but other parks are also able to accommodate smaller corporate commercial events and private social events such as weddings. Each park/open space will be assessed for the type of event that will be suitable, as well as the maximum number of events that would be accepted. For some this will mean that no events will be sought. No park will be used exclusively for commercial use, there will be public access at all times. Furthermore regular sports bookings will be taken into account when considering events. It is therefore anticipated that each suitable park will have only a small number of commercial bookings in any one year. All events taking place will be managed to a high standard by the Arts and Events team who have extensive experience in this.

- 6.3 The need for the Council to become more efficient at generating income is clear and the current economic challenges to all Local Authorities will not change in the near future. Whilst fully appreciating the sensitivities and concerns of park users around the use of these spaces by commercial organisations and private users, the reality is that levels of activity will be low and subsequently impact will be fairly minimal in parks across the borough, including those on the Isle of Dogs. All commercial activity will be monitored closely.
- 6.4 It is therefore recommended that the Cabinet re-affirms its decision to enable corporate events in all suitable parks, including those on the Isle of Dogs and enable the marketing of specific parks within clear detailed guidelines for each space.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 A Council decision with financial consequences requires Cabinet consideration.
- 7.2 The savings targets included in the 2011/12 budget include an additional £200k to be achieved through increased income from events in parks.
- 7.3 Paragraph 4.2 refers to the Council resolution not to pursue commercial opportunities in the Isle of Dogs Parks, which will impact on the ability to achieve the savings target. This report is proposing that these parks are reinstated.

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 8.1. Under section 145 of the Local Government Act 1972, the Council has authority to make arrangements for the provision and doing of (or contribute to the expenses toward) an entertainment of any nature. This includes providing facilities in improving the development, practice, and understanding of the arts and the Council may set apart an area in any park or pleasure ground belonging to the Council or under its control as a venue for these purposes (section 145(2)(a) the Local Government Act 1972).

- 8.2. Under section 145(2) of the Local Government Act 1972, the Council is able to authorise another person using a public park for these purposes on such terms and payment as the Council sees fit and may authorise others to make charges for admission. The Council also issue admission charges itself, and can further issue charges for refreshments and programmes supplied in connection with the event.
- 8.3. It is important to note that the above provisions only apply to parks and open spaces that either belong to the Council, or are under the Council's control. Therefore consideration must be had to the ownership of each individual park in the Borough before any such events are authorised.
- 8.4. By virtue of section 19(1)(f) of the Local Government (Miscellaneous Provisions) Act 1976, the Council has the authority to provide any recreational facilities as the authority considers fit and appropriate to provide. Section 19(2) of the Local Government (Miscellaneous Provisions) Act 1976 further authorises the Council to make any such recreational facilities available for use with or without charge as the Council sees fit.
- 8.5. The Council is empowered under section 2 of the Local Government Act 2000 to do anything which it considers likely to promote the social, economic or environmental well being of Tower Hamlets, provided the action is not otherwise prohibited by statute. This power includes the ability to incur expenditure or to give financial assistance to or enter into arrangements or agreements with any other person. The power may be exercised in relation to, or for the benefit of: (a) the whole or any part of Tower Hamlets; or (b) all or any persons resident in Tower Hamlets. In exercising the power, regard must be had to the Community Plan and there should be evidence to support any conclusion about likely benefits. Efficiency is a cross-cutting theme in the Tower Hamlets Community Plan.
- 8.6. The Council has a duty under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. This includes an obligation to make best use of the assets that it has at its disposal.
- 8.7. Having regard to section 13 of the Local Government Act 2000 and the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, the functions referred to in paragraphs 8.1 to 8.6 above are executive functions.
- 8.8. Any authorised events must comply with the relevant legislation in ensuring that any events are properly regulated. Such legislation may include (but is not limited to):
- Licensing Act 2003
 - Environmental Protection Act 1990 and all associated regulations.
 - Environment Act 1995 and all associated regulations.
 - Health & Safety at Work Act 1974 and all associated regulations.
 - Equality Act 2010.

- Food Safety Act 1990 and all associated regulations.
- Construction (Health, Safety and Welfare) Regulations 1996 and all associated regulations.
- Control of Substances Hazardous to Health Regulations (COSHH) 2002 Highly Flammable Liquids and LPG Regulations 1972

8.9. Before agreeing to pursue income generating opportunities in parks, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't. Material relevant to this consideration is contained within the report.

9. ONE TOWER HAMLETS CONSIDERATIONS

9.1 Events in parks, whether free or commercial, provide similar opportunities for communities to come together and commercial income is required to fund free events such as fireworks which are widely enjoyed by our community.

9.2 The particular impacts of events, including any equality impacts, will be considered on a case by case basis prior to the Council agreeing that an event may proceed.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

10.1 As indicated below, those who hire the facilities will be expected to conform to Council sustainability policies, e.g. by recycling waste.

11. RISK MANAGEMENT IMPLICATIONS

11.1 The proposals in this report with regard to income generating events provide the least risk to future income generation.

11.2 Promoters of all events in parks are required to provide bonds which ensure that any damage arising from the event is re-instated. They are advised of council's policies on sustainability and required to adhere to them

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

12.1 Whilst events could have the potential to generate anti-social behaviour they are planned in full consultation with the Police and all plans are approved by the Safety Advisory Group which has Police and other emergency services representation

13. EFFICIENCY STATEMENT

13.1 Opportunities for income generation from corporate and private events and commercial events in other venues will be marketed in 2011.

14. APPENDICES

Nil

Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report

Brief description of “background papers”	Name and telephone number of holder and address where open to inspection.
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None

N/A

Agenda Item 6.1

Committee/Meeting: Cabinet / Overview and Scrutiny	Date: February 2012	Classification: Unrestricted	Report No:
Report of: Corporate Director Development and Renewal Originating officer(s) Nick Smales - Service Head Economic Development and Olympic Legacy		Title: Enterprise Strategy Wards Affected: All	

Lead Member	Cllr. Shafiqul Haque - Lead Member Employment
Community Plan Theme	Prosperous Communities
Strategic Priority	Supporting more people into work and improving employment skills; and Fostering enterprise and entrepreneurship

1. **SUMMARY**

- 1.1 The draft Strategy was widely circulated for comment to internal and external stakeholders during late April and throughout May 2011.
- 1.2 Comments from the consultation exercise have been considered and taken into account and a final (post consultation) draft is attached for adoption by Cabinet.

2. **DECISIONS REQUIRED**

The Mayor in Cabinet is recommended to:-

- 2.1 Note the extensive consultation process undertaken for the draft Enterprise Strategy and the amendments made to the document
- 2.2 Agree to the Strategy and the proposed action plan going forward to Full Council for approval.

3. **REASONS FOR THE DECISIONS**

- 3.1 The Local Economic Assessment, completed during 2010, concluded that Tower Hamlets was a place like no other facing *“both challenges and opportunities like no other local authority.”* The economic transformation of the Borough in the past two decades has made the Borough’s economy

significant in a global context and yet the Borough has the second lowest employment rate in London despite there being three jobs for every two residents in the Borough.

- 3.2 The Employment Strategy adopted by Cabinet in May 2011 seeks to focus activity on supporting residents into the labour market, essentially responding to labour market supply. It is also necessary to consider the demand side of the labour market i.e. the ability of the enterprise economy to grow and create jobs and opportunities for local Tower Hamlets residents. The Enterprise Strategy therefore provides a focus for the Council and its partners concerned with the growth and relevance of the demand side of economic development in the Borough.

4. ALTERNATIVE OPTIONS

- 4.1 The principal focus for the Council and its partners is clearly to respond to the worklessness challenge, supporting more residents into work which is a function of the recently adopted Employment Strategy and thus the option of continuing economic development activity guided solely by the Employment Strategy was considered.
- 4.2 However given the significant evidence base generated from the LEA and the aim of ensuring greater employment and enterprise opportunities for local residents via a greater understanding and development of interventions on the demand side development of the first Enterprise Strategy was considered the most appropriate option.

5. BACKGROUND

- 5.1 The strategy considers the structure of the Tower Hamlets economy including its transformation from a de-industrialising, traditional economy to a predominantly knowledge based, higher skilled, service economy.
- 5.2 Transformation has been driven by the emergence of the financial and business services cluster and this sector is forecast to continue to grow further over the next decade. However, whilst the Tower Hamlets economy has been hugely successful in the past decade its benefits and relevance to Tower Hamlets residents is not comprehensive and there remains the need to maintain a broad based, diverse economic structure which supports the start up, development and growth of businesses in the Borough in growth sectors in addition to financial and business services.
- 5.3 The Council and its partners have the ability to shape and influence the enterprise environment and the Enterprise Strategy has been developed to respond to the objective of supporting enterprise and entrepreneurial activity for the benefit of local people.

6. **BODY OF REPORT**

- 6.1 The Tower Hamlets economy has transformed over the past three decades and is now worth around £6 billion annually. In the decade to 2008 employment grew in the Borough by around 60% so that there are now around 1.4 jobs accommodated in the Borough for every working age resident.
- 6.2 The growth has been characterised by the emergence of the Financial Services Sector and Business Services sector clustered around Canary Wharf and the City Fringe. These sectors account for over half of all jobs in the Borough. There is however evidence that there is a ripple effect emerging across the Borough with reference to auxiliary services serving the principal clusters.
- 6.3 Traditional industries have declined as the economy transitions from a traditional industrial economy into a knowledge based / service sector economy and manufacturing now accounts for around 5% of employment in the Borough which drops to 2% if the classification of newspaper publishing is discounted from the wider manufacturing category.
- 6.4 There is a healthy rate of business births in the Borough and there is evidence of SME growth above England averages. The greatest number of businesses exist in the Wholesale and Retail and Business Activities sectors.
- 6.5 Issues within the enterprise economy include the need to close the gap between the skills increasingly demanded by the knowledge economy and the skills levels of local residents; the limited supply and affordability of space for small businesses; access to financing for start up and small businesses and a fragmented business advice network.
- 6.6 Overall the Enterprise Strategy seeks to provide the context for the maintenance of a vibrant and growing economy which benefits the local population. Accordingly the draft Strategy establishes the overall aim of the Strategy as *to encourage and support enterprise and entrepreneurial activity to increase opportunity, prosperity and mobility in Tower Hamlets.*
- 6.7 The Strategy includes:
- an overview of the Tower Hamlets Enterprise Economy (chapter 2, *What is happening in the Tower Hamlets Enterprise Economy*)
 - information about key stakeholders (chapter 3, *Who's who in relation to Enterprise*)
 - a summary of the key issues facing the enterprise economy in the borough (chapter 4, *Challenges*)
- 6.8 The key conclusions of each of these sections are summarised below:
- 6.9 **What is happening in the Tower Hamlets Enterprise Economy**

- 6.9.1 Enterprise is strong in Tower Hamlets and the economic picture is broadly positive. There has been a major and long-term shift towards financial services. Financial services help to fuel a cluster of other businesses, buying in services and supplies and spending money locally, including through their employees. This in turn creates opportunities for a broad range of business services. Functionally, Tower Hamlets is now part of the central London economy.
- 6.9.2 These changes bring some tensions, as traditional sectors continue to decline, but new opportunities exist. Besides financial and business services, tourism, creative industries and knowledge-based industries are growth sectors which are not directly part of the financial and business services cluster and offer greater diversity. Tower Hamlets has a higher than average level of business starts, indicating that there are enterprising local people.

6.10 Who's who in relation to Enterprise

6.10.1 There are different types of business in the borough, which have different characteristics and therefore require different responses from an enterprise strategy. Four key types of business are outlined. Within Tower Hamlets there are also services which exist to support enterprise, for instance through providing finance and advice, and this includes a particular role for the Council. Generally speaking, the borough and partners have a greater role to play in supporting enterprises which are more locally focused in terms of the markets they serve and/or the people they employ.

6.11 Challenges

6.11.1 *The skills gap - residents and borough businesses* A high proportion of local residents lack basic skills, and there is a predominance of job opportunities that are either at entry level or require a very high level of skills – with relatively little in between. Tackling both these issues will have benefits for both businesses and residents. The Employment Strategy suggests how the Council and its partners can improve residents' access to jobs by raising their skills levels. The challenge for the Enterprise Strategy is to support enterprise, encourage growth and support a diverse, sustainable business base that generates employment within the borough and that local people can access.

6.11.2 *Relatively low rate of self-employment* Overall, self-employment appears to be underperforming in Tower Hamlets, in terms of its contribution to the borough's enterprise economy and specifically in its contribution to employment. However, there has been a significant increase in self-employment rates in the borough in recent years, particularly among women, and female self-employment rates are relatively strong. The Council and its partners need a fuller and more detailed understanding of the issues relating to self-employment in Tower Hamlets, in order to inform business support provision so as to

maximise the contribution self-employment can make to tackling unemployment.

6.11.3 *Limited resources for business* Business support provision is under increasing threat, owing to funding reductions and uncertainty about future funding. The existing services have finite resources and are probably not sufficient to fully meet local needs. There are also signs that the sources of finance for enterprise in Tower Hamlets may be limited, and constraining business operation and expansion. The Enterprise Strategy should provide a framework for coordinating provision in order to maximise the impact of scarce resources.

6.11.4 *Underperforming town centres* Improving the performance of the borough's town centres has the potential to retain more spending locally, support a more diverse economy in Tower Hamlets, and increase the number and range of jobs available to residents. The Enterprise Strategy can support the delivery of the Town Centre Spatial Strategy by ensuring that business support provision meets the needs of existing town centre businesses, and encouraging a wider range of businesses, particularly SMEs, to locate in the borough's town centres.

6.11.5 *Lack of suitable workspace for small businesses* There is a shortage of workspace for SMEs in Tower Hamlets, which risks pushing business start-ups and growing businesses out of the borough. These enterprises are vital for the strength of the local enterprise economy and could provide substantial employment opportunities to local people. Improving the supply of flexible workspace would support small and growing businesses and, if located in parts of Tower Hamlets other than Canary Wharf and the City Fringe, could support the commercial viability of town centres in the borough. The Enterprise Strategy can help to address this issue by promoting the development of appropriate workspace, particularly in town centres.

6.12 Having reviewed the evidence base and identified the key challenges, the Strategy proposes a series of strategic and intermediate objectives for the Council and its partners in meeting the identified challenges and supporting the borough's enterprise economy. These are set out in the next section.

7. **STRATEGY AIMS and OBJECTIVES**

- 7.1 It has always been the intention to express the overall purpose or aim of the strategy as straightforwardly as possible to provide coalescence around a clear purpose and thus the strategic aim for the Strategy has been developed *as to encourage and support enterprise and entrepreneurial activity to increase opportunity, prosperity and mobility in Tower Hamlets*
- 7.6 In order to define how progress can be made against the overall aim and reflecting comments made in the consultation process, three Strategic Objectives have been developed. The table overleaf provides the read through from the strategy aim to the strategic objectives and then to the intermediate objectives which in turn provide the context for the development and delivery of activity.

Table: Aim and Objectives Read Through

<u>AIM</u>	STRATEGIC OBJECTIVE	INTERMEDIATE OBJECTIVE
To encourage and support enterprise and entrepreneurial activity to increase opportunity, prosperity and mobility in Tower Hamlets	1. Support the establishment, growth and development of SMEs.	1.1 Co-ordinate and strengthen enterprise support services and access to finance
		1.2 Work with large organisations and business to harness their resources for the benefit of SMEs
		1.3 Support social enterprise
	2. Provide an environment that supports a thriving and diverse economic base	2.1 Secure premises to support business growth
		2.2 Ensure that the physical environment, including town centres, is suitable for a range of businesses
		2.3 Encouraging an entrepreneurial spirit and a culture of innovation
	3. Support the borough's enterprise economy by communicating local needs and wishes to influence a variety of audiences	3.1 Develop Tower Hamlets enterprise voice
		3.2 Influence the policy context to maintain a diverse and sustainable economy
		3.3 Promote Tower Hamlets as a location for investment and enterprise, and a destination for visitors

8. CONSULTATION

- 8.1 As referenced above throughout late April and most of May the draft strategy (considered by MAB in April) was subject to consultation and a number of comments were received and the Strategy revised accordingly.
- 8.2 Generally the consultation draft Strategy was well received by external agencies including some strongly positive feedback e.g.
- “The Tower Hamlets Enterprise Strategy.....is a very comprehensive document, and we at the centre welcome support for enterprise”

(East London Small Business Centre)
 - “The Executive Summary and Context sections show thorough research and set the scene well.”
 - “Overall, a good strategy that has the potential to deliver change and results”

(East London Business Place)
- 8.3 With reference to comments concerned with areas for strengthening / attention these fell into two principal areas, the role of the voluntary / third sector in supporting social enterprise and how the Strategy could help residents obtain jobs in the local enterprise economy.
- 8.4 As a result of the consultation process and responding to internal comment the structure of the strategy has changes to provide a greater focus on why it is necessary in a Borough such as Tower Hamlets for the Council to develop an Enterprise Strategy and the purpose behind the proposed interventions in the enterprise economy.
- 8.5 A report on the detail of the consultation and the strategy response is attached at Appendix 3.

9. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 9.1 This report asks Cabinet to approve the Enterprise Strategy following the stakeholder consultation that has recently taken place.
- 9.2 As is the case with the closely related Employment Strategy, the objectives contained within the Enterprise Strategy set out a range of activities and priorities for the Council and key partners providing a clear focus for ensuring that available resources are targeted to and in line with these priorities.
- 9.3 Whilst there are no specific financial consequences arising from the recommendations in the report, delivery of the strategy will be extremely

challenging in the current economic climate, and will require a co-ordinated approach and aligning of funding from all major partners. It will also require that best value for money is obtained from limited sources of external funding, given that the Council's mainstream resources to support the Enterprise Strategy are extremely limited.

10. **CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE
(LEGAL SERVICES)**

- 10.1. There is no statutory requirement for the Council to adopt an enterprise strategy. It is understood that the strategy is being brought forward to further the Council's sustainable community strategy, as expressed in the Community Plan. This may be underpinned by the Council's well-being power, set out in section 2 of the Local Government Act 2000.
- 10.2. The Council is empowered under section 2 of the Local Government Act 2000 to do anything which it considers likely to promote the social, economic or environmental well being of Tower Hamlets, provided the action is not otherwise prohibited by statute. The power may be exercised in relation to, or for the benefit of: (a) the whole or any part of Tower Hamlets; or (b) all or any persons resident in Tower Hamlets. In exercising the power, regard must be had to the Community Plan. The Council should be satisfied that there is appropriate evidence to suggest that the strategy will relevantly promote well-being.
- 10.3. In the absence of any statutory obligation to consult, it is still good practice for consultation to be undertaken at a time when proposals are still at a formative stage, to include sufficient information to allow those consulted to give intelligent consideration and response and to allow adequate time for this purpose. A report on the consultation conducted is provided with the report.
- 10.4. The enterprise strategy plays a companion role to the Council's employment strategy and will assist the Council to realise the priorities of the Community Plan insofar as the strategy will be a document informing Development Plan Documents including the Development Management DPD and Site and Place-Making DPD.
- 10.5. The enterprise strategy is not proposed to eventually be adopted as a Local Development Framework (LDF) planning document, rather it is an overarching strategy that will inform the LDF, and therefore will not attract the same weighting in terms of the Council's local planning policy. Such approval raises no immediate legal implications.
- 10.6. Before making the proposed order, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't. An equality impact assessment has been prepared and this may assist the Council to meet its statutory equality duty.

11. ONE TOWER HAMLETS CONSIDERATIONS

- 11.1 The overall aim of the strategy is to Strategy is to increase opportunity, prosperity and mobility in Tower Hamlets consistent with the Vision and Priorities expressed in the Tower Hamlets Community Plan.
- 11.2 An Equalities Impact Assessment has been undertaken as part of the strategy development process. The Equalities Impact Assessment has concluded that the approach taken in developing the strategy will have a positive impact on equality of opportunity in the borough, as intended. It recognises and acknowledges the diversity of the Tower Hamlets population and business base by ensuring that initiatives will be implemented and monitored to ensure substantial benefit for these diverse groups and to provide support for any group which, in terms of business support and involvement is disadvantaged compared with the others.
- 11.3 Following the impact assessment it is not anticipated that the Strategy will lead to any discrimination or other behaviour that has been prohibited by the Equality Act 2010.

12. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 12.1 The strategy sets objectives around creating opportunity within the local supply chains which if realised will lessen the carbon footprint whilst capturing business activity and wealth within the Borough.

13. RISK MANAGEMENT IMPLICATIONS

- 13.1 The principal risk for the Enterprise Strategy is around execution and the full engagement of key partners which are fundamental to the aims of the strategy. For example the need for better coordination of a fragmented business and enterprise support network in the Borough requires the engagement and commitment of business agencies operating in the Borough and thus without their participation and support the ability to join up / coordinate services better will be more difficult.

14. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 14.1 The aim of the strategy is to increase opportunity, prosperity and mobility in the Borough through supporting an enterprise economy that creates jobs and wealth for local residents. Increasing available employment opportunities to match the refreshed Employment Strategy aim of increasing the number of residents in work will make a positive contribution to the reduction of crime and disorder.

15. EFFICIENCY STATEMENT

- 15.1 The Enterprise Strategy has been developed from within the context of a changed policy environment and therefore a number of efficiencies can be identified from delivery of objectives and from the development of a strategic approach.
- 15.2 Having a robust, partnership agreed strategy can reduce inefficiencies within the enterprise, business support network and support bidding for and leverage of national / regional and local resources are targeted against Tower Hamlets priorities. Given the changed policy context in which the public sector can only bid for Regional Growth Fund with the private sector having clearly articulated aims and objectives which are agreed with and by partners will support Tower Hamlets voice in attracting funds and within new governance structures such as the pan London Local Enterprise Partnership (LEP).

16. APPENDICES

- Appendix 1 – Enterprise Strategy
- Appendix 2 – Indicative Action Plan
- Appendix 3 – Consultation Response document
- Appendix 4 – Equalities Impact Assessment

**Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report**

Tower Hamlets Local Economic
Assessment (December 2010, vols 1-4)

Nick Smales
Service Head
x 4628

Enterprise Strategy: *Executive Summary and Introduction*

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Executive Summary

Enterprise benefits Tower Hamlets in many ways. It offers employment and brings wealth into the borough, some of which is spent locally, supporting retail and recreational areas, and making public spaces more vibrant.

However, it is vital that residents can make the most of the opportunities enterprise brings and, in a borough where deprivation is still pronounced, it is right that the Council and partners work together to make this potential for further improvements to everyone's quality of life a reality. When these elements work together, the virtuous cycle established benefits both residents and businesses.

As such, the Enterprise Strategy fits closely with the aims of the Core Strategy and Prosperous Communities. The aim of the Enterprise Strategy is to *encourage and support enterprise and entrepreneurial activity to increase opportunity, prosperity and mobility in Tower Hamlets.*

Tower Hamlets has a strong base on which to build, including its strategic location and a positive economic outlook. It has experienced very rapid employment growth and is functionally part of the central London economy. The profound shift to financial services creates additional jobs in associated sectors and this business cluster will continue to be vital to the development of the borough. Residents in Tower Hamlets are enterprising and it is a dynamic environment for new and existing businesses.

Alongside growth, there is also transition. Traditional sectors are in decline, whilst others such as tourism, creative and knowledge-based industries offer exciting possibilities for renewed growth and diversification. As a result, some types of business and enterprise sectors therefore deserve particular encouragement and support so that the advantages of enterprise increasingly complement the wellbeing of the borough's population. It should also be noted that some businesses, including social enterprises, tend to have a local focus in terms of the markets they serve and the people they employ. The Strategy seeks to identify some of the differences between businesses as well as the partners and support services, most notably advice and finance, that all have a stake in success.

Tower Hamlets faces a number of challenges with regards to strengthening its economy to provide a fertile ground for enterprise from which residents can benefit. These can be grouped as:

Economy and employment issues – despite the many jobs which exist in Tower Hamlets, residents struggle to access them and employers report skills gaps. Without qualifications and training, combined with work experience, businesses and residents alike lose out. There is also a lower rate of male self-employment in Tower Hamlets than elsewhere. Addressing these issues stands to increase the opportunities for local people to access local jobs. This supports the Employment Strategy's aim of increasing employment.

Resource issues – despite the hard work of support agencies within and beyond the borough, high demand for these services results in gaps in provision. It is also unclear whether the right kinds of funding are available to businesses when they need them, which is a particular issue for smaller businesses and start ups. Efficiently co-ordinating and resourcing the agencies which can help with training, capacity building, access to suppliers (particularly in Canary Wharf and the City Fringe) and finance will support

Enterprise Strategy: *Executive Summary and Introduction*

further growth and diversity in the economy where local people can play a greater role as entrepreneurs and employers.

Spatial issues – the supply of smaller office premises is low and Tower Hamlets has many minor town centres which could be made more attractive to community facing and other local enterprises. The Council can influence this through its planning and development powers. Improving the physical infrastructure and providing more B1 units, better retail environments, and clearer town centres, connected by even better transport, will foster business growth. This can bring further jobs into the reach of residents at the same time as providing goods and services which people want in town centres which are more welcoming.

Ongoing success is not guaranteed and will not come without effort from all stakeholders in the local economy. Based on the aim and in response to the challenges, three objectives are proposed. These are to:

1. **Support the establishment, growth and development of SMEs.** This includes working with large business and the public sector in terms of procurement and corporate social responsibility for SMEs and social enterprise. Support services and access to finance are also areas to strengthen here.
2. **Provide an environment that supports a thriving and diverse economic base.** This is physical – relating to business premises and better town centres – but is also about encouraging innovation and an entrepreneurial spirit, so that businesses continue to thrive, with Tower Hamlets' residents in strong positions.
3. **Support the borough's enterprise economy by communicating local needs and wishes** to influence a variety of audiences. By making it easier for Tower Hamlets' enterprises to voice their strengths and concerns, the Council and partners can both influence policy and promote the borough as a destination and location for enterprise.

Active work on all of these fronts will indeed *encourage and support enterprise and entrepreneurial activity to increase opportunity, prosperity and mobility in Tower Hamlets*. This Strategy, its objectives, and the first accompanying action plan – which will be updated annually – set the stage for accomplishing this. The Council looks forward to working with partners, including the businesses themselves as well as support agencies and the people of Tower Hamlets, to fulfil the aim.

1. Introduction

1.1 Strategic Context

The Enterprise Strategy fits within the context of the vision for “Prosperous Communities”, as set out in the Council’s Community Plan:

“We aim to create a Tower Hamlets in which everyone, regardless of their background and circumstances, has the aspiration and opportunity to achieve their full potential. At the heart of this theme is a focus on combating social exclusion, reducing poverty and improving the life chances of all residents.”

The Community Plan has a fundamental influence on all Council strategies which can affect the chance for residents to have “the aspiration and opportunity to achieve their full potential”.

This Enterprise Strategy has been written to complement other Council strategies. Specifically, it sits as a companion to the borough Employment Strategy, in recognition of the synergy and overlap between workforce and economy.

The aim of the Enterprise Strategy is to:

encourage and support enterprise and entrepreneurial activity to increase opportunity, prosperity and mobility in Tower Hamlets

The Enterprise Strategy provides the basis for intervention and the proposed direction for achieving the chosen objectives. This will require work on the part of the Council by, with and for local enterprises, in conjunction with other stakeholders in the borough.

1.2 Why Enterprise is Important

Enterprise is important to Tower Hamlets in a number of respects:

- **Enterprise creates opportunities for employment** – enterprises provide jobs which local residents can apply for (although it should be noted that less than a third (31%) of working residents work in the borough, with the rest working outside it).¹ The degree to which job opportunities are available and open to local residents contributes to the well being of residents and communities, as well as the achievement of other borough goals, including reducing child poverty. This Enterprise Strategy concentrates on the demand side of employment for local residents.
- **Enterprise is a means for residents to create wealth** – many Tower Hamlets residents earn a living by owning a business or being self-employed. The borough is an entrepreneurial place, and generations of residents have relied on their entrepreneurial activity as a means of social mobility.
- **Enterprise fuels local economic activity** – the local economy is composed of individual enterprises, which can to a greater or lesser extent support other local enterprises and local communities. Such support can be through normal commercial activity, or through specific initiatives, such as Corporate Social Responsibility policies and social enterprise. The Strategy suggests how such support can best be focused.

¹ Source: Annual Population Survey 2008

Enterprise Strategy: *Executive Summary and Introduction*

- **Enterprise improves the local environment** – businesses animate and invest in spaces for offices and retail, supporting the creation of sustainable neighbourhoods which people want to live near and visit.

The key question this Strategy seeks to address is what the Council and its partners can effectively do to support the local enterprise economy to both achieve its growth potential and foster new opportunities through business for borough residents. While growth forecasts for the borough have generally been positive, they are not inevitable and the Council wishes to ensure that the potential opportunity that growth represents is turned into real improvements for the borough's businesses and residents.

This is partly a matter of how initiatives can make a difference, and partly about how the transformation can be accomplished when resources are very limited. The objectives and the action plan proposed are designed to show how this can be done.

1.3 The Cost of Not Taking Action

While the Tower Hamlets economy has experienced some of the highest employment growth in Europe in the last decade, it remains a deprived borough, with the second lowest working age employment rate in London at 59.4%² (roughly 10 percentage points behind the London average of 70.2%). With low employment comes economic exclusion. Whilst the 2010 Indices of Deprivation (IMD) show that Tower Hamlets has moved up from being the second most deprived borough in the country, its rank of seventh in 2010 (the third most deprived borough in London) shows that there is a long way to go. While more than a tenth of working residents earn over £100k p.a., compared to 2% for London as a whole, some 47% of residents are on benefits. This is a dramatic demonstration of the contrasts evident in one of the world's most diverse urban environments.

These challenges cannot be solved by any one strategy. But by ensuring a fertile ground for enterprises within the borough, new employment opportunities will arise which borough residents may be able to capitalise on, benefitting the individuals but also their families and communities. In particular many of the groups most excluded from the workplace, such as those with families or disabilities, are those which would most benefit from local employment. Removing barriers to new business starts in particular is likely to be of real benefit to borough residents in the future. This Enterprise Strategy therefore seeks to encourage a diverse, sustainable local enterprise economy, where borough residents can gain employment and take part in entrepreneurial activity, whether through self employment or by setting up a business.

² 97,800 residents - Annual Population Survey, ONS. Nov 2010

1.4 Principles

Both the Strategy itself and individual initiatives stemming from it are underpinned by the following four principles.

1. **Partnership Working and Stakeholder Participation** – the Council will work with strategic and delivery partners to achieve its aim, as well as providing ample opportunities for those affected by the Strategy and action plans to help shape them.
2. **Data and Evidence** – as the basis for ensuring that actions have a strong likelihood of having a positive impact through enterprise on borough residents and businesses.
3. **Equalities and Diversity** – in recognition of the diversity of Tower Hamlets' population and business base. This includes ensuring substantial benefit for the diverse groups which make up Tower Hamlets' population and supporting any group which, in terms of business support or involvement in the wider business community, is disadvantaged compared with the others.
4. **Sustainable Development** – policies and programmes will seek to support economic, social and environmental goals simultaneously taking into account the needs of current and future generations.

These are applied in the Enterprise Strategy specifically to the establishment and/or growth of local enterprises.

1.5 Contents of This Strategy

This Strategy examines the main features of the borough's enterprise economy and how it is changing. This is followed by an analysis of the different types of businesses and enterprise stakeholders in Tower Hamlets. The shortcomings of the present enterprise economy from the point of view of local residents are presented, as is what the Council and partners can do to improve the situation.

Lastly, strategic objectives and proposed outcomes are set out showing what the Council and its partners will do to promote a positive enterprise environment and economy for the benefit of both resident and businesses.

Key messages

Enterprise has the potential to benefit the borough in a variety of ways, including creating employment, creating wealth and revenue within the borough, and making the physical environment more attractive. This strategy is about how the Council and partners can encourage further enterprise growth, particularly in sectors of the borough economy that will more directly benefit borough residents. As such, it fits with the borough's aspirations as expressed in the Core Strategy and the work on Prosperous Communities.

2. What is happening in the Tower Hamlets enterprise economy

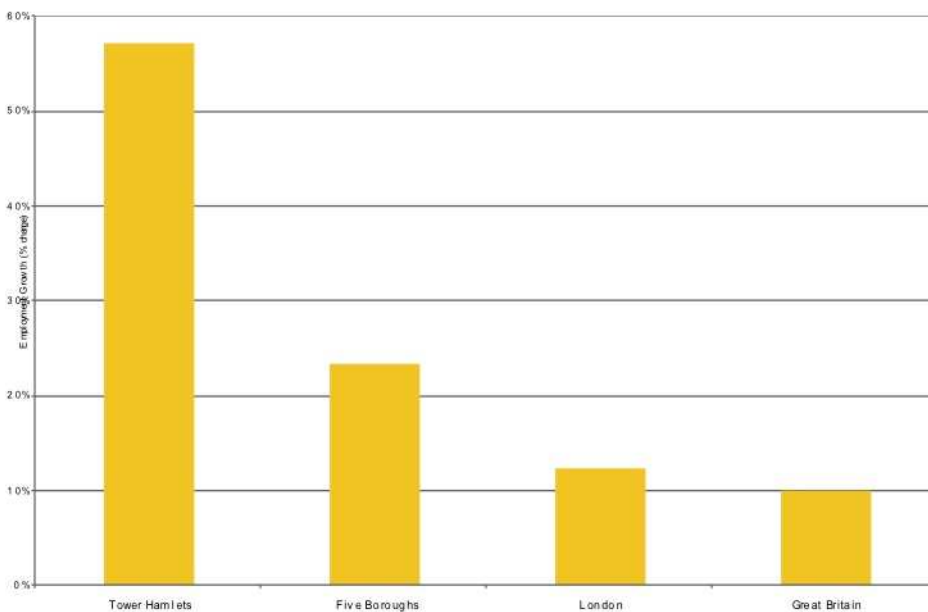
Tower Hamlets has a thriving economy worth some £6bn per annum that provides almost 1.4 jobs for every working-age resident of the borough. The enterprise economy is in many ways the borough's most significant strength and its growth has brought rapid and permanent change to the face of the borough, physically, economically and socially. Since the decline of the docks, Tower Hamlets has come to occupy a strategic location as development in London shifts eastwards. The Tower Hamlets Local Economic Assessment (LEA), produced last year, contained a full analysis of the enterprise economy, and forms the basis of this description of current trends.

2.1 The Rate of Change

Tower Hamlets has experienced phenomenal economic growth in recent decades. In the decade to 2008 employment in the borough grew by around 75,000 jobs, or almost 60%, some four times the rate for the wider London region. Although the borough's population has also grown, by 45,000 since 2001, employment growth has far outpaced that of the population as a whole.

With over 200,000 jobs within the borough, Tower Hamlets is now home to 5% of London's employment. There are almost three jobs for every two residents of working age in the borough: if all residents of working age were to be employed in Tower Hamlets, there would still be 60,000 jobs to fill, giving Tower Hamlets the fifth highest job density in London.

Figure 2.1 - Total Employment Change, 1998-2008



(Source: ABI)

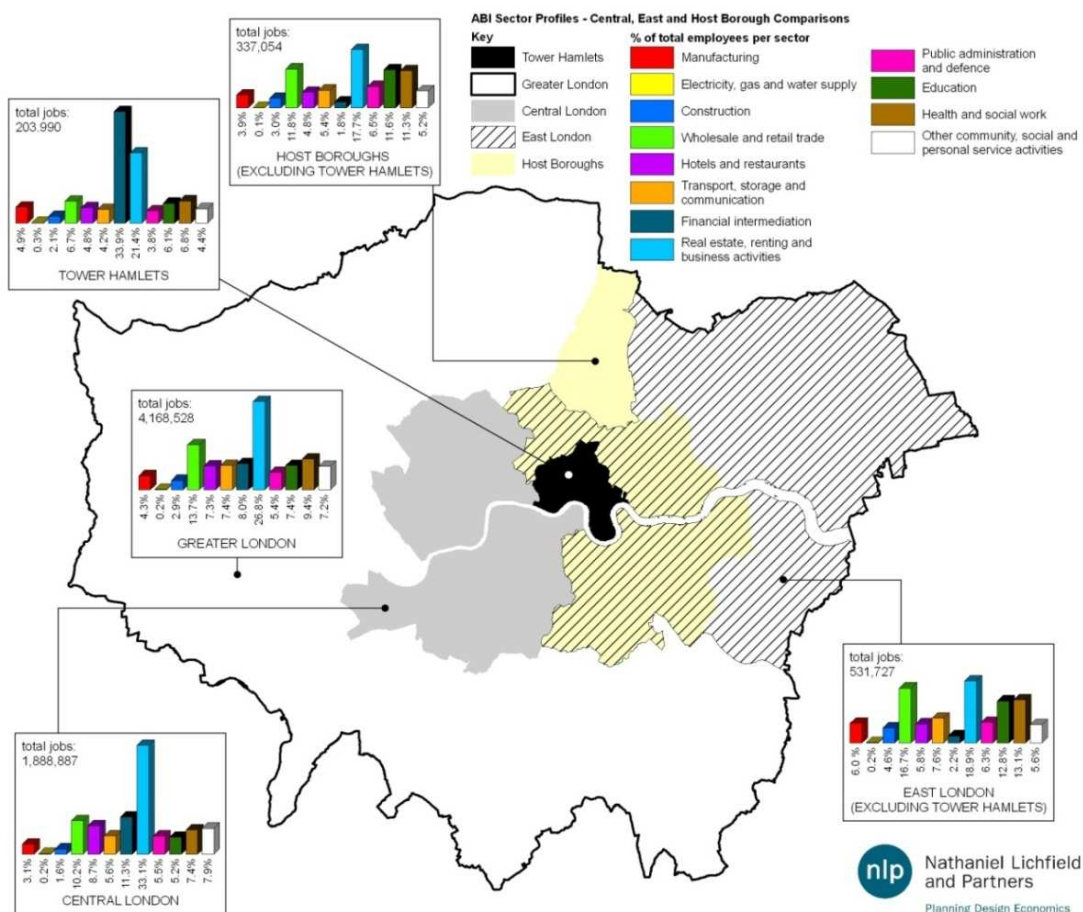
Enterprise Strategy: What's Happening

As can be seen above, the borough's employment growth in recent years has far outpaced that of the Five Host Boroughs, the capital average, and that of the UK as a whole. This growth has been driven by the two dominant sectors in the borough's economy: financial services employment has more than trebled over the decade and real estate and business services have more than doubled. That employment within the borough is projected to grow by another 25-50% in the coming decades is also largely down to the continued success of these sectors.

2.2 A Central London Economy

Tower Hamlets sits physically and economically on the boundary between the City of London and the rest of East London. Like the City and the rest of the Central London Business District, the borough's economy has come to be dominated by financial and business services. These sectors provide around half of borough employment, in line with other Central London boroughs. This is in marked contrast to the rest of East London, including the other host boroughs, which are compared in the figure below.

Figure 2.2 - Central, East and Host Borough Comparisons of Employment Structure, 2008



(Source: ABI / NLP Analysis)

Strikingly, Tower Hamlets has over 200,000 jobs compared to approximately 337,000 for all of the other host boroughs combined. Furthermore, the composition of jobs is

Enterprise Strategy: *What's Happening*

markedly different. Financial intermediation, followed by real estate, renting and business activities, dominates.

Employment within the borough is characterised by a high degree of in- and out-commuting, with 70% of working residents travelling outside of the borough to work, and 85% of jobs in the borough filled by those living elsewhere. This high level of commuting exchange is typical of other Central London boroughs and stands in marked contrast to the rest of East London.

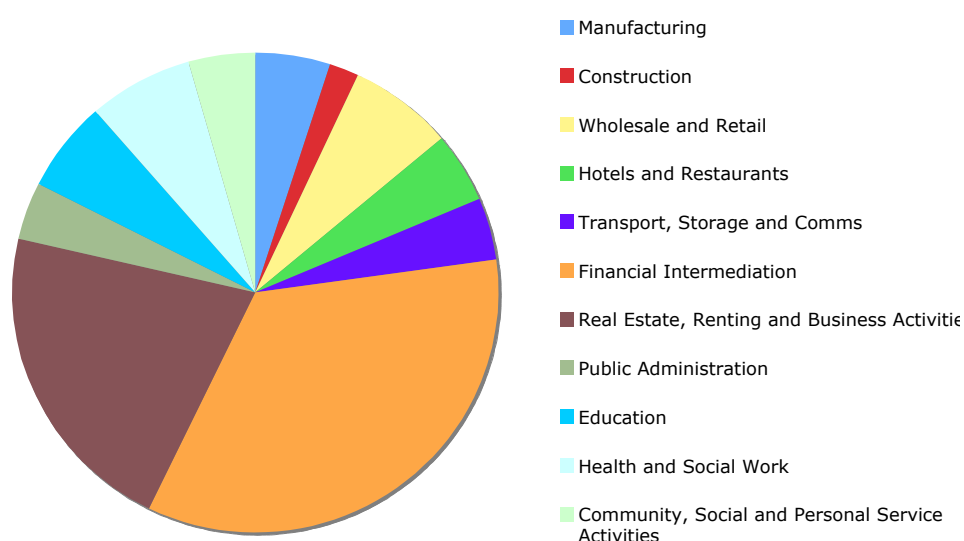
Although much has been made in recent years of Tower Hamlets' place within the five Host Boroughs and wider East London, economically the borough is functionally part of the Central London Business District, as the above characteristics demonstrate. New developments, such as the expansion of Canary Wharf to Wood Wharf and the two Crossrail stations being built in the borough, will only serve to increase this distinction.

These changes are undoubtedly good for the borough economy but are moderated by the risk that borough residents will be ill-placed to make the most of this opportunity. With only 15% of working age residents currently working in the borough, there is much work to be done to help residents capitalise on the growth and prosperity on their doorsteps.

2.3 Growth of Financial Services, Decline of traditional Sectors

Two geographical areas dominate enterprise in the borough, together providing 60% of employment – Canary Wharf and the Tower Hamlets City Fringe. The rise of Canary Wharf since the 1980s has acted as the prime engine of employment growth, providing a current total of 80,000 jobs, two-fifths of the borough's employment. Alongside this, there has been a significant development and intensification in the Tower Hamlets City Fringe, especially in Spitalfields and Aldgate: this area now provides some 15% of the borough's jobs. In both these areas this growth has largely been dominated by Financial and Business Services which, as the chart below indicates, now dominate employment in the borough.

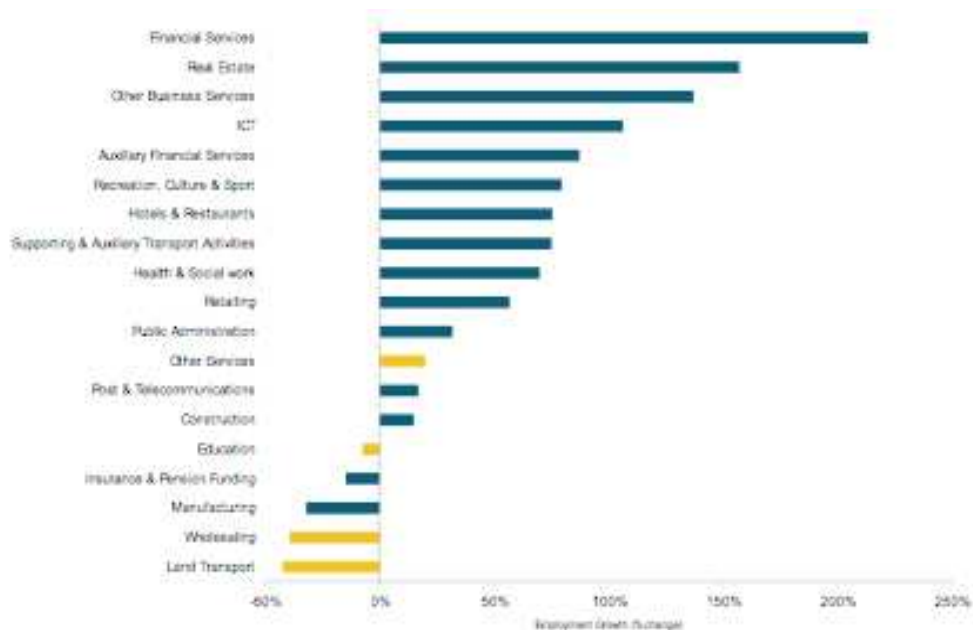
Figure 2.3 - Enterprise Sectors in Tower Hamlets by no. of Employees



Enterprise Strategy: *What's Happening*

Financial services and business services together amount to 55% of Tower Hamlets' employment. This can be compared with an equivalent figure of 45% for Central London and around 20% for the other Host Boroughs and the rest of East London. Figure 2.3 shows the growth and contraction of job numbers in each sector over the period 1998-2008. Blue bars indicate a rate of change above the London average, whereas yellow bars mean below average change.

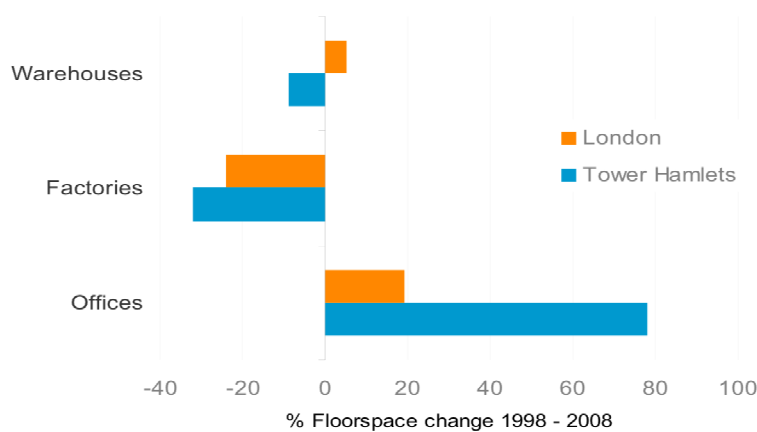
Figure 2.4 - Tower Hamlets Sector Employment Growth, 1998-2008



Source: Annual Business Inquiry/NLP analysis
 Note: Blue bars indicate rate of change above London average, yellow below.

While the growth of financial services, real estate and other business services can be largely attributed to the transformation at Docklands, the significant growth in other sectors shows the underlying strength of the borough economy, with most sectors not only growing in the period, but growing faster than the London average. More 'traditional' sectors of the economy, such as manufacturing, wholesaling and land transport have experienced significant decline, although the 40+% decline in land transport employment is less than that experienced by London as a whole. The shifts from industries requiring significant warehouse and factory space towards knowledge-based economic activity also have physical implications, as changes in employment patterns are reflected in land use.

Figure 2.5 – Tower Hamlets Employment Space Change, 1998–2008



Source: NOMIS/VOA

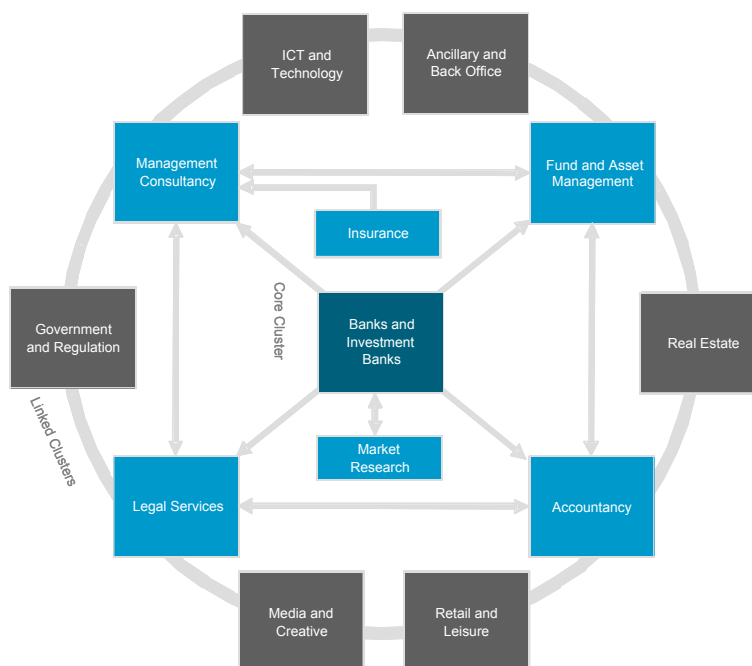
As the figure above shows, employment space change within the borough has been far more dramatic than in London as a whole, with significant decline in the number of warehouses and factories and a marked increase in office floor space. It is no exaggeration to say that the face of the borough has been transformed by the clearance of industrial space and the rise of office towers in the last 20 years.

2.4 Financial Business Service Clustering

Although financial services and related firms are by far the biggest employers within Tower Hamlets, they should not be considered as isolated islands of employment: there is significant evidence that the concentration of financial services firms within the borough attracts other forms of employment. This “cluster affect” is indicated by the diagram below.

Enterprise Strategy: What's Happening

Figure 2.6 - Composition of London Financial Service Cluster and Supporting Industries



Source: NLP adapted from PMSU (2004)

Each bank or insurance firm is linked to and supported by firms providing auxiliary financial, accountancy, legal and management services, with these firms in turn supported by others which enable them to function, including real estate, IT, media and creative firms. All these firms together can be linked less formally to the wider economy, directly or indirectly, through businesses and their employees spending money on goods and services such as shops, cafés, restaurants, bars, cleaning firms, catering, and other suppliers. Analysis from the LEA suggests that each job in a 'tier 1' bank or insurance firm directly supports almost one additional job in the immediate tiers below, and more in the wider economy.

It is this cluster effect that is the strongest argument for continuing to encourage the attraction of high-level financial institutions to the borough, as each bank or insurance institution acts as a multiplier for support businesses. Thanks to this effect, the financial services sector is driving a transformation of the borough in three distinct areas:

- in **economy**, with the exceptional GDP growth experienced by the borough being largely attributable to the sector;
- in the **physical environment**, with increased development and marked changes to the volume and types of commercial space available in the borough; and
- in **jobs**, with 40,000 banking and insurance jobs supporting 20,000 jobs in tier 2 and 15,000 in tier 3.

The importance of these large firms spending money locally should not be underestimated. Every pound spent within the borough is an opportunity for local enterprise and entrepreneurialism, which in turn supports a myriad of small and

medium enterprises, fuelled by both employee and corporate spending. It is this breadth and diversity which has the greatest potential to benefit borough residents.

2.5 Other Sectors of Growth

The dominance of financial services in Canary Wharf powers the borough economy but can also skew perceptions of other sectors. Proportionally, the borough is under-represented in sectors that typically make up the Central and East London economies, such as retail, tourism and 'other' services. Two key emerging sectors in the borough are tourism and leisure and creative services, both of which have significant potential for future growth. Taken together, they represent more evidence of the transition to a knowledge-based economy, which should prove more sustainable in the long term. It is also hoped that this more diverse economy will provide greater opportunities for local people through access to a variety of jobs at a range of skill levels.

Tourism, retail and Leisure

London is a global destination for tourists and the visitor economy was worth £14.2bn in 2007, accounting for 5.8% of London's economy. Tower Hamlets has a world-class tourism destination in the Tower of London, and the borough plays a reasonably significant role within the capital, with the 7th largest tourism economy within London – worth £454m per annum³. While the proportion of tourism-related activities (which includes parts of the service sector) in Tower Hamlets (4.6%) is lower than the Host Borough average (6.3%), the sector employs some 7,300 people.

Developing the tourism, retail and leisure sector involves a number of considerations, but it is clear that many core components are present, and simply require stitching together as part of a more coherent and communicable offer. There are real strengths in terms of:

- *Heritage* – Whitechapel Art Gallery, the Ragged School Museum in Mile End, the V&A Museum of Childhood in Bethnal Green, and the Museum of Docklands
- *Shopping* – high street and luxury brands at Canary Wharf, boutiques at Whitechapel and Brick Lane, and popular markets including Spitalfields, Columbia Road and Petticoat Lane
- *Cuisine and culture* – Curry Capital 2012 is one current initiative, capitalising on the distinctiveness and city-wide reputation of Brick Lane as a culinary destination

Focused marketing to sell the borough's attractions and uniqueness could help foster significant growth in this sector.

Creative industries

The designation 'cultural and creative industries' cuts across usual sectors to include many businesses which trade in intellectual property, such as advertising, architecture, arts, crafts, design, media, music, performing arts, publishing and software. The creative industries sector now accounts for about 25,000 jobs in the borough and represent a second plank in the transition of Tower Hamlets towards a modern knowledge-based, high-skilled economy.

³ (according to 2006 GLA figures)

Even excluding the design, craft, arts and antiques sub-sectors, the creative industries sector accounted for approximately 13.7% of local jobs in 2002, meaning that they contributed more to local employment than the education, health & social care sectors combined. Creative industries in Tower Hamlets have grown rapidly in the last few years and at a faster rate than average for London.

Social Enterprises

Another growing category of business with significant potential in Tower Hamlets is social enterprise. Social enterprises are businesses that specifically aim to solve social and environmental problems; they tend to be focused on areas the market has avoided and to employ local people and distribute profits locally.

Available information – mainly anecdotal – suggests a substantial social enterprise presence in Tower Hamlets. There are significant examples of social enterprises in Tower Hamlets, some of which have a national profile. For instance, Tower Hamlets is home to the School for Social Entrepreneurs (SSE), itself a social enterprise, which offers training to those who are seeking to develop businesses with social benefit. Beyond the Barn, an initiative of the Bromley by Bow Centre, has incubated and launched 28 successful social enterprises since 2005, creating over 200 new jobs. While social enterprise may not be a large sector in terms of the number of enterprises, it is strategically important because of the opportunities it can create for local people. Socially focused businesses are more likely to be aligned to the needs of their communities and therefore have great potential to help achieve the aims of this Strategy. This mechanism is particularly timely for meeting social and economic objectives simultaneously, at a time when resources are limited and the economy is struggling.

The shift in focus towards social enterprise is a national trend. Since Tower Hamlets already has some strengths in this area, it makes sense for the borough and partners to look for ways to support this growth and development. Finance will help local social enterprises grow and scale, and access to it is as vital as for any business. The local context of financial and business support in Tower Hamlets gives the borough a competitive edge in this area. For instance, current work by East London Small Business Centre with community development finance institutions could be complemented by collaboration with larger financial partners. The banks have already made some positive steps in this regard, with the support of JP Morgan for Big Society Capital being notable. The potential is to do more with less, for the benefit of enterprise and residents.

2.6 An Enterprising Economy

People in Tower Hamlets start businesses. The borough has the seventh highest number of business births within London and the tenth highest number of business deaths, consistently in line with Inner London averages. Despite a national downward trend from 2004 to 2008, Tower Hamlets is more enterprising in 2008 than it was in 2004. While business deaths in the borough in 2009 increased faster than in London as a whole (by 45% compared to 35%), the rate of business births remained higher than the London average. These figures suggest that, even in challenging times, the borough economy is vibrant and enterprising.

Levels of business starts within the borough are particularly high among the Black, Asian and Minority Ethnic (BAME) communities. The 2009 National Employer Skills Survey (NESS) shows that at least half the owners of, or partners in, Tower Hamlets businesses are BAME.

Enterprise Strategy: *What's Happening*

On a more cautionary note, self-employment figures for the borough are lower than the London average, and this is especially true for men, where the gap is 3.1 percentage points. For every percentage point that Tower Hamlets moves closer to the London average, this would represent approximately 800 jobs. However, it should be noted that while nationally self-employment tends to be low skilled, within Tower Hamlets it is people with higher levels of skills and incomes that take this route.

Overall, then, Tower Hamlets residents start businesses, and those businesses operate across a full range of sectors, sizes and turnovers. While the number of self-employed people within the borough may be below the national average, the income and skill levels of those who are self-employed is far higher than average, meaning that self-employed residents are much more likely to be working in business services than lower skilled occupations. BAME enterprises are a particular source of vitality and the population is young⁴ and increasingly well educated in the borough. There is clear potential in Tower Hamlets and harnessing all of these factors will support a competitive local economy and stimulate economic and employment growth.

Key conclusions

Enterprise is strong in Tower Hamlets and the economic picture is broadly positive. There has been a major and long-term shift towards financial services. Financial services help to fuel a cluster of other businesses, buying in services and supplies and spending money locally, including through their employees. This in turn creates opportunities for a broad range of business services. Functionally, Tower Hamlets is now part of the central London economy.

These changes bring some tensions, as traditional sectors continue to decline, but new opportunities exist. Besides financial and business services, tourism, creative industries and knowledge-based industries are growth sectors which are not directly part of the financial and business services cluster and offer greater diversity. Tower Hamlets has a higher than average level of business starts, indicating that there are enterprising local people.

⁴ 64.5% of borough residents are aged from 16-49, compared to the London average of 54.8%, or the national figure of 47% (ONS, Resident Population Estimates by Broad Age Band for the period June 2009)

3. Who's who in relation to Enterprise

3.1 Stakeholders and Contributors to the Tower Hamlets Enterprise Economy

Enterprise within Tower Hamlets is not homogenous. Although the economic context of Tower Hamlets is shared by all organisations in the borough, how it affects them can be very different. The businesses that work within the borough cover a broad spread of sectors, range in size from sole traders to large multinationals and require different means of support and accommodation by the borough in order to thrive. Understanding the differences between types of enterprises can help the Council and partners to shape appropriate responses.

Similarly, there are a variety of other organisations that are stakeholders in the Tower Hamlets enterprise economy, from banks and enterprise support agencies to higher educational institutions and the third sector. All of these bodies have a stake in a successful Tower Hamlets and a role to play in supporting borough businesses. This section is intended as a framework for understanding the diversity of the current enterprise economy; it describes the roles and activities of enterprises, support organisations and of the Council with regards to the borough enterprise economy.

3.2 Types of enterprise

The table below suggests four main types of enterprise which are found in the borough, which are grouped together by characteristics such as size and market to help analysis, including the Council's relationship with them. It should be noted that these categories are imperfect generalisations, designed primarily to help shape appropriate policies, and that there is some overlap between them. Categories attempt to combine the markets served, the perception of Tower Hamlets, and engagement needs by the Council and support agencies.

Enterprise Strategy: *Who's Who*

Table 3.1: Categories of business in the Tower Hamlets economy

Categories of businesses	Market served	Why enterprises are located within Tower Hamlets
Global financial services: big banks and other global financial services	Worldwide	Suitable locations in Canary Wharf and the City Fringe – these types of business require central locations in major world cities
Business services enterprises: businesses which tend to cluster with the financial businesses – for example legal firms, data processing businesses, and businesses whose profitability largely depends on a central London location – for example, accountants, branding agencies and architects	Enterprises across London and the UK, but especially those in Canary Wharf and the City Fringe	Within easy reach of clients in the City, the City Fringe and Canary Wharf, Tower Hamlets is seen as a central London location, and commercial rent levels are somewhat lower than other parts of central London
Local community-facing enterprises: businesses which directly provide goods and/or services to Tower Hamlets residents	Local residents	To be accessible to residents and communities within the borough – mostly located in town centres. Also includes many social enterprises.
Traditional sectors: surviving businesses from prominent sectors of traditional importance in the Tower Hamlets enterprise economy	Local, regional and sometimes international markets	Often surviving businesses from old enterprise clusters in Tower Hamlets: for example clothing/fashion and storage; or sectors such as construction, attracted by continual development in the borough.

Each of these four business categories will now be considered in turn:

Global financial services

Thanks to the development of Canary Wharf, Tower Hamlets acts as a significant extension to the financial hub of the City of London, and has consequently attracted a high number of multinational financial institutions. These businesses have worldwide markets and often highly specialised requirements, drawing staff from all over the world. In terms of advocacy and support, it is highly unlikely that the Council could provide effective support in safeguarding the competitive position of these businesses. Nonetheless, the Council's role as regulator is important, at least as far as planning is concerned. Here the principle should be to "do no harm", and, within

the planning strategic framework, to support the continued presence of banking and finance in Tower Hamlets.

Considering the vital role that banks and financial institutions play in the borough's enterprise economy, with the important clustering effect described in chapter 2, there is an important role the Council can play in representing the interests of these institutions to national Government. The views of the management of these businesses, along with all other local business views, should be sought to ensure that the Council is acting effectively as representative of the local enterprise economy in policy formation at different levels, with the London Mayor's economic development policies being particularly significant.

This Enterprise Strategy is concerned with the kind of benefit which local enterprises can provide, as much as the benefit which they can receive. Global financial businesses have a vital role as a potential supporter of local businesses. Their buying power for goods and services is comparable only to the Council and other large public agencies, and indeed this is one reason why business service enterprises are increasingly located in Tower Hamlets. Through Corporate Social Responsibility (CSR) programmes, these large businesses can also take part in community-support activities such as encouraging their employees to act as business mentors. In this sense, it is hoped that global financial businesses can collaborate with the Council to provide effective support to the local enterprise economy.

Another significant role that these enterprises can play in the borough economy is as employers of local residents. Although global financial businesses draw their workforce from a large area, the sheer number of employment opportunities provided by these businesses means that every effort should be made by the Council to encourage them to take on local people, and for the Council to support local residents in becoming ready to take on such employment. This is primarily dealt with in the Employment Strategy.

Business services enterprises

The business services sector is a highly significant part of the Tower Hamlets economy, with by far the largest number of enterprises and the second highest number of jobs in the borough. Although the category is a somewhat all-encompassing designation, there are several common characteristics of many of these businesses, which are useful to draw out here.

Within Tower Hamlets there are a range of business services enterprises that are attracted to the borough, either as part of the 'cluster effect' around the banks and financial intermediation businesses, or due to the borough's location as part of the Central London Business District, or both. They provide a wide variety of different business activities: professional services, accountancy, advertising, recruitment, ICT, real estate, graphic design, and data businesses, to name but a few. These are businesses that have significant London-wide scope, but are drawn to the borough in part by the proximity of potential clients in Canary Wharf, the City Fringe and the City itself. Businesses in this category vary in size, but are much more likely to be Small- to Medium- sized Enterprises (SMEs) than those in the previous category.

Thanks to the diverse nature of these businesses, growth within this category will lead to employment opportunities for local people that are much wider in scope than those provided by global businesses alone. Understanding and representing these sectors is therefore of particular importance given their increasing presence in Tower

Hamlets and the benefits which they can provide for local residents. Specifically, the Council can take a supporting role for businesses in these sectors by:

- encouraging the increased development of a local procurement network in which businesses can engage as both purchasers and suppliers;
- working to ensure a sufficient supply of flexible workspace for new and growing small businesses;
- supporting the Government's Tech City proposals as a way of developing a concentration of new businesses and networks in Tower Hamlets; and
- coordinating business advice and support services.

Local community-facing enterprises

Although a significant body of businesses relate primarily to finance and business services, there remains a substantial proportion of enterprises that are based within Tower Hamlets because they provide services specifically to borough residents. This category consists primarily of retail firms, but will also include professions which support these businesses, such as small accountancy and legal firms, as well as services for residents, for example, mechanics and residential estate agents.

Of all the categories used here, this one is in some ways of most direct use to local residents, providing a wide range of entry-level jobs along with necessities for purchase. Mostly SMEs, these businesses can benefit significantly from good business support services, and, since many are located in high streets, they benefit from Council policies specifically targeted at town centres. Successful support for such businesses will in turn support economically successful town centres, and therefore help achieve Town Centre Spatial Strategy objectives.

Certain businesses in this category – the restaurants in Brick Lane, the shops in Bethnal Green Road and the Columbia Road flower market, for example – now draw people from all over London and are gaining a reputation as destinations for tourists. It is hoped that the Olympic and Paralympic Games will bring an increased focus on the East End which these businesses will be able to capitalise on.

Businesses in traditional sectors

Historically Tower Hamlets has been a largely industrial region, with the docks, warehouses and factories along the Thames and River Lea acting as the borough's most significant employer. While there has been a pronounced transition away from these heavier industries within the last 50 years, there are still significant employers within the borough from these more traditional sectors. Storage, wholesale and distribution businesses were particularly prominent at a time when the docks operated in the borough, and the borough has also had a long association with clothing manufacture and fashion, linked to cloth import from the docks, and the exclusion of certain preparation processes from the City of London in past centuries.

The defining characteristics of these businesses are a combination of historical location and, often, a requirement for a large footprint. Most of these enterprises do not specifically serve borough residents and businesses although some, like construction firms, sit within this category and are attracted by the continued high levels of development within the borough.

Businesses within this category provide somewhere in the region of 10% of employment within the borough, and are therefore significant to the future of the borough economy. However, the dense nature of Tower Hamlets, combined with a shift to higher value economic activities, means that land values are high and set to

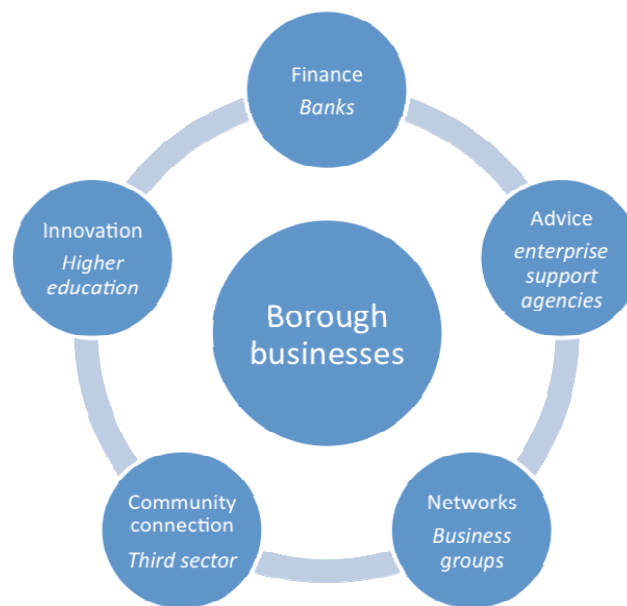
increase, which suggests that many of these firms will find it increasingly hard to remain competitive within the borough.

While the Council values and desires to support all employers within the borough, there is a recognition that many traditional sectors are experiencing significant transition, which may include a need to relocate to areas with less financial pressure. The Council and its partners need to strike a balance between supporting significant local businesses and recognising that a prosperous future for the borough needs to recognise long-term changes in the nature of the economy and land use.

3.3 Creating an environment for enterprise to prosper

This Strategy is shaped by an understanding that some agencies including the public and third sectors have an important role to play in supporting enterprise and reinforcing its benefits for local people. The following types of organisation all have a role to play in creating a supportive environment for businesses within the borough. (*Note: the words in italics in the diagram are examples of organisations in each category.*)

Fig 3.1 - The Business Support Environment



Enterprise Support Agencies

Enterprise support agencies operate at a variety of levels, including national, regional and local bodies. They are a valuable to enterprises at various stages of the business cycle, providing information, guidance, networking and sometimes avenues to financing.

At the sub-regional level, there are two main enterprise support agencies operating within East London. These are:

- **The East London Small Business Centre (ELBSC):** based in Brick Lane, this is the oldest surviving business support agency in the UK. It facilitates 300 new businesses starts, trains 1,000 people, and lends £2 million in funds to entrepreneurs each year across five east London boroughs: Tower Hamlets, Newham, Havering, Redbridge, and Barking and Dagenham.

- **East London Business Place (ELBP)** is a supply chain development programme allied to a contract brokerage service led by Canary Wharf Group plc and supported by the East London Business Alliance (ELBA). It provides a free matching and sourcing service, connecting buyers and suppliers to maximise local business benefit from new developments and commercial precincts in east London. In particular, ELBP has, since 2008, helped Tower Hamlets based SMEs secure almost £38m of business and has helped more than 350 Tower Hamlets SMEs reach 'Fit-to-Supply' status through flexible 1-2-1 and one-to-many support activities.

ELBA, which operates across the sub-region, also runs a number of projects that are relevant to the local enterprise economy – notably in providing networking opportunities for local businesses and in facilitating a transfer of skills to social enterprises.

There are also capable support services based within the borough. Non-statutory provision locally comprises small and medium sized third sector business support agencies, such as Account 3, the Bromley by Bow Centre (particularly for social enterprises), the Spitalfields Small Business Association and the Cultural Industries Development Agency, and the Tower Hamlets Cooperative Development Agency, to name but a few. These bodies have a significant role to play within the borough, although some are vulnerable to reductions funding.

Business Networking Groups

Business Networking Groups help the borough to put forward a strong enterprise voice and contribute to a better understanding of the support needs of businesses in different stages of the enterprise lifecycle. Some have a tighter local focus, such as Brick Lane Business Association or Docklands Business Club, whereas others like Business Junction cross borough boundaries. Linking businesses together provides opportunities for learning and collaboration, and cross-sector groups can help develop the borough internal market and even foster new areas of business.

The Third Sector

The third sector in Tower Hamlets is well established and has particular advantages in the delivery of certain types of services, including those which seek to promote enterprise among hard to reach groups. Many third sector organisations are committed to encouraging enterprise starts among residents as a means of overcoming poverty and deprivation. And many third sector organisations themselves are interested in adopting social enterprise models to help their service users and diversify their incomes. Some of these could be in a position to offer services to businesses and public sector agencies in Tower Hamlets. While it is acknowledged that there can be an element of caution in interactions between the private and third sectors, there are many significant opportunities for cooperation which would benefit the aims of both.

Higher Education Institutions

The borough's higher education institutions have a critical role to play in driving a knowledge and innovation based enterprise economy in Tower Hamlets, through the generation of ideas and the provision of a skilled, highly-qualified workforce. There are two universities in Tower Hamlets: the whole of Queen Mary, University of

London, and part of London Metropolitan University. Both universities have seen a significant increase in research grants and private contracts in recent years, with research at Queen Mary now worth over £60m a year.

In terms of enterprise development, knowledge transfer and innovations hubs, the Higher Education institutions have a very important role to play in fostering innovation among businesses and in the commercialisation of research. Among other business related activities, Queen Mary has three main initiatives which seek to engage with business in support of the knowledge economy. These are:

- **Queen Mary Innovation** – provides a range of support to businesses including research collaborations, technology licensing, graduate placements and spin-out activities.
- **QUEDOS: Enterprise and Development Opportunities** – offers professional development courses and opportunities for networking and engagement with likeminded individuals and businesses
- **ImpactQM** – a knowledge transfer project aimed at creating a new generation of science and technology graduates, who are as at home in the world of business and enterprise as they are in science and technology

While much of Queen Mary Innovation work over the next few years will be focused on biotechnology applications, a growing body of knowledge and innovation is in the interests of the whole borough economy, and links between borough businesses and higher education institutions should be encouraged.

Banks

Aside from being businesses in their own right, banks are vital to the functioning of business, as the basis for transactions and a source of finance. Banks provide local businesses with a useful source of enterprise advice, and may offer additional services to support businesses, as a means of helping their customers grow. As a home to many significant multinational financial institutions, Tower Hamlets has the opportunity to attract significant inward investment from the financial sector. Models of finance with social and community aspects should also be encouraged.

3.4 The role of the council

While the vast majority of businesses within Tower Hamlets operate largely independently of the Council, there are a number of functions the Council provide that influence the local enterprise economy. Some of these are more or less specific to the Council as a public, democratically accountable body with statutory responsibilities, whereas others are shared with other agencies. In all cases, the Council can discharge all these functions in a way which supports, or discourages, business activity.

The Council's main functions with regard to enterprise are:

1. **Representational:** representing the local enterprise economy in public policy formation
2. **Procurement:** ensuring that the Council as customer of goods and services acts in a way supportive of local enterprise and sets an example which other organisations are encouraged to emulate.
3. **Regulatory:** using its regulatory responsibilities in a way which supports the local enterprise economy. Especially important is the Council's role as

planner and building regulator. The Council's planning strategies are of fundamental importance to how the enterprise economy develops.

4. **Information provider:** providing information that is of use to local entrepreneurs and businesses, and to businesses which may relocate to the borough. Through its Enterprise Team, the Council is also in a good position to collect information about potential means of support for local enterprises, and to decide how this information is used and publicised for the benefit of Tower Hamlets enterprises.
5. **Partnership work:** facilitating joint working between agencies to provide practical support to local enterprise, and ensuring that joint working leads to effective results.
6. **Asset provider and manager:** using physical assets such as office accommodation to support local business development. Letting out surplus office space or arranging for office facilities for start up businesses is one way to provide a good setting for business.

Overall, therefore, the Council can bring significant additional resources to bear in order to implement the Strategy. This includes negotiations with developers in order for them to provide flexible workspaces for SMEs; ensuring the Council's procurement strategy maximises opportunities for local businesses; or enhancing the quality of the borough's town centres and markets.

Key messages

There are different types of business which have different characteristics and therefore require different responses from an enterprise strategy. Four types of business are outlined. Within Tower Hamlets there are also services which exist to support enterprise, for instance through providing finance and advice, and this includes a particular role for the Council. Generally speaking, the borough and partners have a greater role to play in supporting enterprises which are more locally focused in terms of the markets they serve and/or the people they employ.

4. Challenges

Whilst there is much vitality in Tower Hamlets' economy, there are significant challenges to its ongoing success and diversity, and residents' involvement in it. This section sets out five problems facing the borough's enterprise economy which also affect residents and need to be addressed by this strategy. These five, considered in turn below, are:

1. The skills gap between residents and borough businesses
2. Relatively low rate of self employment
3. Limited resources for business
4. Underperforming town centres
5. Lack of suitable workspace for small businesses

The Council and partners need to understand and respond to these issues for the benefit of borough businesses, both new and established, as well as local residents.

4.1 The Skills Gap – Residents and Borough Businesses

As noted above, Tower Hamlets has the fifth highest job density in London but the majority of jobs are filled by people from outside the borough. Although this large net inflow of workers is unsurprising given the scale of economic development in the borough, it is of concern that many residents remain excluded from the benefits of economic change and growth.

Skills, qualifications and the struggle to compete

This local employment gap reflects a mismatch between residents' skills and the jobs available in the borough⁵. Although barriers to work tend to be multiple and complex, skills are a key predictor. A quarter of borough residents – twice the London average – have no qualifications and over 40% of these are not in work. In contrast, a third of residents are qualified to degree level or above, which is consistent with the London average. With fewer residents at intermediate skill levels than is typical for London, there is thus a polarisation of skill levels within the borough. Borough residents at lower skills levels are significantly less likely to be in employment than the London average.

A similar polarisation exists in the borough's jobs market. There are high numbers of entry-level jobs and a relatively high number of extremely well paid jobs, but opportunities for progression between these are limited. The borough's Employment Strategy explicitly aims to increase the employment rate in Tower Hamlets so that it converges with the London average. Plans are in place to help with the supply side of labour, but the demand side of enterprise can also be part of the solution.

Business needs a broad spectrum of skills

The borough's low skills level also impacts businesses. Residents' exclusion from the labour market limits their spending power, which in turn reduces further the potential for growth and employment of those businesses that serve a local market.

⁵ The Employment Strategy provides a much fuller treatment of this point.

Enterprise Strategy: *Challenges*

More broadly, businesses require a diverse range of skills to meet positions at different levels. This varies depending on the sector, but it is clear that a lack of basic skills in the local labour market is limiting the capacity of smaller businesses, in particular, to access the skills they require. In a survey conducted as part of the LEA, about a fifth of businesses reported recruitment difficulties, with the common barriers being identified including language, a lack of basic skills, and shortage of higher-skilled workers. Whilst, by extension, many businesses do not struggle to recruit, there are nonetheless clear indications that the skills gap impairs the business environment and disadvantages residents.

These findings are reinforced by the 2009 National Employer Skills Survey for England. This reported that, where employers in Tower Hamlets do have difficulties filling vacancies, nearly all (95%) state that this is because of skill shortages rather than other reasons. This compares with the London average of 86% and 76% across England. Again, the principal issues identified were language barriers, a lack of basic skills, and a shortage of higher-qualified workers. This suggests that in addition to the difficulties of firms in attracting individuals with very specific skills, there is a more fundamental issue in the middle of the labour market, where jobs which would typically be filled by local residents are not being filled, due to the lack of basic and intermediate skills among the resident population.

The role of the Enterprise strategy

The evidence above presents two related issues:

- the borough's skills gap, with a high proportion of local residents lacking even basic skills
- the predominance of job opportunities that are either at entry level or require a very high level of skills – with relatively little in between.

Tackling both these issues will have benefits for both businesses and residents. The Employment strategy suggests how the Council and its partners can improve residents' access to jobs by raising their skills levels. The challenge for this Strategy is to support enterprise, encourage growth and support a diverse, sustainable business base that generates employment within the borough and that local people can access.

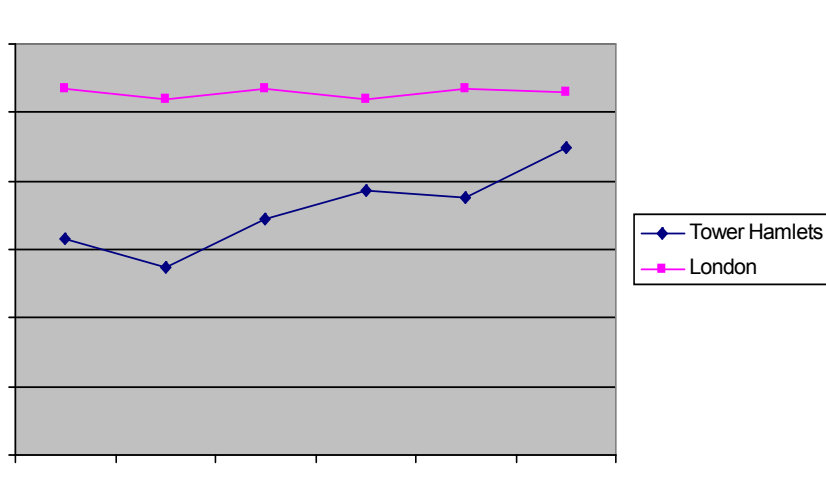
4.2 Relatively Low Rate of Self-employment

Self-employment should be treated with some caution as an indicator of entrepreneurialism. The LEA makes a distinction between “enterprising individuals” who start self-employed and grow a company, and the many people who become self-employed simply because it is their best option when they fail to find a conventional job. The former category may go on to generate jobs and wealth and therefore create a wider economic benefit. The latter, the LEA argues, may add relatively little in terms of wealth creation to the wider economy, but in ceasing to receive benefits and starting to pay taxes, there is a clear social value and cost savings for the state. This is of particular relevance for Tower Hamlets, where unemployment rates are relatively high.

Self-employment in Tower Hamlets: strengths and weaknesses

Currently, self-employment rates in Tower Hamlets are lower than the London average. In 2010 9% of the working age population in the borough, or 16,400 people, were self-employed, compared with 10.6% across London⁶. But as figure 3.1 shows, this represents a significant increase in the borough over the last five years – the equivalent figure for Tower Hamlets in 2006 was 5.5% – in a period when the London rate has remained stable.

Figure 4.1 – Percentage of working-age population who are self employed



A much larger gap exists between the male self-employment rate for the borough and that for London as a whole. In 2010 11.5% of men aged 16-64 were self-employed in the borough (10,900 people), as against 14.6% across London. The male self-employment rate has also risen more slowly than the whole borough working age population: between 2006 and 2010, while the borough rate grew by nearly two thirds the increase in the male rate was only 40%.

By contrast the female self-employment rate in the borough was in 2010 almost the same as for London (6.4% in Tower Hamlets against 6.5% in London). The rate has

⁶ All self employment data from ONS Annual Population Survey, for 2010 unless specified.

increased rapidly over the last five years, more than doubling from 2.7% in 2006. Interestingly, the figures for women *in employment* who are self-employed (as distinct from a percentage of the wider 16-64 population) are rather higher in Tower Hamlets, at 13.4%, than the London-wide figure of 11.2%.

The picture painted by the evidence is therefore mixed. On the one hand, self-employment appears to be underperforming in Tower Hamlets, in terms of its contribution to the borough's enterprise economy and specifically in its contribution to employment. For example, the above data suggests that had the 2010 self-employment rate in Tower Hamlets matched the London-wide level, an additional 2,900 people would have been self-employed. On the other, there has been a significant increase in self-employment rates in the borough in recent years, particularly among women, and female self-employment rates are relatively strong.

The role of the Enterprise strategy

The evidence suggests some clear strengths and weaknesses in relation to self-employment in the Tower Hamlets. The challenge is for the Council and business support agencies to target provision in a way that tackles the identified weaknesses while building on the strengths. This should aim to maximise the contribution in tackling unemployment, but also to ensure support for entrepreneurs to make the transition from self-employed sole trader to a larger business. This will require some more detailed analysis in order to build a fuller picture of the factors underlying this data– as well as variations between different groups, for example by gender and ethnicity.

4.3 Limited Resources for Business

Businesses can benefit from a wide range of support and resources at different points in their lifetime. This can include start-up, working and development capital, expert advice and mentoring, premises to operate from, legal and accountancy services, access to different supply chains, protection for their ideas and opportunities to scale up the scope of their activities. Advice and guidance are also important, especially in terms of regulations, accessing new markets and employment issues. These needs are of particular relevance to entrepreneurs, start-ups, SMEs and businesses seeking investment.

Enterprise support services are available at national, regional and local level. Although the quality of enterprise services is sometimes very good, the coverage of services available is patchy, and the situation is getting worse.

Reducing enterprise support

The national and London-wide picture is one of a general retrenchment of publicly-funded business support at a time of financial stringency. The Department of Business, Innovation and Skills (BIS) is in the process of streamlining the provision of Enterprise and Business Support services. Business Link is moving to a web- and telephone- based resource, at a time when support agencies in the borough have stressed the importance of face-to-face contact.

As with national provision, recent funding cuts have also adversely affected ELSBC and ELBP, forcing them to re-examine their roles and functions. Furthermore, despite the presence of capable support services based in the borough⁷, many from the third sector, have come under strain as a result of public sector cuts and increased competition for funding.

Restricted finance for business

A significant barrier to new business opportunities within the borough continues to be the perceived restriction on business finance, especially for small businesses.

In principle, a large range of institutions could provide finance of different sorts for enterprise in Tower Hamlets. Commercial banks are one source, but in spite of pressure on banks from the government and the Bank of England, credit is still reported as being a major challenge for smaller businesses and start-ups. Other lenders include community development finance institutions (CDFIs) such as credit unions and microfinance, and equity investors.

There have also been sources of community funding within the borough, including a social venture capital fund and microfinance arrangement implemented by Planet Finance in 2008. More recently, the East London Small Business Centre and the GLA-funded Gateway to Finance project have made £500k available in loans to Tower Hamlets businesses. Whilst these are positive initiatives, they are not likely to be sufficient to meet demand from local business.

Tower Hamlets residents can also face particular difficulties in accessing start-up finance. High levels of economic exclusion mean that residents have low levels of income and assets, and can struggle to access debt finance through traditional

⁷ such as Account 3, the Bromley by Bow Centre (particularly for social enterprises), the Spitalfields Small Business Association and the Cultural Industries Development Agency

Enterprise Strategy: *Challenges*

means. Informal sources, primarily friends and family, may provide an alternative means of finance and it has been suggested that this is particularly prevalent among the Black and Minority Ethnic communities. But this option will not be available to everyone. Making finance available in sufficient quantity on suitable terms, combined with advice to help entrepreneurs deploy it well, could significantly improve the environment for new and existing businesses. Conversely, the absence or weakness of these factors is a significant source of concern.

The role of the Enterprise strategy

Business support provision is under increasing threat, owing to funding reductions and uncertainty about future funding. It cannot be assumed that comprehensive, publicly funded business support services will continue to be available at a national or London-wide level. And while sub-regionally there are clearly valuable initiatives and critical partners, these services have finite resources and are probably not sufficient to fully meet local needs.

In addition, there are signs that the sources of finance for enterprise in Tower Hamlets may be limited, and constraining business operation and expansion. Work needs to be done to fully understand the current picture and plan accordingly.

Consequently, it is more important than ever to ensure that the scale and nature of business requirements – in terms of both support and access to finance – are clearly understood, so that scarce resources can be targeted in the most efficient way to fill gaps in provision and avoid duplication. This Strategy can help to provide a framework for the coordination between the Council and local and sub-regional providers that such an approach will require.

4.4 Underperforming Town Centres

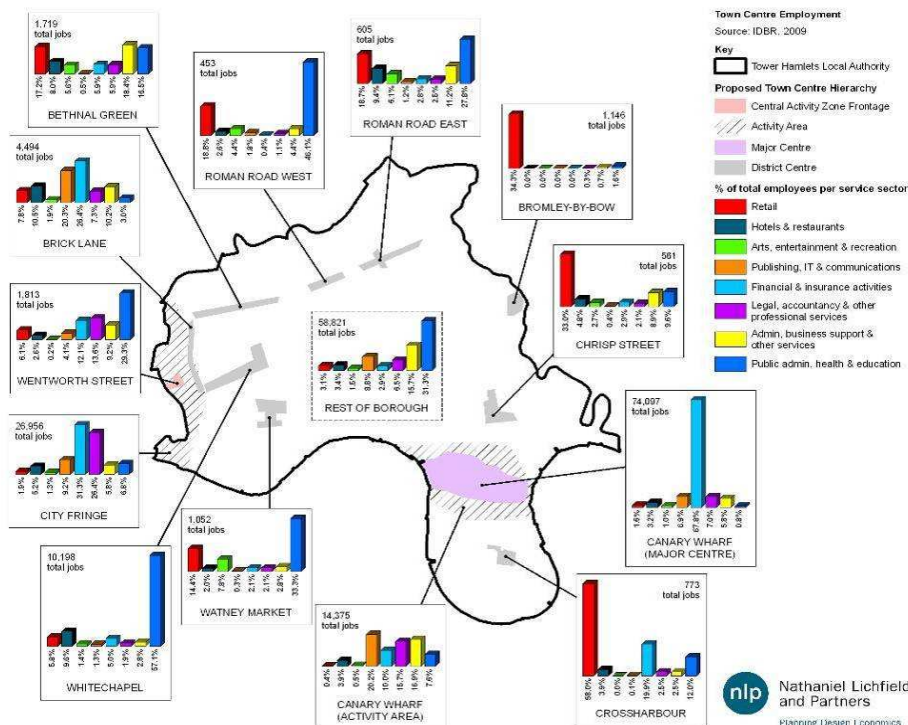
Tower Hamlets' town centres have a significant contribution to make to the borough's economic development and regeneration. Typical town centre uses, particularly in the retail sector, can be more resilient to economic downturns, and generate flexible local jobs that are appropriate for a range of skills levels. Town centres could also provide smaller office space, which is in short supply in the borough.

Achieving critical mass?

Historically, rapid industrialisation in East London led to the absorption of the small hamlets to the east of the City, explaining why there is a distinct lack of definable quality town centres in the borough. This history, combined with the post-war slum clearances and construction of social housing estates, has meant that the borough has remained fragmented, with few town centres achieving critical mass.

As a consequence, the borough has a very limited provision of retail and smaller office space. This, in turn, makes Tower Hamlets a less attractive location for new, growing or relocating enterprises. It also means that spending in the local economy generated by increased population levels is not being capitalised upon and job creation is not optimised.

Figure 4.2 – Town Centre Employment by Service Sector



Source: IDBR, 2009 / NLP analysis

This point is borne out by evidence in the LEA, which demonstrates the variation in economic performance between the borough's town centres (see fig 4.2 above). Jobs in the borough are highly concentrated in just two locations, with around 75,000 jobs located in Canary Wharf major centre and 27,000 in the City Fringe. By contrast, the borough's nine district centres combined provide about 21,000 jobs – less than a third of the number in Canary Wharf. Of those, almost 70% are in two district centres

Enterprise Strategy: *Challenges*

in the west of the borough, Whitechapel and Brick Lane. Whitechapel in particular has potential for regeneration, and with the recent opening of the East London Line and Crossrail to come, it is likely to experience an increased flow of people. The opportunity this creates is significant, especially combined with the move of the Royal London to the new hospital and the ensuing opportunity for regeneration in the area. Ensuring that development is appropriate to the needs of smaller business, residents and in-commuters, as well as larger enterprises is fundamental to the area succeeding as a town centre.

The role of the Enterprise strategy

Town centres are vital in making opportunities in the local enterprise economy accessible to local people. But while Canary Wharf is home to the UK's second largest business district, as well as a major shopping centre, other local town centres face particular challenges. Improving the performance of the borough's town centres has the potential to retain more spending locally, support a more diverse economy in Tower Hamlets, and increase the number and range of jobs available to residents.

The Town Centre Spatial Strategy sets out a vision for the development of the borough's town centres over the next 15 years. There are two key ways in which the Enterprise Strategy can support the delivery of this vision, and help bring about the revitalisation of the borough's town centres – and in turn support a healthier and more diverse enterprise economy in Tower Hamlets.

The first, as part of the Council's role in coordinating business support services, is to ensure that provision meets the needs of existing town centre businesses – particularly in sectors such as retail, which provide a range of jobs for local people. The second is in encouraging a wider range of businesses, particularly SMEs, to locate in the borough's town centres and thereby to reinforce local town centre economies. This is partly about promoting the development of smaller office space in these locations, which is discussed in the next section.

4.5 Lack of Suitable Workspace for Small Businesses

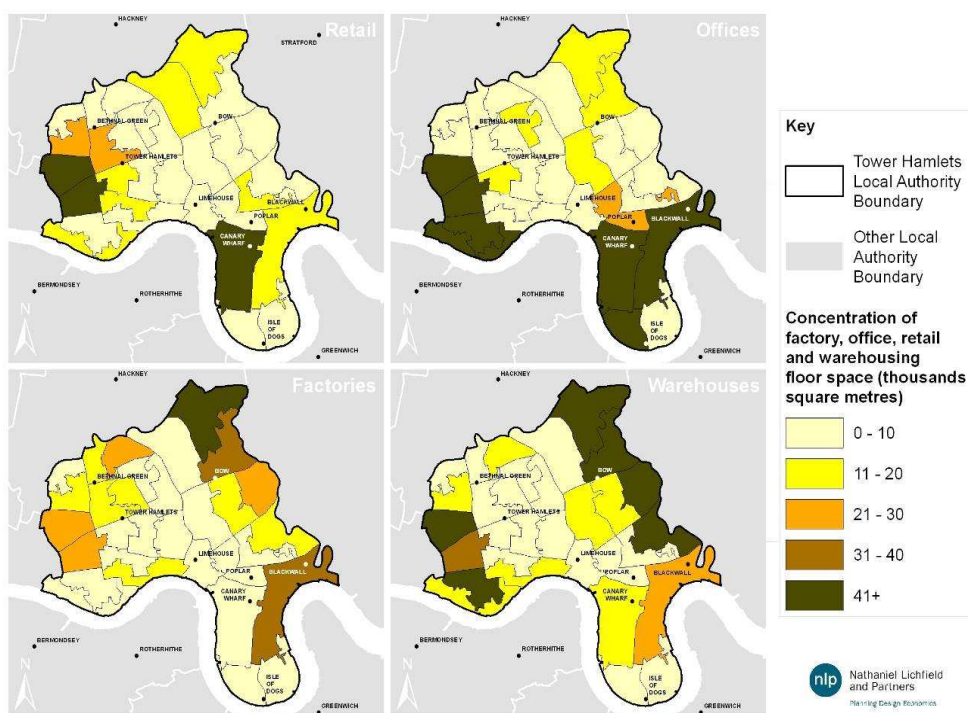
Tower Hamlets, at only 8 square miles, is a small, densely populated area that experiences significant demand for space use, and consequently high land values. These pressures have resulted in significant high-density development and competition between uses for available land. The pattern of high-density development within the borough, characterised by residential and commercial towers, leaves little appropriate or affordable space for smaller businesses.

Changing employment spaces

With an 80% growth in office floorspace and a marked reduction in factories and warehouses within the borough (see section on “What’s happening”, above), the demand from higher value uses is likely to see this pattern of land use change continue for the foreseeable future.

Figure 4.3 (below) shows that different types of commercial floorspace are spatially concentrated. Retail and commercial is dominant around Canary Wharf and the City Fringe, with what factory and warehouse space remains being clustered at the Eastern edge of the borough.

Figure 4.3 – Spatial Distribution of Commercial Floorspace, by Ward



Source: Valuation Office Agency/NLP analysis

This concentration of retail and office space in relatively few parts of the borough limits the distribution of SMEs and start-ups and may mean that the borough is failing to maximise its local employment potential. At the same time, the decline of factory and warehouse space is likely to free up spaces for alternative uses and the borough needs to factor in the demand for commercial space, rather than focusing solely on housing and large floorplate offices.

Demand for flexible premises

Both the quality and quantity of premises for small firms and start-ups within the borough is low. Canary Wharf and the City Fringe are amongst London's major office markets, where the available premises meet the requirement of larger firms. The rest of the borough does not pick up this slack and the provision of appropriate smaller office spaces is highly limited.

The business survey undertaken for the LEA identified premises, along with good public transport links and proximity to customers, as the most important factors for doing business within Tower Hamlets. Current sites and premises were generally viewed as "fit for purpose", although more affordable business premises were identified as one of two factors that would enhance business prospects in the borough. Most demand was indicated in the survey for premises up to 1,000m².

In terms of smaller spaces, the LEA shows that although there is strong demand for B1⁸ units under 100m², they currently form under 2% of supply. The majority of available office space under 100m² appears to be located in the City Fringe, which attracts smaller businesses, followed by the Isle of Dogs, with a lack of provision in the rest of the borough. Suitable flexible and affordable workspace is therefore required in all parts of the borough, including the Central Area.

A significant minority (20%) of future growth in the borough is anticipated to be in micro or small enterprises (with small enterprises employing up to 49 people). If future supply of employment spaces continues recent trends, there will be a significant over-focus on large floorplate office developments, with limited provision of suitable workspace for micro and small enterprises. Meanwhile, trend data⁹ shows that SMEs' requirements for space will be higher in 2020 than in 2010. This includes growth linked to the financial and business services cluster¹⁰ and reflects the increasing importance of smaller businesses in the Tower Hamlets enterprise economy. Tower Hamlets SMEs have a propensity to higher year-on-year growth (source: NOMIS) than equivalent enterprises in London as a whole, emphasising the need for flexibility in the provision of business space.

In the absence of intervention small businesses in growth sectors may be forced out of Tower Hamlets to seek more suitable premises elsewhere. There is thus a need to safeguard and provide appropriate premises for SMEs through the planning system.

⁸ B1 classification includes non-financial service offices, light industrial and R&D functions, for spaces up to 235m².

⁹ Five Host Boroughs Strategic Regeneration Framework – Economic Model: Baseline Report (Oxford Economics, March 2010) – "Baseline Report"

¹⁰ The additional employees in these two sectors employed in micro and small businesses will require almost 23% of additional office space in future years.

The role of the Enterprise strategy

There is a shortage of supply of workspace for SMEs in Tower Hamlets, which risks pushing business start-ups and growing businesses out of the borough. These enterprises are vital for the strength of the local enterprise economy and could provide substantial employment opportunities to local people. Overcoming problems in the supply and availability of workspace suitable for small businesses is a crucial point for this Strategy.

Not only would a supply of flexible workspace support small and growing businesses, but, as discussed above, if such workspaces were to be situated in parts of Tower Hamlets other than Canary Wharf and the City Fringe, they could support the commercial viability of town centres in the borough. This Strategy can help to address this issue by promoting the development of appropriate workspace, particularly in town centres.

5. Objectives

Summary

This section sets out detailed priorities for intervention to address the issues identified in the Problems section. Each of the strategic objectives here is based on the analysis shown in the previous chapters and are focused on meeting the overall aim of this Enterprise Strategy, which is to:

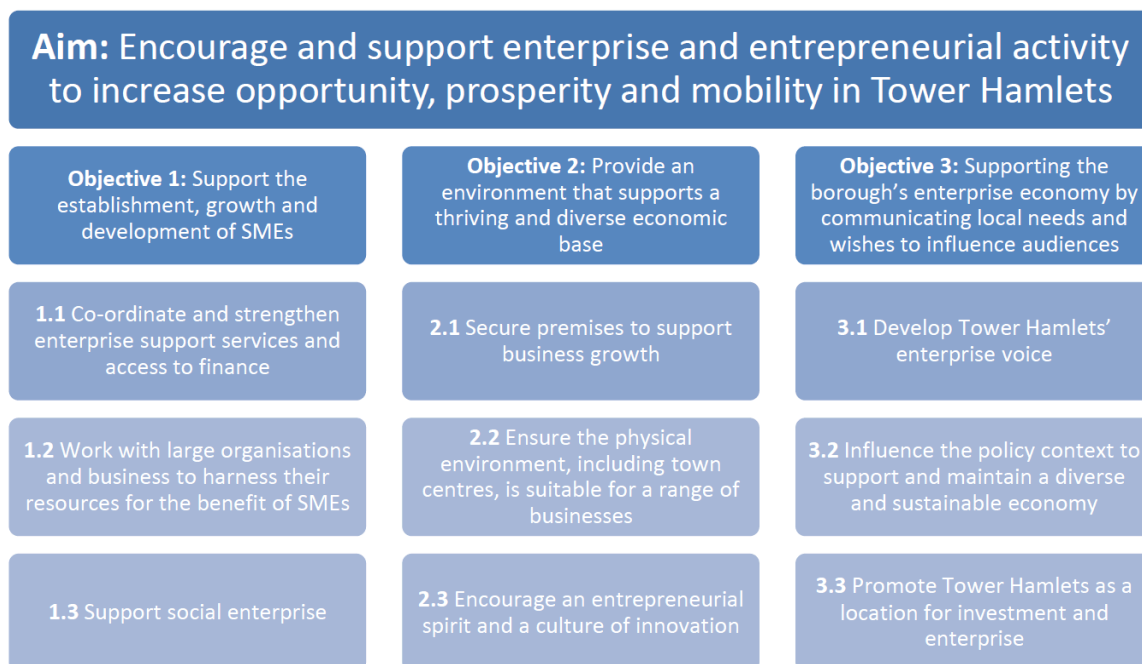
Encourage and support enterprise and entrepreneurial activity to increase opportunity, prosperity and mobility in Tower Hamlets.

Meeting this aim is a priority for both the Council and its partners, and will be achieved through the following three objectives:

- 1 Support the establishment, growth and development of SMEs
- 2 Provide an environment that supports a thriving and diverse economic base
- 3 Support the borough's enterprise economy by communicating local needs and wishes to influence a variety of audiences

Intermediate objectives have been developed for each objective to show how each objective is to be achieved, as shown in the diagram below. These are explained in the following sections.

Figure 5.1 – Outline of Aim and Objectives



Actions will be assigned to each objective as part of the annual Enterprise Action Plan, which is provided as a separate document.

Objective 1: Support the establishment, growth and development of Small and Medium Enterprises

The success of the Tower Hamlets economy is rooted in the success of individual borough businesses. This strategic objective will help ensure that Small and Medium Enterprises (SMEs) can capitalise on the opportunities provided by the wider economy. Providing access to information and finance for borough entrepreneurs, especially those whose work has a clear social benefit, will also strengthen new and existing enterprises, which in turn add to the diversity of businesses in Tower Hamlets. Their growth prospects will be further enhanced by encouraging local procurement (as well as local labour on the part of developers) and recognising and encouraging the Corporate Social Responsibility activities of larger businesses.

Problems met	<ul style="list-style-type: none"> • Limited resources for business, including support services and funding • Low levels of self employment
Role of the Council	<ul style="list-style-type: none"> • Procure locally, including through the Supply Tower Hamlets programme and its broader procurement policies • Support local enterprises' access to private and public supply chains • Provide and promote information to business owners who potentially wish to open or relocate a business in Tower Hamlets • Ensure that regulatory services are helpful • Facilitate joint working between agencies to provide practical support • Broker relationships with business support services
Principal benefits	<ul style="list-style-type: none"> • Supported SMEs and social enterprises have better growth prospects. This will make the local economy more resilient and sustainable. • Local businesses are more likely to employ local labour and, where local sub contractors are appointed, they spend more in the local economy. • The amount of travel involved within the borough is reduced, increasing the overall sustainability of operations and physical development. Appointing suitable local sub-contractors can provide organisations with operational advantages, as well as contributing to the objectives of the Community Plan. • A range of support services can help firms to establish themselves in the borough, grow and innovate, which in turn will create jobs.

Intermediate objectives:

1.1 Co-ordinate and strengthen enterprise support services and access to finance

It is critical that businesses have information about and access to the right mix of support services. This requires attention to:

- Build supply chain capacity so that local businesses can supply through procurement processes.
- Develop and maintain an effective network of business support agencies to strengthen and co-ordinate provision – this may include mapping out the range of services on offer and signposting new or existing businesses to support agencies. This will not only help businesses access the services they need more efficiently, it will also help to shine a light on gaps or overlaps in the provision of key enterprise support services.
- Improve access to advice on debt, equity and new forms of finance, particularly for groups who may be excluded from traditional forms of finance– the current economic climate is challenging, but there are still options available which will help new and existing businesses to grow and develop.

The contribution of local support services¹¹ will be critical to the achieving this strategic objective. Establishing a pilot network group to provide peer support for start-ups will be an early task within this strategic objective.

1.2 Work with large organisations and business to harness their resources for the benefit of SMEs

Large organisations in the private and public sectors are in an influential position when it comes to awarding contracts, so encouraging them to procure locally, including from social enterprises, is a valuable means of recycling money within the local economy. With an increasing global focus on sustainable development and local sourcing of goods and services where economical, as well as Corporate Social Responsibility (CSR) policies, there is a good opportunity to enhance links between the borough's many large firms, the Council and other public sector agencies, with the plethora of smaller enterprises. Under this intermediate objective, the actions are to:

- *Establish relations with major corporate bodies* to identify and develop opportunities for mentoring, collaboration and partnership working with the borough's large businesses.
- *Ensure that the Council procures locally* within the regulatory framework. The Council's Procurement Strategy refers to the need to ensure that the Council's social objectives – including support for local businesses - are promoted through its procurement, and states that 36% of the Council's annual expenditure on goods

¹¹ Including the East London Small Business Centre, the East London Business Alliance, East London Business Place, Account3, Spitalfields Small Business Association, CIDA, the Bromley-by-Bow Centre and Tower Hamlets Cooperative Development Agency

and services is contracted with businesses located in Tower Hamlets¹². The Council wants to build on this strong base.

- *Ensure that developers in Tower Hamlets commit to procuring locally.* For all major developments, the Council will seek to secure 20% of the total value of contracts for goods and services during the construction phase to be procured from firms located within the Borough. This should be achieved within competition law, and in cooperation with Council nominated organisations such as Construction Line and ELBP.
- *Maximise supply chain and contracting opportunities for Tower Hamlets SMEs* arising from the large public and private sector organisations in the borough.

1.3 Support social enterprise

As local businesses which tend to distribute their profits locally and reinvest them to achieve social objectives, social enterprises are particularly important. Under this measure, the Enterprise Team will:

- Map funding sources beyond the mainstream, including microfinance, CDFIs, and Big Society Capital. In future, this may include exploring the potential for links with Canary Wharf and the City Fringe.
- Ensure that business support services meet the specific needs of social enterprises, including legal structures and transparency, with particular reference to social enterprises which support the employment and entrepreneurial aspirations of residents in hard-to-reach groups
- Target social enterprises for procurement support activity

The Council also wishes to encourage existing initiatives, such as the work of the East London Small Business Centre in conjunction with the Community Development Finance Association, identifying capital to underpin local business loans.

¹² Corporate Procurement Strategy 2009 – 2011

OBJECTIVE 2: Provide an environment that supports a thriving and diverse economic base

Suitable premises – particularly for smaller business – in desirable locations, which includes Tower Hamlets’ town centres, are crucial to making the physical environment attractive to businesses. In addition, since businesses want capable people, fostering an entrepreneurial culture will help local residents achieve increasing success in making a living through employment, regardless of whether they set up their own business. And innovation, particularly through Tower Hamlets’ universities, creates an environment where new possibilities offer potential commercial returns. The combination of these factors will make for a diverse and thriving business context, connected to the boroughs students and long-term residents.

Problems met	<ul style="list-style-type: none"> • Underperforming town centres • Lack of suitable workspace for small businesses • Skills gap between residents and borough businesses • Relatively low rate of self-employment
Role of the Council	<ul style="list-style-type: none"> • Provide information relevant for local businesses - Collecting feedback from local enterprises can help develop services which businesses themselves see as a priority. • Utilise regulatory services – especially licensing, food safety and environmental health – in a helpful manner to small businesses and start-ups. • Use physical assets (eg office accommodation) to support local enterprises, especially where they starting out • Work through planning policy to foster appropriate spaces and places for businesses
Principal benefits	<ul style="list-style-type: none"> • Providing suitable premises for the significant minority of enterprises with less than 50 employees will ensure that they are attracted to and remain in the borough. • An improved enterprise infrastructure strengthens local economic activity, which in turn creates more vibrant and attractive places, to the benefit of local residents • Residents of Tower Hamlets will be more likely to start businesses and will learn transferable skills from their exposure to enterprise

Intermediate objectives:

2.1 Secure premises to support business growth

While much recent growth in enterprises has concentrated on large companies with very large floorplate requirements, 20% of future growth is anticipated to be in micro or small enterprises (up to 49 people). Enterprises which would otherwise be located in Tower Hamlets will be forced to move from the borough if suitable workplaces are not available. Accordingly, the Council will use the planning process to secure the provision of flexible workspace within commercial developments, to mitigate the loss of such space through the development process, and to support new and existing SMEs in the borough

2.2 Ensure the physical environment, including town centres, is suitable for a range of businesses

Many of Tower Hamlets' town centres lack the scale and vitality to perform their role adequately for the communities and enterprises they support. This risks significant local spend being diverted from the local economy. The Council will:

- Ensure that enterprise considerations are at the heart of town centre regeneration, including at Whitechapel. It has an excellent transport infrastructure and could develop as an even stronger district centre with a diverse local economy
- Help to implement the Town Centre Spatial Strategy by encouraging initiatives which will develop the local enterprise economy. There may also be potential to use the Street Markets Strategy to improve the quality of the borough's markets, thus contributing to the vitality of town centre environments.
- work to better coordinate investment in town centres and to support the development of town centres with a balanced mix of uses;

2.3 Encourage an entrepreneurial spirit and a culture of innovation

Developing a culture of innovation is a key goal for this Strategy.

- Work with schools to encourage understanding and experience of entrepreneurship among young people. This could involve support for Your Enterprise initiatives.
- Work with higher education institutions to identify commercial opportunities linked to their academic expertise. This could lead to knowledge transfer, the establishment of new networks and support for spin-out companies.

There is also an important role for partner agencies and business groups here, as well as charities such as the Prince's Trust.

Objective 3: Supporting the borough's enterprise economy by communicating local needs and wishes to influence a variety of audiences

Tower Hamlets is a great location for enterprise, as evidenced by the rapid development of Canary Wharf and the City Fringe, but it is one location in a competitive national and international context. A combination of active promotion of the borough's benefits, rigorous campaigning to ensure that these are maintained and improved, and active listening to stay abreast of the opinions of local businesses will ensure that the borough remains an attractive and competitive enterprise destination for generations to come.

Problems met	<ul style="list-style-type: none"> Limited resources for business, including support services and funding
Role of the Council	<ul style="list-style-type: none"> Represent the enterprise interests of the borough Compete aggressively for available public sector investment Influence policies which affect enterprise at a London wide and national level Facilitate an entrepreneurial culture across sectors – sharing experience of involvement in enterprise activity, however small in scale, can help people become more effective employees and citizens as well as business owners
Principal benefits	<ul style="list-style-type: none"> Success in achieving these aims will demonstrate that Tower Hamlets is an excellent place for business in London. Links between borough businesses will help develop a vibrant and inter-dependent local economy. A coordinated 'voice' for the borough increases the likelihood of attracting funding, capital projects and positive legislative changes.

Intermediate objectives

3.1 Develop Tower Hamlets' enterprise voice

A key step in representing the interests of enterprise will be to develop the clarity of the borough's local enterprise 'voice'. The borough's business successes need to be championed and requirements articulated. The Council will:

- *Set up a pan Tower Hamlets business forum to represent the views of SMEs*
- *Ensure that the voice of local business is heard by government at local, regional and national levels*
- *Ensure that the Council's planning and regulatory functions take into account the needs of local enterprises*

3.2 Influence the policy context to support and maintain a diverse and sustainable economy

The Council and its partners have an important role to play in promoting the borough, protecting its interests, influencing nationally and regionally and in ensuring that the policy framework supports borough business and enterprise. The Council will work closely with businesses, business groups, and with sub-regional partners to achieve the maximum positive impact of national policy changes. Actions and work streams will cover:

- *Research into the ownership of local enterprises and patterns of self employment across the equalities strands*, including issues identified within the Strategy such as variations in levels of self-employment between men and women. Research should examine their relative degrees of success, income and trends of growth or contraction
- *Position Tower Hamlets to take advantage of policy changes*, working with its partners to enhance the borough's lobbying capability and promote the borough's interests to ensure that Tower Hamlets has a strong voice in new and emerging structures and initiatives such as the pan-London Enterprise Partnership, the Host Boroughs' Strategic Regeneration Framework driving the convergence agenda, and the Government's proposed Tech City initiative in east London.
- *Compete aggressively for available public sector investment* - competition for public investment is likely to be fierce in coming years and the Council will need to work with partners to target funding and aggressively make the case for investment in the borough at regional national and European levels.

The Council and its partners have an important role to play in bringing partners together to maximise investment in enterprise support services in the borough.

3.3 Promote Tower Hamlets as a location for investment and enterprise

It is important that opportunities for marketing and destination branding, including the established Curry Capital 2012 brand, are maintained and built upon, in order to support existing SMEs, maintain the borough's existing strengths as a location of choice for

Enterprise Strategy: *Objectives*

financial and business services, and encourage diversification through investment from growth sectors such as creative and knowledge-based industries. Promoting Tower Hamlets as a location for inward investment, tourism and leisure, particularly in the run-up to the Olympics, will involve work with businesses and partners to provide a more focused approach to destination marketing. Initially, the Council will:

- *Develop a marketing plan to promote the borough* in line with the intermediate objective, highlighting its enterprise successes and its suitability for growth sectors

Glossary

CDFIs	Community Development Finance Institutions
CSR	Corporate Social Responsibility
ELBA	East London Business Alliance
ELBP	East London Business Place
ELSBC	East London Small Business Centre
JSA	Jobseekers' Allowance
LDA	London Development Agency
LEP	Local Enterprise Partnership
SMEs	Small and Medium Enterprises
TCSS	Town Centre Spatial Strategy



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Tower Hamlets Enterprise Strategy

Indicative Short Term Action Plan

DRAFT



Enterprise Strategy Indicative Short Term Action Plan

Introduction

This Action Plan sits as an appendix to the Tower Hamlets Enterprise Strategy. The Enterprise Strategy, to which this Action Plan is an accompaniment, is the first to be developed in the past decade and therefore the Action Plan has had to give due regard to the [limited] resources available to support the delivery of Enterprise Activity especially as there has previously been no Enterprise function within the Authority. The Action Plan has also been developed in consultation with the Mayor's Office and with reference to the recommendations of the Overview and Scrutiny Panel review into SME Growth in the Borough which were accepted by Cabinet in October 2011.

Given that the Enterprise Strategy is the first for many years this Action Plan establishes two types of action which can be classified as *doing and reviewing*. Following consultation with the Mayor's Office the Action Plan has been prioritised and stream-lined into a series of actions that can be undertaken over the short term, consistent with the Strategic Objectives established in the Strategy, in turn enabling the development of a more detailed Action Plan going forward. It is intended that the Action Plan will be reviewed and amended on an annual basis, to ensure adaptation to circumstances and progression towards achieving the Strategic Objectives.

Actions are brought forward under each of the three Strategic Objectives established in the Strategy which are provided below:

AIM/STRATEGIC OBJECTIVE OF THE TOWER HAMLETS ENTERPRISE STRATEGY

Strategic Aim:

The aim of the strategy is to:

encourage and support enterprise and entrepreneurial activity to increase opportunity, prosperity and mobility in Tower Hamlets

Strategic Objectives:

- 1 Support the establishment, growth and development of SMEs
- 2 Provide an environment that supports a thriving and diverse economic base
- 3 Support the borough's enterprise economy by communicating local needs and wishes to influence a variety of audiences

STRATEGIC INDICATORS

This action plan proposes a series of doing and reviewing actions to support the objectives and intermediate objectives that are set out in the Enterprise Strategy. In order to measure progress over the medium to longer term following strategic indicators have been identified for tracking the overall impact of the strategy and the health of the enterprise economy in Tower Hamlets:

1. **Self-employment rate** – reducing the gap between Tower Hamlets and the London average.
2. **Proportion of SMEs taking on more staff** – maintain parity with the London average.
3. **Business births per 10,000 population** – maintain parity with the inner London median.

Strategic Objective 1

Support the establishment, growth and development of SMEs

Intermediate objective	Actions	Tasks (implementation actions)	Rationale (review actions) or responsibility (implementation actions)	Targets and milestones	Reference to scrutiny review action plan
1.1 Co-ordinate and strengthen enterprise support services and access to finance	<p>Review existing business support services, including their funding effectiveness and sustainability. As part of the review, benchmark Tower Hamlets SME business support services with other London boroughs. Finally, as part of the review, conclude what needs to be in place to have fit-for-purpose support networks in Tower Hamlets.</p> <p>Develop improved information dissemination to SMEs to cover all aspects of business and financial support.</p>		<p>There has been a significant reduction in the public resources available for business support nationally and in London. The networks in Tower Hamlets are fragmented and not necessarily comprehensive. Therefore it is important that scarce resources can be targeted in the most efficient way.</p> <p>SMEs (particularly smaller/micro businesses) suffer information inequity and freedom to access pages will address such inequality.</p>	<p>Review completed by end of September 2012</p> <p>Web-based business information resource with comprehensive menu of services available by September 2012.</p>	<p>Recommendations 2 and 6</p> <p>Recommendation 2</p>

Strategic Objective 1

Support the establishment, growth and development of SMEs

Intermediate objective	Actions	Tasks (implementation actions)	Rationale (review actions) or responsibility (implementation actions)	Targets and milestones	Reference to scrutiny review action plan
	Review government and banking sector initiatives and products aimed to provide access to capital and loan facilities for SMEs and how the council can help to coordinate resources for the benefit of Tower Hamlets SMEs.		Following the banking crisis and pursuant to finance for SMEs are becoming (and have become) increasingly prevalent, and thus understanding and being able to support SMEs access products and initiatives is important for SME survival and growth.	Review completed by end of September 2012	Recommendation 2
	Implementation action 1.1.1 Develop and maintain an effective network of business support agencies to strengthen and co-ordinate provision	Bring together relevant key agencies as functioning network Develop web-based business information resource with comprehensive menu of services available	Enterprise team	Business Support Network in place, March 2013	Recommendations 1,2 and 3.
	Implementation action 1.1.2 Improve access to advice on debt, equity and new forms of finance, particularly for groups who may be excluded from traditional forms of finance.	Work with Business Support Network to map out available sources of business funding	Enterprise team	Business information web resource online, September 2012	Recommendations 3 and 6.
			Enterprise team	Information available on business information web resource, September 2012	Recommendations 3 and 6

Strategic Objective 1

Support the establishment, growth and development of SMEs

Intermediate objective	Actions	Tasks (implementation actions)	Rationale (review actions) or responsibility (implementation actions)	Targets and milestones	Reference to scrutiny review action plan
	<p>Implementation action 1.1.3 Build supply chain capacity so that local businesses can supply through procurement processes</p>	<p>Work with East London Business Place to build SME capacity</p> <p>Continue implementation of Bishops Square procurement support project</p> <p>Promote Compete 4 supply chain initiative to local enterprises</p>	<p>Enterprise team, procurement team</p> <p>Business Support Network, East London Business Place</p>	<p>£2.3m in value of contracts won by businesses within the Bishops Square Procurement Support Project catchment zone by end of March 2012</p>	<p>Recommendation 3</p>

Strategic Objective 1

Support the establishment, growth and development of SMEs

Intermediate objective	Actions	Tasks (implementation actions)	Rationale (review actions) or responsibility (implementation actions)	Targets and milestones	Reference to scrutiny review action plan
1.2 Work with large organisations and business to harness their resources for the benefit of SMEs	Review the economic influences and drivers exerted by nationally and regionally significant business centres at the City Fringe, Canary Wharf, and Olympic Zone to determine supply chain structures and needs to support the development of opportunities for Tower Hamlets SMEs.		Tower Hamlets is in a unique position, enjoying a strategic location located between nationally and regionally significant employment poles of the City, Canary Wharf and Stratford City/Olympic Zone. Capitalising on the potential business opportunities for local (and incoming) SMEs can support a diverse economic base which provides a range of employment opportunities for local residents.	Review by the end of March 2013	Recommendations 3 and 12
	Implementation action 1.2.1 Ensure that the Council procures locally within the regulatory framework	Set up a working party between the Council's Enterprise and Procurement Teams	Enterprise and Procurement Teams	First meeting by the end of March 2012	Recommendations 3 and 12
		Review and update information for local SMEs on supplying to the Council	Enterprise and procurement teams	Updated information on Council website, April 2012	Recommendations 3 and 12
		Explore ways in which social benefit can be scored in procurement criteria	Enterprise and procurement teams	Draft proposals to CMT, August 2012	Recommendations 3 and 12

Strategic Objective 1

Support the establishment, growth and development of SMEs

Intermediate objective	Actions	Tasks (implementation actions)	Rationale (review actions) or responsibility (implementation actions)	Targets and milestones	Reference to scrutiny review action plan
	Implementation action 1.2.2 Ensure that developers in TH commit to procuring locally	Pursue adoption of Planning Obligations DPD including 20% local procurement requirement. Ensure local procurement planning obligations policy is applied in relation to major developments.	D&R	DPD adopted, January 2012 100% compliance with adopted policy, ongoing.	Recommendation 3 and 11 Recommendation 3 and 11
	Implementation action 1.2.3 Maximise supply chain and contracting opportunities for TH enterprises	Create prospective developers' toolkit, including information on benefits of local procurement, details of relevant support services, and tailored sector-based local supplier lists. Develop an online prospectus of local enterprise suppliers, and promote to business groups	D&R	Documentation drafted for approval, March 2012 Prospectus online, September 2012	Recommendation 3, 6 and 11 Recommendation 3, 6 and 11

Strategic Objective 1

Support the establishment, growth and development of SMEs

Intermediate objective	Actions	Tasks (implementation actions)	Rationale (review actions) or responsibility (implementation actions)	Targets and milestones	Reference to scrutiny review action plan
	<p>Implementation action 1.2.4 Establish relations with major corporates to identify opportunities for mentoring, collaboration and partnership with the borough's SMEs.</p>	<p>Create mechanism for linking major corporates with SMEs.</p> <p>Match corporates with appropriate SMEs for mentoring, collaboration and partnership</p>	<p>Via Mayor's Employment Board.</p> <p>Via Mayor's Employment Board.</p>	<p>Process established, June 2012</p> <p>Matching of corporates and SMEs underway, September 2012</p>	<p>Recommendation 3, 5 and 6</p> <p>Recommendation 3, 5 and 6</p>

Strategic Objective 1

Support the establishment, growth and development of SMEs

Intermediate objective	Actions	Tasks (implementation actions)	Rationale (review actions) or responsibility (implementation actions)	Targets and milestones	Reference to scrutiny review action plan
1.3 Support social enterprise	Ensure that business support services and networks meet the specific needs of social enterprises.		Social enterprise has a small but important role in supporting a diverse and dynamic economic base in the borough and can provide different routes to employment for local residents.	Included within review of business support services	Recommendations 1 and 2
	Implementation action 1.3.1 Map funding sources beyond the mainstream, including microfinance, CDFIs, and Big Society Capital	Work with business support agencies and Third Sector Team to map out available sources of funding for social enterprise	Economic Development & Olympic Legacy division, Business Support Network	Information included in business information web resource, September 2012	Recommendation 3 and 6
	Implementation action 1.3.2 Ensure that business support services meet the specific needs of social enterprises, including legal structures and transparency, with particular reference to social enterprises which support the employment and entrepreneurial aspirations of residents in hard-to-reach groups	Assess business support needs of social enterprise Work with Business Support Network to maximise take-up of services	Economic Development & Olympic Legacy division, Business Support Network	Report and recommendations on social enterprise business support needs, July 2012	Recommendation 3, 6 and 10

Strategic Objective 1

Support the establishment, growth and development of SMEs

Intermediate objective	Actions	Tasks (implementation actions)	Rationale (review actions) or responsibility (implementation actions)	Targets and milestones	Reference to scrutiny review action plan
	<p>Implementation action 1.3.3 Target social enterprises for procurement support activity</p>	<p>Promote initiatives to build supply chain capacity to social enterprises as part of action 1.1.3</p>	<p>D&R, procurement team</p>	<p>100% of known social enterprises in borough receiving information on supply chain support activity, December 2012.</p>	<p>Recommendation 3 and 12</p>

Strategic Objective 2

Provide an environment that supports a thriving and diverse economic base

Intermediate objective	Actions	Tasks (implementation actions)	Rationale (review actions) or responsibility (implementation actions)	Targets and milestones	Reference to scrutiny review action plan
2.1 Secure premises to support business growth	<p>Map the provision of physical space for SMEs in the borough, and talk to providers of workspace to identify, supply constraints/deficiencies and propose solutions</p> <p>Review how supply constraints/deficiencies can be overcome through the planning process</p>		<p>The LEA and Enterprise Strategy identify a shortage of supply of workspace for SMEs in Tower Hamlets which risks punishing business start ups and growing business out of the borough. These businesses are vital to the strength of the local enterprise economy.</p>	<p>Supply of physical space mapped by end of June 2012</p> <p>Review undertaken with Planning by September 2012</p>	<p>Recommendations 8, 10 and 11</p>
	<p>Implementation action 2.1.1 Explore the potential to secure the provision of flexible workspace within commercial developments through the planning process, to mitigate the loss of such space through the development process, and to support new and existing SMEs in the borough</p>	<p>Scoping of potential planning policy mechanisms</p>	<p>Enterprise and Strategic Planning teams.</p>	<p>Report to CMT, June 2012</p>	<p>Recommendation 8 and 11</p>

Strategic Objective 2

Provide an environment that supports a thriving and diverse economic base

Intermediate objective	Actions	Tasks (implementation actions)	Rationale (review actions) or responsibility (implementation actions)	Targets and milestones	Reference to scrutiny review action plan
2.2 Ensure that the physical environment, including town centres, is suitable for a range of businesses	<p>Implement the Town Centre Spatial Strategy by encouraging initiatives which will develop the local enterprise economy.</p> <p>Implementation action 2.2.1 Ensure that enterprise considerations are at the heart of town centre regeneration, including at Whitechapel</p>	<p>Engage with Development Implementation team to establish progress of regeneration and agree a programme factoring in enterprise objectives</p>	<p>Town Centres are vital in making opportunities in the local enterprise economy accessible to local people. Improving the performance of the borough's town centres has the potential to retain more spending locally and support a more diverse economy.</p> <p>D&R</p>	<p>Practical steps for SME attraction and growth in Town Centres identified for key town centres e.g. Whitechapel by March 2013</p> <p>Protocol for joint working agreed, September 2012</p>	<p>Recommendations 7 and 10</p> <p>Recommendation 8 and 11</p>

Strategic Objective 2

Provide an environment that supports a thriving and diverse economic base

Intermediate objective	Actions	Tasks (implementation actions)	Rationale (review actions) or responsibility (implementation actions)	Targets and milestones	Reference to scrutiny review action plan
2.3 Encouraging an entrepreneurial spirit and a culture of innovation	Include High Education Institutions and other such partner agencies which play an integral role within the Tower Hamlets business support networks with the review of business support.		The borough HEIs and other such organisations have a critical role to play in driving a knowledge-based and innovation-based enterprise economy in Tower Hamlet. Knowledge based industries are critical to the future economic competitiveness of the borough.	Included in the review of business support services	Recommendation 2
	<p>Implementation action 2.3.1 Work with schools to encourage understanding and experience of entrepreneurship among young people</p> <p>Implementation action 2.3.2 Work with higher education institutions to identify commercial opportunities linked to their academic expertise</p>	<p>Review and promote Schools Entrepreneurship Programme</p> <p>Develop process with higher education providers to promote knowledge-transfer and support facilities</p>	Tower Hamlets Education Business Partnership, Enterprise team	Performance report and recommendations to CMT, December 2012	Recommendation 4 and 6
			Enterprise team and higher education providers	Protocol for joint working agreed, December 2012	Recommendation 4 and 6

Strategic Objective 3

Support the borough's enterprise economy by communicating local needs and wishes to influence a variety of audiences

Intermediate objective	Actions	Tasks (implementation actions)	Rationale (review actions) or responsibility (implementation actions)	Targets and milestones	Reference to scrutiny review action plan
3.1 Develop Tower Hamlets enterprise voice	Set up a Tower Hamlets business forum to represent view of SMEs		There is no single representative voice of business in Tower Hamlets, rather a collection of traders' associations, business clubs – none of which provide a representative voice. There therefore is a need to have a mechanism through which a more representative dialogue can be effected.	Forum event to be held in 2012/13	Recommendations 4 and 5
	Implementation action 3.1.1 Set up a Tower Hamlets business forum to represent the views of SMEs	Establish working group including SMEs and business groups to scope role and function of Tower Hamlets SME forum.	Enterprise team	Outline proposal for SME forum, April 2012	Recommendation 5
	Implementation action 3.1.2 Promote the voice of local business to government at local, regional and national levels	Establish mechanism for understanding and communicating local business views, through Tower Hamlets SME forum	Tower Hamlets SME forum, Enterprise team	Mechanism in place, December 2012	Recommendation 3, 5 and 6

Strategic Objective 3

Support the borough's enterprise economy by communicating local needs and wishes to influence a variety of audiences

Intermediate objective	Actions	Tasks (implementation actions)	Rationale (review actions) or responsibility (implementation actions)	Targets and milestones	Reference to scrutiny review action plan
3.2 Influence the policy context to maintain a diverse and sustainable economy	<p>Review Enterprise Strategy objectives against other council Strategies (including the LDF) and put forward practical steps needed to reflect the needs of SMEs to support</p> <ul style="list-style-type: none"> - their attraction to the borough - their start up, growth and development 		<p>The economic health of the borough impacts upon all residents, and future funding from central government may well be linked to business development and growth. Therefore council strategies need to reflect the significance of enterprise where appropriate.</p>	<p>Internal review completed by September 2012</p>	<p>Recommendations 4 and 9</p>
	<p>Examine how the current and proposed changes to the business rate regime can help the Tower Hamlets business community, and the development of the Tower Hamlets economy.</p>		<p>Proposed business rate reform will incentivise economic growth. Tower Hamlets therefore must understand and support the significance of business development in the borough if it is to maximise revenues.</p>	<p>On-going review of, and response to, emerging business rate reform proposals.</p>	<p>Recommendation 2</p>

Strategic Objective 3

Support the borough's enterprise economy by communicating local needs and wishes to influence a variety of audiences

Intermediate objective	Actions	Tasks (implementation actions)	Rationale (review actions) or responsibility (implementation actions)	Targets and milestones	Reference to scrutiny review action plan
	<p>Implementation action 3.2.1 Research into the ownership of local enterprises and patterns of self employment across the equalities strands, including issues identified within the Strategy such as variations in levels of self-employment between men and women. Research should examine their relative degrees of success, income and trends of growth or contraction.</p>	<p>Undertake research and analysis of business information.</p>	<p>Enterprise Team, Corporate Strategy & Performance, Scrutiny & Equalities March 2012</p>	<p>Interim report, December 2012</p>	<p>Recommendation 1 and 6</p>
	<p>Implementation action 3.2.2 Ensure Tower Hamlets responds to opportunities arising from government policy changes for the benefit of the local economy</p>	<p>Ongoing review of and response to potential impact of emerging policy, including business rate retention and small business support network.</p>	<p>D&R</p>	<p>Responses as required, ongoing</p>	<p>Recommendations 5 and 9</p>

Strategic Objective 3

Support the borough's enterprise economy by communicating local needs and wishes to influence a variety of audiences

Intermediate objective	Actions	Tasks (implementation actions)	Rationale (review actions) or responsibility (implementation actions)	Targets and milestones	Reference to scrutiny review action plan
	<p>Implementation action 3.2.3 Position Tower Hamlets to take advantage of policy changes to ensure that Tower Hamlets has a strong voice in new and emerging structures and initiatives such as the pan-London Enterprise Partnership, the Host Boroughs' Strategic Regeneration Framework driving the convergence agenda, and the Government's proposed Tech City initiative in east London.</p>	Develop relationships and lobby as appropriate.	D&R	Strategic enterprise position report to CMT, September 2012	Recommendation 5 and 9
	<p>Implementation action 3.2.4 Position the Council to compete for external resources.</p>	Co-ordinate responses by the borough and partners to any forthcoming opportunities	Enterprise team	Repond to bidding opportunities within set timeframe	Recoommendation 3 and 9

Strategic Objective 3

Support the borough's enterprise economy by communicating local needs and wishes to influence a variety of audiences

Intermediate objective	Actions	Tasks (implementation actions)	Rationale (review actions) or responsibility (implementation actions)	Targets and milestones	Reference to scrutiny review action plan
3.3 Promote Tower Hamlets as a location for investment and enterprise, and a destination for visitors	<p>Develop the market positioning of the borough as an investment location developing a strong brand linked to City Status (subject to outcome of bid)</p> <p>Implementation action 3.3.1 Develop a marketing plan to promote the borough, highlighting established brands such as Curry Capital and High Street 2012, enterprise successes, and the borough's suitability for growth sectors.</p>	<p>Draft communications plan for consultation.</p>	<p>Tower Hamlets is uniquely located between the business centres of the City, Canary Wharf and the Olympic Zone, however its identity as a place for investment is underdeveloped.</p> <p>Enterprise and Communications Teams</p>	<p>Support City Status bid</p> <p>Consultation draft, June 2012</p>	<p>Recommendations 1 and 6</p> <p>Recommendation 2, 3, 5, 6 and 11</p>

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Tower Hamlets Enterprise Strategy Consultation Report

The draft version of the Tower Hamlets Enterprise Strategy was sent to partners for Consultation in April 2011 and was made available online. Responses were submitted to the Council during late May 2011 (the deadline for responses was set as 23 May).

In total, nine written responses were received. Importantly, written responses were received from key partners including the Canary Wharf Group, East London Small Business Centre, East London Business Place and the Tower Hamlets Primary Care Trust, and other prominent local organisations.

This document is intended to summarise the comments raised by stakeholders and, where appropriate, to indicate how such feedback will be incorporated into the final draft of the Strategy. The Consultation asked five questions and provided space for additional comments on the Enterprise Strategy. Summaries of the responses to these questions are given below.

1. How well do the 'Introduction' and 'Context' sections (parts 1 and 2) set out the relevant background for the strategy? Are there any substantial omissions?

Respondents broadly agreed with the context and concluding sections of the strategy particularly in relation to the diversification of the borough and sectoral analysis.

Respondents said that the introduction showed thorough research and 'sets the scene' well. One respondent suggested mentioning support organisations such as East London Business Place and East London Business Alliance.

Some respondents felt that the analysis of residents skills deficit required further detailed analysis to highlight the barriers caused by a lack of work based skills as well as educational qualifications

A specific comment was made with regards to the introduction where Whitechapel is mentioned but no reference is made to the 'Whitechapel Art Gallery'.

One consultation respondent expressed their agreement with the statistics included in the strategy on supply of labour and employment statistics.

They also made the recommendations to include a description of the Tower Hamlets Third Sector training and employment organisations and promote the work of these organisations in catering for the needs of disadvantaged groups in the local community and the diverse population of the borough.

These points are taken up below.

Response and Actions:

We are content with the suggestion to include the Whitechapel Gallery as a prime visitor location in Whitechapel within the introduction. We also agree and welcome the comments made with regards to the residents’ skills; these concerns are addressed within our partner Employment Strategy.

2. Are the ‘Challenges’, ‘Barriers’ and ‘Opportunities’ (parts 3 and 4) fully set out and do they deal with all relevant considerations?

General Comments:

Respondent Observation	Response/Actions
<p>Response to parts 3 and 4 of the enterprise strategy were broadly positive and respondents agreed with the analysis. Comments were made with regards to improving the job prospects of local residents through ensuring that jobs were created across the skills spectrum, while also highlighting increased opportunities in hotels & catering, retail, and the creative industries.</p>	<p>We are pleased with the overall response from consultees on this section of the strategy. We welcome the comments regarding job opportunities for residents across the skills spectrum, and this fits in well with the strategic aim to promote a diverse and sustainable enterprise economy. Through our partner employment strategy we will support residents to access jobs and progress across the whole skills spectrum. Creative Industries, tourism, retail and leisure are identified as potential growth sectors for the Tower Hamlets economy.</p>
<p>One consultee felt that emphasis should be made on the expected impact of the new Royal London Hospital, in terms of the creation of new public space, and availability of space that will free up, with the suggestion that the development could be linked to the Tech City plans.</p>	<p>This is a useful comment, to be taken up in connection with the Tech City proposals.</p>
<p>Under the opportunities section, there was a suggestion to amend the insert on social enterprise to reflect the impact they could</p>	<p>While we welcome the comments here, the opportunities section of the strategy is concerned with developments in the enterprise economy rather than the</p>

<p>have on the delivery of public services.</p>	<p>delivery of public services. Nonetheless, we recognise the contribution of social enterprises in the delivery of public services and will seek to support all enterprises in gaining opportunities to provide services through commissioning processes.</p>
<p>Information on page 31 about ELBP to be amended with the following:</p> <p>East London Business Place (ELBP): is a supply chain development programme allied to a contract brokerage service led by Canary Wharf Group plc and supported by East London Business Alliance. It provides a free matching and sourcing service, connecting buyers and suppliers to maximise local business benefit from new developments and commercial precincts in east London. In particular, ELBP has, since 2008, helped Tower Hamlets (TH) based SMEs secure almost £38m of business and has helped more than 350 TH SMEs reach 'Fit-to-Supply' status through flexible 1-2-1 and one-to-many support activities.</p>	<p>We will amend the information on ELBP with the information provided.</p>
<p>Respondents felt that although higher education institutions do provide significant opportunities for enterprise and innovation, these institutions do not play an important role in the development of a skilled workforce and that this view is supported through work conducted by the Young Foundation.</p>	<p>This is a point which can be taken up most usefully in work under the Employment Strategy</p>
<p>Respondents felt that the opportunities section of the strategy where specific reference was made to the travel, retail, tourism and the creative industries sectors should have its own Cultural Strategy which would provide a way of co-ordinating these elements and bringing the focus onto the assets in the borough and help contribute to</p>	<p>The Enterprise Team will be glad to contribute to any future Cultural Strategy developed by the Council</p>

<p>strategic the strategic objectives of 'positioning' and 'place'.</p>	
<p>Under the section on sources of funding and finance, it was mentioned that ELSBC have been heavily involved in the Community Development Finance Association (CDFA) and their successful bid to the Regional Growth Fund for capital towards loans to businesses, an through the CDFA are developing links with the Big Society Bank.</p>	<p>We have noted this.</p>
<p>Respondents were pleased with the narrative contained in the strategy on social investment and enterprise. They suggested that in addition to what was already included, there should be specific focus on the role of social enterprise in relation to providing care and support services that are generally provided by health and social care organisations, and to actively endorse this activity through the strategy.</p>	<p>We agree that social enterprises have been operating successfully in the area of health and social care and that in recent years there has been cross party support for social enterprises to be increasingly more involved in the role and provision of health and social care. Proposals for targeting social enterprises for procurement support activity are mentioned under Intermediate Objective 1.3.</p>
<p>One respondent expressed their disapproval with a reference under the Enterprise Support section in the strategy. They strongly felt that there are more organisations offering enterprise support than the three 'main' providers mentioned.</p>	<p>The reference in the strategy relates to enterprise support providers operating across the East London Sub region rather than Tower Hamlets itself. We are fully aware of the enormous support offered by Account3 and other support providers in Tower Hamlets; we regularly refer clients seeking support to Account3 through our online Business Enquires Service. The council's "Business Matters" brochure guide contains details of Account3 and a number of other business support agencies. We have ensured that Account3 and other support providers are referred to in the revised draft.</p>

<p>The strategy should state a commitment to encouraging workless adults to claim benefits and sign on to entitle them to DWP funded training and support.</p>	<p>Reference to this issue is made in the employment strategy, in the section discussing the complexities of the benefits system and the tailored approaches to tackling worklessness.</p>
<p>The strategy inaccurately stated three main business support agencies in the borough. References are then made to the fact that third sector provision is more competent and that the third sector assist more SME start-ups each year than the cited organisations in the strategy.</p>	<p>We agree that in the inclusion of the term 'main' should be removed, however this reference referred to three providers operating across the East London sub-region, and not in Tower Hamlets. We do not have evidence to prove or disprove the claim that third sector organisations are more competent than the three agencies named, however we will cite the third sector enterprise support agencies mentioned: Spitalfields Small Business Association, Account3, and the Cultural Industries Development Agency, and the Tower Hamlets Cooperative Development Agency.</p>

3. Can the intermediate objectives set out under each strategic objective in part 5 be improved, amended or added to?

The intermediate objectives were well received; although some stakeholders were concerned they were too short-term. The Council points out that the indicative action plan only covers the first year of the strategy and will be updated annually. Stakeholders are invited to participate in this process, which is outlined in the final chapter of the Employment Strategy.

General Comments:

Respondent Observation	Council Response/Actions
<p>A greater emphasis on skills was desired.</p>	<p>This is achieved through the partner Employment Strategy.</p>
<p>Revision to Objective SO1: to include making full use of the s106 facility to fund support mechanisms for local business growth</p>	<p>Use of resources made available through s106 is outside the scope of this Strategy. Nonetheless, this comment is noted.</p>

Revision to Objective SO5: to emphasis developing links further between university students and SMEs to create solutions to business problems through R&D and innovation.	The Strategy recognises the role of local higher education institutions in helping to promote innovation in the enterprise economy, and students in such institutions would certainly be a vital part of this process.
More emphasis was needed on considering the affect of regulatory work on promoting activities. For example work done in environmental health and street market management. Activities such as these are business facing and can reflect the Council's attitude to business. Maximum importance should be given to objectives relating to local employment, supply chains, and sustainability.	We welcome the comments regarding regulatory work. Work proposed under Intermediate Objective 3.1 seeks to ensure that the Council's planning and regulatory functions take into account the needs of local enterprises.

4. Do you agree with the delivery arrangements as they are set out in part 5.1?

General Comments:

Respondent Observation	Council Response/Actions
Broadly respondents were satisfied with the delivery arrangement set out in part 5.1. One respondent suggested that under the 'influencing' bullet point a requirement that the Council should exert its influence by introducing business support organisations such as ELBP to developers at a sufficiently early stage to encourage them to use local suppliers wherever possible.	We welcome these comments. With regard to the specific comment made, we propose an amendment to ensure that ELBP can take part in joint working arrangements designed to increase the amount of business done by local enterprises.
A comment was made towards the provision of premises and the development of a more flexible approach through policies related to 'change of use' for available vacant premises	The Enterprise Team is regularly involved in consultations regarding planning regulation and policy and we will continue to do so. We will be commenting on the forthcoming consultation on the relaxation of planning

was welcomed.	rules.
The suggestion of an expanded Enterprise Group was proposed, and a note to ensure engagement of SMEs through dedicated consultation events is required.	The main role for the Enterprise Task Group in the Strategy is a coordination one. The Group will be advised by local enterprises and there will be a variety of consultation processes to ensure that the Strategy is delivered in a way which will provide demonstrable benefits to the local enterprise communities.
The strategy should include an objective associated with the development of work based learning and skills.	This is primarily an item to be tackled in the Employment Strategy
Consultees felt that the strategy needed more emphasis on young people developing youth enterprise, outlining organisations that can support young people, such as the Prince's Trust to develop their ideas or consider the self employment route.	We will mention the potential role of the Prince's Trust in encouraging an entrepreneurial spirit and culture of innovation, particularly in relation to work with young people.
Some respondents felt that the Enterprise Strategy should address the informal economy operating in the borough and the impact this has for residents in terms of accessing jobs.	Research suggests that key reasons for the existence of the informal economy relates to individuals who have low skills and language barriers which make it difficult for them to access jobs in the labour market and therefore seek work in the informal economy accepting lower wages and cash in hand. We will address these barriers through our strategies; responding to the skills needs of residents including provision of ESOL are priorities within the Employment Strategy.
The strategy should state interventions required to enhance the skills of residents which enable them to access employment and emphasise that the most effective support is via frontline services within the community.	We welcome these comments. There are prominent references in the Employment Strategy on increasing delivery by the third sector, working with the third sector to secure partnering and co-commissioning opportunities with prime contractors, and engaging with the third sector in Tower Hamlets to ensure residents from disadvantaged groups have access to

	<p>information and support. These references are not repeated in the Enterprise Strategy, which is concerned more with the demand side of the economy.</p>
<p>The strategy should state a commitment to the council ensuring all relevant contracts include local labour clauses.</p>	<p>The council has made this commitment; targets are outlined for both local employment and local procurement within the council's procurement, employment, draft Planning Obligations SPD and the borough enterprise strategy. The Employment and Enterprise team will continue to work closely with planning and corporate procurement to maximise the benefits for borough residents.</p>
<p>The strategy should state a clear commitment to encourage and support local residents to establish their own social enterprise or co-operative.</p>	<p>The importance of social enterprise is emphasised in the Strategy, and support for residents who wish to establish an enterprise is one of the main strategic themes.</p>
<p>Refocus planning priorities to encourage the development of more workshop, small office and business starter units of 500 – 1000 square feet.</p>	<p>The Enterprise Team is working with Strategic Planning and Development Implementation teams to develop an approach to securing flexible, affordable business space provision for small, start up businesses. The strategy does highlight the need for this type of provision in the 'Challenges' section, and measures to bring about such provision are contained in the strategic objectives.</p>
<p>To conduct research on the impact of new businesses on the local economy and local employment opportunities; this should include information on the survival rates, turnover and employee numbers.</p>	<p>We welcome the suggestion. The council produces annual updates on the business environment. Each of the Employment and Enterprise Strategies has been produced in association with the borough's Local Economic Analysis (LEA), which forms the evidence base for the strategies. Intermediate objective 3.2 commits to further research on similar issues, with a focus on equalities and diversity.</p>

5. What are your comments on the action plan attached to the strategy?

General Comments:

Respondent Observation	Council Response/Actions
<p>While the Action Plan was largely embraced by respondents, one respondent felt that more recognition was needed for organisations such as ELBP as a useful partner in local procurement and supply chain development.</p>	<p>We welcome these comments, and the Action Plan has been amended to give more responsibilities to ELBP for procurement/ supply chain work.</p>
<p>Another comment was that the plan seemed to have gaps in terms of tasks for the coming year particularly where the 2012 Olympics are concerned.</p>	<p>A key action under Intermediate Objective 3.1, promoting Tower Hamlets as a location for investment and enterprise, and a destination for visitors, is to develop a communications plan to promote the borough, highlighting established brands such as Curry Capital and High Street 2012, enterprise successes, and the borough's suitability for growth sectors. This is intended to take advantage of the opportunities presented by the Olympics over the coming year.</p>
<p>One respondent strongly asserted that the action plan needed significant development in order for it to give credibility to the strategy.</p>	<p>We agree with these comments. A new Action Plan has been drawn up to implement the Strategy and to take account of the comments received.</p>
<p>Although leadership is mentioned through the Enterprise Task Group, there is no representation from the Learning and Skills Council, schools or training providers. It was put forward that arrangement for delivery of the strategy should include representatives from all key work based learning and skilled</p>	<p>This is more a matter for the Employment Strategy. Both the Enterprise and Employment Strategies will be delivered in the context of Tower Hamlets partnership arrangements, which will include training providers.</p>

players and schools.	
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6. Additional comments

The consultation gave space for respondents to make general comments on the strategy, its emphasis, omissions etc.

Respondents took the opportunity to comment on the overall Strategy and stated that it has the potential to deliver change and results, and that partners are keen to participate in the process.

One respondent added in this section that Sir Michael Marmot's review of health inequalities proposes a healthy living wage, building on the London Living Wage. It was felt that supporting this through the strategy would maximise gains from enterprise growth if this concept is developed and encouraged.

An additional comment was made regarding the Government Business Link service which comes to a close in November 2011. The respondent felt that as the revised Business Link service would be web based support, it was important to point out that industry clients need one to one business support whether they are start up or existing businesses. This is a point which will certainly be taken up in the implementation of the Strategy.

DRAFT

TOWER HAMLETS ENTERPRISE STRATEGY FULL EQUALITIES IMPACT ASSESSMENT

SECTION 1 – General Information

1a) Name of Strategy, Policy or Function:
Tower Hamlets Enterprise Strategy

1b) Service Area:
Development and Renewal

1c) Service Head:
Nick Smales, Service Head Employment and Enterprise

1d) Name and role of the officer/s and representatives involved in undertaking the EQIA:
Melanie Aust, Independent consultant and experienced advisor in enterprise issues
Andy Scott, Employment and Enterprise Manager
Huw Morgan-Thomas, Enterprise Manager
Enterprise Task Group, part of the One Tower Hamlets Partnership

1e) Assessment Methodology:
The Enterprise Strategy and its integrated Action Plan forms an intrinsic part of delivering the Prosperous Community theme of the Community Plan (which has had its own EQIA undertaken with an extensive consultative process underpinning it). This theme indicates a key priority of 'Fostering enterprise by:

- Providing incentives that encourage both business and social entrepreneurship
- Maximising the opportunities for local businesses to benefit from key growth sectors, and the Olympic and Paralympic Games.
- Promoting Tower Hamlets businesses and encouraging growth and tourism, with particular emphasis on the Olympics and Paralympics'.

Equality and diversity has been a key principle throughout the development of the Enterprise Strategy, see Principle 3 – Equalities and Diversity. This indicates that 'In recognition of the diversity of Tower Hamlets' population and business base. This includes ensuring substantial benefit for the diverse groups which make up Tower Hamlets' population and supporting any group which, in terms of business support or involvement in the wider business community, is disadvantaged compared with the others'. This EQIA will assess whether this principle has been effectively applied during the development of the Strategy and will also be embedded in the delivery of the Action Plan.

The Local Economic Assessment which was completed in December 2010, provides the detailed evidence base upon which the Enterprise Strategy is built. This is a comprehensive assessment of both the 'supply' (people) and 'demand' (jobs) sides and the complex economic environment within which the Strategy is being developed. It will be regularly reviewed and updated and this will need to impact on the delivery of the Strategy and the Action Plan. It will be role of the Prosperous Community Delivery Group and the Enterprise Task Group to ensure that the strategic fit between the evidence and action continues to provide a clear line of site between agreed priorities and activities and interventions designed to meet these priorities.

This EQIA has been developed during the consultation and redrafting stage of the Enterprise Strategy.

This consultation has been undertaken in a number of stages as outlined below:

Prosperous Community Delivery Group consultation
Enterprise Task Group

Consultation with local businesses as part of the Business Survey included in the Local Economic Assessment and during February/March as part of the consultation process feeding into the Enterprise Strategy (where there is a read across to the 'demand' section within the Employment Strategy)

Consultation with strategic partners and agencies from 21st April to 23rd May 2011

Consultation with local communities from 21st April to 23rd May 2011

The consultation regarding the Enterprise Strategy completed on 23rd May 2011. Nine larger organisations based in the borough have provided written comments on the Enterprise Strategy. These comments were broadly supportive of the Strategy and it was noted to have been well researched. Specific comments and suggestions have been considered and revisions have been made to the redrafted Enterprise Strategy and into this EQIA.

SECTION 2 – Information about changes to Policy, Strategy or Function

2a) Please explain the aims and objectives of the strategy, policy or function and the reasons for the change

WHAT ARE THE PURPOSES OF THE STRATEGY?

The Enterprise Strategy, alongside the Employment Strategy, form part of a suite of strategies aimed at reducing child poverty and increasing financial inclusion in the borough, which require effective working between departments, agencies and partnerships to achieve their objectives. The overarching strategy for the Council and its partners is the One Tower Hamlets Community Plan. The Enterprise Strategy, therefore, reflects the vision of the Prosperous Community theme of the One Tower Hamlets Community Plan:

‘The Partnership chose to include a number of employment and skills related targets in the Tower Hamlets’ Local Area Agreement – reflecting the importance of this issue in making Tower Hamlets a more prosperous place.

But prosperity is not just about wealth. It is about ensuring all residents have the support, skills and encouragement to make the best of their lives. Jobs provide people with fulfilment, purpose and the means to enjoy life. We are committed to making this a reality for all residents by actively supporting more people into work, giving people access to the training they need to be job-ready and by encouraging enterprise and fostering new industries’.

The refreshed Community Plan and the approved Employment Strategy provide the opportunity and framework within which to develop the Enterprise Strategy.

This is a new strategy for the Council and formulates its approach to enterprise and enterprise support. It deals with the ‘demand’ side of the economy – creating a business friendly environment to support new enterprise and enhance the existing business infrastructure. The ‘supply’ side of the economy – developing the skilled and trained workforce to meet the needs of employers is the role of the Employment Strategy – and it’s associated EQIA.

The aim of the Enterprise Strategy is to:

‘encourage and support enterprise and entrepreneurial activity to increase opportunity, prosperity and mobility in Tower Hamlets’

There are 3 Objectives identified, which are as follows:

- **Objective 1** – Support the establishment, growth and development of SMEs
 - 1.1 Co-ordinate and strengthen enterprise support services and access to finance
 - 1.2 Work with large organisations and business to harness their resources for the benefit of SMEs
 - 1.3 Support social enterprise

- **Objective 2** – Provide an environment that supports a thriving and diverse economic base
 - 2.1 Secure premises to support business growth
 - 2.2 Ensure that the physical environment, including town centres, is suitable for a range of businesses
 - 2.3 Encouraging an entrepreneurial spirit and a culture of innovation.

- **Objective 3** – Support the borough's enterprise economy by communicating local needs and wishes to influence a variety of audiences
 - 3.1 Develop Tower Hamlets' enterprise voice
 - 3.2 Influence the policy context to maintain a diverse and sustainable economy
 - 3.3 Promote Tower Hamlets as a location for investment and enterprise, and a destination for visitors

WHY IS THE STRATEGY REQUIRED?

The purpose of the Tower Hamlets Enterprise Strategy is identified as 'to set the context for encouraging the future growth and development of the Tower Hamlets economy and its enterprises. It is proposed that a strong, diversified and entrepreneurial economy will ensure that there are opportunities for residents in the future; however the Strategy operates on an understanding that success will require significant focus, partnership working and investment to achieve'.

The Enterprise Strategy has been written to sit alongside the other Council strategies, within the context of the Tower Hamlets Community Plan. Specifically it sits as a companion to the borough's Employment Strategy, in recognition of the synergy and overlap between workforce and economy. The Local Economic Assessment, with its authoritative overview of the context, opportunities and challenges for the Tower Hamlets economy, forms a significant part of the evidence base underpinning this strategy.

The draft Enterprise Strategy indicates that Enterprise is important to the borough in a number of respects:

- Enterprises create opportunities for employment – enterprises provide jobs which local residents may apply for.
- Enterprise is a means for residents to create wealth – Many Tower Hamlets residents earn a living by owning a business or by being self-employed.
- Enterprise fuels local economic activity
- Enterprise improves the local economy.

The key question framed by the Enterprise Strategy is to address what the Council and its partners are able to do to effectively support the local enterprise economy to achieve growth and to foster new business opportunities for borough residents. This is placed in the context of limited resources and effective action to meet the agreed initiatives.

Enterprise is identified as strong in the borough and the economic picture is broadly positive. Tower Hamlets is generally a place where people start-up businesses and it has an enterprising local population. However, there are challenges facing the borough as it moves to become part of the central London economy. These are identified as follows:

- Skills gap between residents and business needs
- Relatively low level of self-employment
- Limited resources for business
- Underperforming town centres
- Lack of suitable workspace for small business

The strategy is clear in its understanding that there are many dimensions of an enterprise economy which 'lie beyond the ambit of the Council and its partners to influence' and we are in an environment of limited public sector resources. It has a clear focus, therefore, on adding value and intervening where it is possible to make a difference to developing a pro-enterprise environment in the borough.

With these ambitious outcomes, a robust and effective response is required to the challenges identified – particularly in terms of the methodology behind enabling residents to benefit from economic growth. The rationale provided is that the Employment Strategy addresses how residents' skill levels will be raised to improve their access to jobs. The Enterprise Strategy will support enterprise, encourage growth and support a diverse, sustainable business base that generates employment that local people can access. The Action Plan sets out the actions that will be undertaken to support these outcomes. The governance arrangements will need to be robust to monitor and underpin delivery arrangements. The Action Plan will be monitored and reviewed by the Enterprise Task Group to ensure that they are effective in ensuring that these links between enterprise growth and local residents benefitting are achieved. The existing governance arrangements and partnership structures are being reviewed to ensure that they are fit for

purpose.

This new strategy, while accepting the limitations of its ability to influence economic growth, aims to add value and make a difference in its interventions working in partnership to create an enterprise friendly environment in the borough.

HOW HAS THE STRATEGY BEEN REVISED?

The strategy is the first Enterprise Strategy developed in the borough – previously ‘enterprise’ was contained within other strategies.

The Local Economic Assessment which was completed in December 2010 provides a wealth of information which is now available for use to ensure that the strategy is built on a solid evidence base and this was recognised during the consultation process – which indicated that the strategy was ‘well researched’. It shows that:

- Tower Hamlets economy is worth over £6bn per year, larger than the other Host Boroughs and bigger than Monaco, Malta or Jersey
- The economy provides 204,000 jobs, 5% of London’s total and 30% of all jobs in East London. There are 60,000 more jobs than there are residents of working age
- Less than a fifth of jobs in the borough are taken by residents; the others are filled by people commuting in
- Two thirds of working residents are employed outside the borough, more than half in Central London – mainly in the City and Westminster. A third of out-commuters work in business services
- A third of all jobs in the borough are in financial services and another fifth in business services, a combined total of 55% and comparable with Central London. In contrast, manufacturing – if newspaper publishing is excluded – accounts for just 2% of jobs
- More than anywhere else in London, large firms dominate the economy – with over 45% of jobs in firms with 500 or more employees and over 70% in Canary Wharf itself
- Unemployment at 13% is close to twice the London average of 7.6%. Only 70% residents are in work or looking for work and, for female residents, the figure is less than 60%. A quarter of borough residents – twice the London average – have no qualifications and over 40% of these are not in work
- The borough has the fourth highest population turnover in London and this is in part driven by the lack of housing choices in the borough. House prices are six times mean earnings and over 80% of the accommodation is flats, compared with 50% for London as a whole
- Tower Hamlets is the third most deprived authority in the country and the second in London. But more than a tenth of employees earn over £100,000, compared to 2% for London

- The last decade has seen job growth of 60% in Tower Hamlets – four times the rate for London. Over the next twenty years, employment is expected to grow by at least 50,000 – faster than in all but one other London borough.

This provides the evidence base and framework for the development of the Enterprise Strategy. While it provides the foundations upon which to build the strategy and it's Action Plan, it will need to be regularly updated to maintain this strength and relevance. There is a clear line of sight between the economic data to the barriers identified in the Strategy. It also clearly identifies the challenges faced by a limited ability by the Council and its' partners to intervene effectively to make a difference. An assessment is made about the linkage required between enterprise growth and those who are disadvantaged in the labour market due to their ethnicity, disability, gender, skill level, geographical location, socio-economic status and age.

Over the last 20 years the borough has been transformed – particularly with the development of Canary Wharf and the City Fringe. This has created an environment where there are 1.4 jobs for every resident in the borough. However, 85% of jobs in the borough are filled by people who travel into work every day. At the same time as the rise in the financial and business sectors in the borough, there has been a major and significant decline in the traditional low skilled industries based in the borough and a current retrenchment of the public sector affecting public sector and third sector organisations. The future growth in the borough appears to be largely knowledge based and high skill. This creates a skills mismatch between the needs of employers for a highly skilled workforce and the residents of the borough (35,500 people, which equates to a quarter of the borough's population have no qualifications and over 40% of them are not in work). There is a relatively high level of entry level jobs in the borough and a relatively high level of well-paid positions, but there is very little progression between the two. 95% of employers in a survey in 2009 indicated that they had difficulty filling vacancies because of skill shortages.

Objectives, sub objectives and proposed actions are identified in the Action Plan. These will assist the Enterprise Task Group (and the Prosperous Community Delivery Group) in monitoring the effectiveness of the strategy in meeting its identified aims.

The EQIA considers the impact of the proposed Strategy and the Action Plan on a number of equality strands.

Structure of the Strategy

The Strategy has been structured as follows:

- **Executive summary** – summarises the contexts, challenges and opportunities, sets out the aim and 6 objectives of the strategy and identifies the delivery mechanism;
- **Introduction** – identifies the purpose of the strategy, presents Tower Hamlets as a unique economy, maps out the gaps

between business and residents, identifies areas of mutual benefit, warns of the risks of failure, highlights the need for partnership working, sets the overarching principles and structure;

- **What is happening in the Tower Hamlets enterprise economy**– identifies the rate of change, A Central London economy, growth of financial services/decline of traditional sectors, financial business service clustering, other sectors of growth, an enterprising economy;
- **Who’s who in relation to enterprise** – presents the stakeholders and contributors to the Tower Hamlets enterprise economy, types of enterprise, role of the council;
- **Problems** – the skills gap – residents and borough businesses, relatively low rate of self-employment, limited resources to businesses, underperforming town centres and lack of suitable workspace for small businesses;
- **Objectives**

The Action Plan builds specific actions to meet the Strategic objectives and intermediate objectives and sets a framework for development and review.

SECTION 3: Equality Implications of the changes to Strategy, Policy or Function

What is the relevance of this Plan and the proposed changes to equality?

The bulk of the Equality Act 2010 came into force in October 2010 and the new public sector duty will come into force in April 2011. In delivering its functions the Council and its partners must give due regard to:

- Eliminating discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- Advancing equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it, which means
- Removing or minimising disadvantages suffered by people due to their protected characteristics.
- Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.
- Fostering good relations between persons who share a relevant protected characteristic and persons who do not share it.

There is also a greater onus on statutory partners to be more accountable to residents for how inequality is being tackled.

The Enterprise Strategy sets out a key aim to ‘encourage and support enterprise and entrepreneurial activity to increase opportunity, prosperity and mobility in Tower Hamlets’. There are significant limitations on the ability of the strategy, the Council and its partners, to influence economic growth in the borough:

- The ‘supply’ side – the provision of jobs and work opportunities – is dependent on economic conditions – both national and global – and is not locally determined.
- There is significantly less public sector funding available to support business engagement, advice and support in the borough, so the funding that is available needs to be prioritised and used strategically.
- The growth sectors in the borough mainly require highly skilled workers – in a borough where qualification levels are generally low. Ensuring that skill levels are increased is a significant challenge for the Employment Strategy, but it is only if this can be achieved that the numbers of local residents employed by these growth sectors will improve.
- The borough has low levels of both self-employment and social enterprise activity. These are both areas where there may be scope for providing support – particularly for those target groups identified in the Employment Strategy e.g. Bangladeshi women, young men under 29. This is likely to have more of a social impact than an economic impact. Self-employment and social enterprise are, however, areas where the Enterprise Strategy could offer targeted support in terms of business support and information, communicating and networking.

SECTION 3: Equality Impact by Equality Strand

RACE EQUALITY IMPACT: Outline below the impact of your policy, strategy or function on different racial groups	
What are the race equality issues in Tower Hamlets appropriate to the Enterprise Strategy?	Does the draft Strategy adequately respond to the high level race equality needs of the Borough?
<p>The borough is one of the most ethnically diverse in the country, with a non-white population of over 45%, compared to a 13% London average. The high proportion of Asian origin residents within the borough stands in marked contrast to proportions for London as a whole.</p> <p>The 2009 National Employer Skills Survey (NESS) showed that at</p>	<p>Yes: The Strategy recognises that: ‘High levels of economic exclusion mean that residents have low levels of income and assets, and can struggle to access debt finance through traditional means. Informal sources, primarily friends and family, may provide an alternative means of finance and it has been suggested that this is particularly prevalent among the Black and Minority Ethnic communities.’</p>

<p>least half the owners or partners in Tower Hamlets businesses are at least half owned are from a black, asian or other ethnic minority group.</p>	<p>It is less well developed in terms of developing a more detailed analysis of the specific communities – and their respective roles in the enterprise economy in the borough (e.g. which specific ethnic group are they from, what sort of sectors are they working in). It is proposed that the research to be undertaken on the ‘demand’ side should assist in developing such an analysis. This also should identify, where possible, gender, age, disability, faith (and if appropriate LGBT) to enable the Mayor’s Employment Board to monitor and review the Action Plan effectively. The mapping, supply chain and networking actions identified in the Action Plan (e.g. 1c, 2b, 3a) provide some early opportunities for collection and analysis of information on business composition in the borough that could then feed into future reviews of the Action Plan.</p> <p>It is proposed that the action to undertake further research is undertaken early and that an information base is developed and maintained that will help to build a greater understanding of the borough’s entrepreneurs and business owners.</p>
<p>DISABILITY EQUALITY IMPACT: Outline below the impact of your policy, strategy or function on disabled people</p>	
<p>What are the high level disability equality issues in Tower Hamlets appropriate to the Enterprise Strategy?</p>	<p>Does the draft Strategy adequately respond to the high level disability equality needs of the Borough?</p>
<p>Economic inactivity amongst disabled people: The most significant priority for disabled people identified in this assessment is the impact of the changes to benefits paid on the basis of poor health and disability. Those on claiming ill-health benefits are the second largest group of workless residents in the borough. Employment and Support Allowance (ESA) is paid to people whose illness or disability limits their ability to work, and replaces both Incapacity Benefit (IB) and Income Support (IS). In May 2010, there were 12,370 ESA/IB claimants in Tower Hamlets; 7% of the working age population. By June 2010, of 2,600 completed ESA assessments; 76 per cent were found fit for work. Of those who have appealed against the decision, 37 per cent were successful. We know that 45% of IB claimants in</p>	<p>Partially: There is an understanding that disabled people are most excluded from the workplace and would most benefit from local employment. This should be expanded to identify what additional support is required to enable disabled people to become entrepreneurs or self-employed. There is obviously a read across to the Employment Strategy with its work on developing the skills required for business. Networking opportunities are being developed as part of the Action Plan. These should be exploited to enable the needs of disabled people and the opportunities offered by the enterprise economy in the borough for disabled people to be better understood.</p>

<p>Tower Hamlets suffer from a mental health condition.</p> <p>Disabled people are around twice as likely not to hold any qualifications and half as likely to hold a degree which has an impact on their employability.</p> <p>Tower Hamlets is estimated to have one of the highest prevalence rates of mental health conditions in London.</p>	
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<p>GENDER EQUALITY IMPACT: Outline below the impact of your policy, strategy or function on different gender groups (including Trans people)</p>	
<p>What are the high level gender equality issues in Tower Hamlets appropriate to the Enterprise Strategy?</p>	<p>Does the draft Strategy adequately respond to the high level gender equality needs of the Borough?</p>
<p>The introduction of welfare reforms will have an adverse impact on families and it will be disproportionately fall on women. Lone parents (90% of whom are women) are likely to be hardest hit (TUC report The Gender Impact of the Cuts), losing 18.5 per cent of their net household income.</p> <p>Women represent 65 per cent of the public sector workforce in the UK and as a result are likely to experience a heavier impact of job losses across the public sector in Tower Hamlets than men. Public sector job losses will be felt particularly hard by women working part-time as the average pay for part-time jobs in the private sector is just £6.78 an hour (compared to £9.34 in the public sector). The public sector accounts for about one sixth of all the jobs in the borough.</p> <p>Economic inactivity rates for women in Tower Hamlets are considerably lower than the national average, particularly amongst Bangladeshi and Somali women.</p>	<p>Yes:The aim of the Enterprise Strategy is to encourage the economy in the borough to diversify. Key areas of growth are likely to be within sectors where women have traditionally worked e.g. retail, tourism, cultural and creative. It is anticipated that via the work of the Employment Strategy, key skills will be developed in target groups – which includes women – there will be a pool of skilled workers developed to take advantage of new job opportunities in the borough.</p>
<p>Economic inactivity rates for women in Tower Hamlets are considerably lower than the national average, particularly amongst Bangladeshi and Somali women.</p>	<p>Yes:The strategy references Account3 Women Consultancy Service as a ‘borough level support service’. This suggests that there is a level of interest in start-up business coming from women. There is research currently underway and project work will follow shortly, with</p>

	<p>Somali and Bangladeshi women which will help to provide a better understanding of the barriers to work faced by women from these communities. The research has already highlighted that there is a strong tradition of enterprise and self-employment within the Somali community and that women play a major part in this area. It also suggests that self-employment and social enterprise may be an appropriate route ways into work for these groups.</p> <p>It is proposed that further analysis is undertaken to determine this level of interest in both communities and to identify any specific business support needs may flow from this.</p>
<p>AGE EQUALITY IMPACT: Outline below the impact of your policy, strategy or function on different age groups</p>	
<p>What are the high level age equality issues in Tower Hamlets appropriate to the Enterprise Strategy?</p>	<p>Does the draft Strategy adequately respond to the high level age equality needs of the Borough?</p>
<p>With over a third of residents aged 55-59 claiming an out-of-work benefit, this group is heavily over-represented in the claimant count relative to other groups at almost twice the London average</p>	<p>No: The strategy does not have any references to the needs of older people. They are included in SO5 'encouraging a culture of innovation and entrepreneurial spirit'.</p> <p>It is recommended that this is picked up in the action to undertake research into all the equality strands and that future Action Plans will target more effectively the needs of those over 50.</p>
<p>Child poverty: Over 60% of children in the borough are classed as living in low-income households. Over 50% of children in the borough live in live in families claiming key out of work benefits. 33% of families are living on less than £20,000 per annum.</p> <p>All wards exhibit considerable levels of child poverty compared with the UK average. The ward with the highest level of child poverty is St Dunstan's and Stepney Green, where nearly 70% of children live in poverty. This is closely followed by Bromley by Bow, Mile End East,</p>	<p>Yes: The Enterprise Strategy responds to child poverty through its clear commitment to supporting the development of an enterprise culture in the borough and clearly linking the growth of enterprise to local people. This objective requires the alignment of this policy with the Children and Young People's Plan and the Child Poverty Strategy. This will be achieved through the effective joint work between department's and within the One Tower Hamlets Partnership towards achieving the delivery of N1 116 – reducing the proportion of children in poverty.</p>

<p>East India and Lansbury, Bethnal Green South and Shadwell, each reporting more than two thirds of children in poverty. Like deprivation measured through national indices, child poverty is high compared to the UK average and it show strong spatial concentrations.</p>	<p>By creating more employment opportunities and preparing local people with the right skills for the jobs on offer, there will also be a reduction in the financial burden on the Exchequer in terms of costs of benefit costs. Increasing median incomes and reducing dependency is essential, both in terms of combatting poverty and deprivation, and in terms of stimulating the local economy. High levels of disposable income in turn provide more opportunities for retail, leisure, tourism and related sectors to prosper within the borough.</p>
<p>Unemployment amongst young people: There has been significant progress in reducing the numbers of young people, 16-18, not in education, training or employment. However, transition into employment at 18 continues to be difficult. National data shows that 18 year olds are more likely (17%) than 16 year olds (4%) to be NEET and that the problem is getting worse for 18 year olds. Tower Hamlets has the youngest job-seekers within London – 43% of JSA claimants are under the age of 29. Black African (11.2%) and Bangladeshi residents (9.4%) have the highest claimant rates in the borough.</p>	<p>Yes: The Enterprise Strategy highlights a number of initiatives with young people, working closely with schools. These include support for ‘Your Enterprise’ initiatives, including making test market stalls available, advocating outreach programmes and peer group support networks and developing links between universities and SME’s.</p> <p>There is a read across to the Employment Strategy where it is proposed that employability skills for young people will be provided by working through schools, colleges and business organisations, such as ELBA. Interventions are likely to include transition from education to employment support. Working with employers in delivering the Enterprise Strategy will ensure that there is good access to job vacancies and to information on growth sectors in the borough.</p> <p>It is recommended that the initiatives are built on existing good practice and that any gaps and opportunities are identified – particularly for the involvement and support of local business in developing enterprise skills in young people.</p>

<p>SEXUAL ORIENTATION EQUALITY IMPACT: Outline below the impact of your policy, strategy or function on gay, lesbian (LGB) and bisexual people</p>	
<p>What are the high level LGB equality issues in Tower Hamlets appropriate to the Enterprise Strategy?</p>	<p>Does the draft Strategy adequately respond to the high level LGB equality needs of the Borough?</p>

<p>It is estimated that 10% of the borough's population is lesbian, gay or bisexual (LGB), which means that there are potentially 23,900 LGB people living in Tower Hamlets.</p>	<p>No: The Strategy does not identify sexual orientation as an advantage or disadvantage in delivering its objectives or actions. It is not clear if sexual orientation is a barrier in setting up a business or in being a business owner, or if there is information available that would show that LGB groups are disadvantaged in the enterprise sectors.</p> <p>It is recommended that the research to be undertaken on equality strands builds a picture of the specific issues and barriers facing those from LGB backgrounds who want to become involved in enterprise sector.</p>
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<p>RELIGION/BELIEF EQUALITY IMPACT: Outline below the impact of your policy, strategy or function on people with different religions and beliefs</p>	
<p>What are the high level religion/belief equality issues in Tower Hamlets appropriate to the Enterprise Strategy?</p> <p>The profile of religion and belief in Tower Hamlets is very distinctive. 78% of residents state that they have a religious belief, which is significantly higher than the national average. The borough has the highest proportion of Muslim people of any local authority area in the country; at 36.4% and 40% of residents are Christian.</p> <p>The religion and belief equality needs of the borough are in many respects intrinsically linked to other equality strands. For example, the high prevalence of worklessness amongst Muslim women.</p>	<p>Does the draft Strategy adequately respond to the high level Religion/ Belief equality needs of the Borough?</p> <p>Yes: The Strategy does indicate that there is evidence that Islamic finance is a source of start-up and growth funding for some new businesses in the borough.</p> <p>It is acknowledged that those with different faiths may wish to take a particular career path e.g. self-employment, entrepreneurship. Support for self-employment and entrepreneurship is included as part of the Action Plan.</p>

<p>SOCIO ECONOMIC EQUALITY IMPACT: Outline below the socio economic impact of your policy, strategy or function</p>	
<p>What are the high level socio economic equality issues in Tower Hamlets appropriate to the Enterprise Strategy?</p> <p>Tower Hamlets residents struggle to access the borough's jobs, increasing deprivation and reducing local spending and that this needs to be addressed. The majority of residents travel outside the borough to work and 85% of jobs in the borough are filled by those</p>	<p>Does the draft Strategy adequately respond to the high level socio economic equality needs of the Borough?</p> <p>Yes: The Strategy indicates that this mismatch has social, economic and environmental costs. The strategy proposes that by improving the performance of the non-financial services sectors and enhancing access to opportunities in the growth clusters (ICT and High Tech,</p>

	<p>cultural and creative, retail, hospitality and tourism) will be the key to addressing this imbalance. The conclusions around this contextual issue are that the borough's attractiveness as a location for financial and business services is maintained; that growth in other sectors must be encouraged to diversify the economy and that there has to be an increasing overlap between residents and businesses to ensure the maximum mutual benefit.</p>
<p>Community Cohesion IMPACT: Outline below the cohesion impact of your policy, strategy or function</p> <p>What are the high level cohesion issues in Tower Hamlets appropriate to the Enterprise Strategy?</p> <p>Tower Hamlets has long been a place where people from different backgrounds have lived together. Over the last twenty years, Tower Hamlets has experienced a transformation in its economy, although there has been gradual progress in translating this into increased employment for residents and there are still concentrations of deprivation. The development of both the City Fringe and Canary Wharf has created a boom in high-skilled modern occupations, which has developed alongside a marked decline in more traditional lower-skilled, lower-paid sectors (the rise in the restaurant and hospitality centre around Brick Lane being an exception). Polarisation has become the dominant feature of the new Tower Hamlets, with thousands earning £100,000 and over, but some 47% of residents on benefits. Today, the overall picture remains one of deprivation existing alongside plenty.</p>	<p>Does the draft Strategy adequately respond to the high level cohesion needs of the Borough?</p> <p>Yes: The strategy includes that social cohesion and social mobility must be strengthened in tandem if we are to be considered successful. It highlights that an entrepreneurial culture will be the key to delivering this next wave of transformation – 'entrepreneurial businesses, an entrepreneurial people and entrepreneurial public services together striving to innovate and deliver for the borough's businesses and residents'. This will be underpinned by actions to increase the proportion of local procurement opportunities; develop an enterprise culture in the borough, with support for new entrepreneurs; to support the take up by enterprises of the ICT/Tech City initiatives and facilities and providing an increased supply of flexible workspace for micro and small enterprises. Through the Mayor's Employment Board and One Tower Hamlets Partnership, there will be co-ordinating and focusing of work with and between big business to encourage them to embrace the strategy and focus more of their CSR activities and funding in the borough.</p> <p>There is also a need to reinforce the 'demand' side of employment and working with employers to highlight the benefits of a diverse workforce. This also needs to be reflected in the Employment Strategy. A clear focus of activity needs to ensure that the 2 strategies do work in concert to maximise the impact of preparing local residents for sustainable jobs in growth sectors in the borough. The</p>

	<p>strategy indicates a particular challenge around how to connect growth to residents, including how best to support enterprise and generate employment within the borough which local people can access. A commitment of this nature to enterprise offers benefits for both businesses – large and small- and to the people of Tower Hamlets.</p> <p>It is recommended that a comprehensive approach to cohesion and making these links is articulated in the strategy and that this is seen as a priority for Mayor's Employment Board. This would spell out exactly how local residents are going to be linked into the entrepreneurial transformation and what route ways are being developed to enable this to occur.</p>
<p>National government has entered into a period of fiscal tightening that sees reductions of £40bn by 2015/16. This has been accompanied by welfare reform, which sees an emphasis on work over benefit support. The reduction in public spending accompanying the fiscal tightening is resulting in many public sector jobs (and their ancillary service requirements) going. Significant private sector activity is dependent on public sector activity e.g. contractors, consultancy and out-sourcing and this must be considered at risk. VAT has been increased to 20% from January 2011.</p>	<p>Yes: The recent government initiatives to reduce national debt has led to VAT being increased steeply to 20%, which will result in reduced consumer confidence and will have a likely impact on spending levels in the borough. This will adversely affect businesses in the borough. The reductions in public sector funding and purchase power will impact adversely on many businesses in the borough who provide goods and services for the borough. Many residents in the borough are reliant on the public sector either as an employer or a provider of services. Many are also reliant on the benefit system. Significantly for Tower Hamlets the government's reforms include reductions in benefits which will impact disproportionately on some locations in the borough more than others. The Enterprise Strategy aims to build the enterprise base in the borough by providing support and advice, but also by helping local business to compete more effectively for local contracts and work.</p>
<p>Underpinning this structural divide is the phenomenon of population churn, by which some residents exercise a choice to leave the borough seeking better jobs and greater housing choice. By leaving they create space for others, often with similar or more challenging socio-economic profiles at the start of their economic career in London – and so the same pattern of deprivation tends to re-assert itself. This can make the borough's indices of health, wealth and skills seem</p>	<p>Yes: The Local Economic Assessment identifies that there is a good level of enterprise, demonstrated by business births, deaths and survival rates. A good level of enterprise and business churn is seen as a strength of the borough.</p> <p>The Employment Strategy reflects that this population churn means that those leaving the borough are potentially more qualified, skilled</p>

unusually resistant to improvement over time, whereas in fact significant social mobility has taken place.

and paid more than those arriving in the borough. It would be helpful to consider further what impact this social mobility is likely to have on the performance of the Enterprise Strategy.

In updating the evidence base for the LEA, it is proposed that social mobility becomes an area for additional research. This should aim to establish the reasons for both in and out migration from the borough and to understand how this impacts on delivery of the Enterprise Strategy

Equality impact of the new approach adopted and delivery arrangements of the Strategy

It is anticipated that the approach taken in developing this Strategy will have a positive equality impact in tackling the high level equality needs in the borough.

The Enterprise Strategy has been developed to develop an understanding of the economic environment and to focus the approach on areas of 'added value' or where the partnership is able to 'make a difference'. It properly analyses the current situation and provides a strategic framework for providing interventions that will support its aim and objectives. The approach taken has been to build equality and diversity into the Strategy as a key principle: 'In recognition of the diversity of Tower Hamlets' population and business base, initiatives will be developed, implemented and monitored in a way which will achieve:

- substantial benefit for the diverse groups which make up Tower Hamlets population;
- support for any group which in terms of business support and involvement in the wider business community is disadvantaged compared with the others'.

Partnership governance arrangements are being reviewed to ensure they are fit for purpose to deliver the new strategy, particularly

to ensure that the 'right partners' are around the table to achieve the objectives, including those that impact on equality and diversity. It is proposed that the partnership through the Enterprise Task Group should take responsibility for ensuring that the recommendations coming from this EQIA are monitored and built into their work programme to ensure effective delivery.

RECOMMENDED AREAS FOR IMPROVEMENT

1. A key area of improvement is the important role that the Mayor's Employment Board should take, going forward, with regard to ensuring effective targeting and monitoring of interventions towards disadvantaged communities.
2. Any review of the Local Economic Assessment should be analysed and assessed for impact on the equality strands and actions taken in response to any findings.
3. There is a need to develop a shared understanding – (building on the anecdotal and existing stakeholder knowledge base) that those from the different equality strands play in the enterprise economy. The Action Plan includes an action to 'Review Enterprise Strategy objectives against the other council strategies (including the LDF) and put forward practical steps needed to reflect the needs of SME's to support:

- their attraction to the borough
- their start up, growth and development'.

This will be an important first step in enhancing the evidence base for and targeting of the Enterprise Strategy to start to deliver on the improvement areas identified in this EQIA. The findings should be built upon in future reviews of the Enterprise Strategy.

Agenda Item 6.2

Committee	Date	Classification	Report No.	Agenda Item No.
Overview and Scrutiny	7 February 2012	Unrestricted		
Report of: Assistant Chief Executive (Legal Services) Originating Officer(s): David Galpin Head of Legal Services – Community		Title: Covert investigation under the Regulation of Investigatory Powers Act 2000 Ward(s) affected: All		

1. Summary

- 1.1 This report updates the Overview and Scrutiny Committee on the Council's use of the Regulation of Investigatory Powers Act 2000 ("RIPA").

2. Recommendation

- 2.1 The Overview and Scrutiny Committee is asked to consider and comment on the information contained in Appendix 1.

3. Background

- 3.1. The report to the Standards Committee of 12 January 2012 is set out in Appendix 1 and is provided in accordance with the standing request of the Overview and Scrutiny Committee.

4. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 4.1 The report updates Overview and Scrutiny Committee of the Council's use of the Regulation of Investigatory Powers Act 2000 ("RIPA"). This report went to Standards Committee on 12 January. There are no financial implications arising from the recommendations in this report.

~~Background papers~~

~~Name and telephone number of and address where open to inspection~~

~~LOCAL GOVERNMENT ACT, 2000 (SECTION 97)~~

~~None LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT~~

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Committee: Standards	Date: 12 January 2012	Classification: Unrestricted	Report No:	Agenda Item:
Report of: Assistant Chief Executive (Legal Services) Originating officer(s) David Galpin, Head of Legal Services - Community		Title: Covert investigation under the Regulation of Investigatory Powers Act 2000 Wards Affected: All		

1. **SUMMARY**

- 1.1. The codes of practice issued by the Home Office in relation to Part 2 of the Regulation of Investigatory Powers Act 2000 ("RIPA") recommend that elected members have oversight of the Council's use of these provisions. The Standards Committee's terms of reference enable the committee to receive reports on the Council's authorisation of covert investigations under RIPA.

2. **DECISIONS REQUIRED**

Standards Committee is recommended to:-

- 2.1. Consider and comment upon the information provided in the report.

3. **BACKGROUND**

3.1. **Covert investigation and RIPA**

- 3.2. The Council has broad statutory functions and takes targeted enforcement action in relation to those functions, having regard to the Tower Hamlets Community Plan, the Council's Local Development Framework, any external targets or requirements imposed under relevant legislation and the Council's enforcement policy. There may be circumstances in the discharge of its statutory functions in which it is necessary for the Council to conduct directed surveillance or use a covert human intelligence source for the purpose of preventing crime or disorder.
- 3.3. RIPA was enacted to provide a framework within which a public authority may use covert investigation for the purpose of preventing or detecting crime or of preventing disorder. It is designed to ensure that public authorities do not contravene the obligation in section 6(1) of the Human Rights Act 1998 not to act

in a way which is incompatible with an individual's rights under the European Convention on Human Rights ("ECHR"). It is particularly concerned to prevent contravention of the qualified right in Article 8 of the ECHR to respect for private and family life, home and correspondence.

3.4. The Council's use of RIPA

3.5. The Assistant Chief Executive (Legal Services) ("ACE") is the Senior Responsible Officer for ensuring the Council complies with RIPA. The Head of Legal Services (Community) ("HLS") is her deputy.

3.6. The Council has policies on the use of directed surveillance or covert human intelligence sources. The current versions of these policies were approved by Cabinet on 8 September 2010, as appendices to the Council's enforcement policy. The Council also has in place guidance manuals to assist officers in the authorisation process. The policies and guidance are designed to help the Council comply with RIPA and the Codes of Practice issued by the Home Office in relation to directed surveillance and the use of covert human intelligence sources.

3.7. The Council's priorities for using RIPA, as specified in its policies are -

- Anti-social behaviour
- Fly-tipping
- Unlawful street vending of DVDs and tobacco
- Underage sales of knives, tobacco, alcohol and fireworks
- Fraud, including misuse of disabled parking badges and claims for housing benefit
- Illegal money-lending and related offending
- Breach of licences.

3.8. In accordance with the Council's policies and manuals, a central record is maintained in Legal Services of all authorisations granted to carry out either directed surveillance or to use covert human intelligence sources (authorisations under Part 2 of RIPA). To date this year, all applications for authorisation have been received from the Council's Communities Localities and Culture directorate ("CLC"). The Council provides an annual return to the Office of Surveillance Commissioners ("OSC"), based on the central record.

3.9. In order to ensure that applications for RIPA authorisation are of an appropriate standard, the Council's policies and manuals provide that all applications for authorisation to conduct directed surveillance or to use covert human intelligence sources should be considered by a gatekeeper before being passed on to the authorising officer. The Council has a single gatekeeper (the Head of Enforcement & Support Intervention within the Community Safety Service). In the absence of the Head of Enforcement & Support Intervention, the HLS may

act as gatekeeper. The gatekeeper must work with applicant officers to ensure an appropriate standard of applications, including that applications use the current template, correctly identify known targets and properly address issues of necessity, proportionality and collateral intrusion.

3.10. The Council has a single authorising officer (Service Head - Community Safety), who has responsibility for considering applications to use directed surveillance or covert human intelligence sources. The policies provide that the Head of Internal Audit may stand in for the Service Head - Community Safety where the ACE or HLS consider it necessary.

3.11. The Council's policies and manuals require officers who apply for RIPA authorisations to expeditiously forward copies of authorisations, reviews and cancellations to Legal Services for the central record. The HLS attends fortnightly at CLC's internal deployment meetings to ensure the central record is being kept up to date. Representatives of each service area in CLC attend these meetings. The Council's authorising officer and gatekeeper attend. The meetings provide an opportunity to check the status of applications and authorisations under RIPA and a forum at which officers may present any operations plans where covert investigation may be required and seek a steer from those at the meeting.

3.12. The Council's RIPA applications

3.13. Quarter 3 of 2011/2012

3.14. No authorisations were granted in the third quarter.

3.15. Quarter 1 of 2011/2012

3.16. In the report to the Committee of 11 October 2011, reference was made to the authorisation granted in respect of CS0001 on 4 July 2011. At the time of preparing that report, the authorisation was still current and so no details were provided in the report. Authorisation CS0001 was cancelled on 30 September 2011, slightly earlier than expected, and details of the authorisation are now set out in Appendix 1 to this report.

3.17. Quarter 2 of 2011/2012

3.18. At the meeting on 11 October 2011, the Committee requested further information concerning the outcome of authorisation number CS0002. For the sake of convenience, the summary provided in respect of CS0002 on 11 October 2011 is set out in Appendix 2. The police charged the alleged perpetrator on 20 October 2011 with nine counts of criminal damage, based on the incidents recorded by the Council on CCTV. On 23 November 2011, the defendant pleaded not guilty at Thames Magistrates' Court and a trial was fixed to take place (at Stratford

Magistrates' Court) on 3 February 2012. The action taken is considered to be consistent with the Council's objectives in respect of combating anti-social behaviour.

3.19. Reduction in covert activities

3.20. On 11 October 2011, the Committee asked officers to comment on the reduction in requests for RIPA authorisation in 2011/2012, compared to the previous financial year.

3.21. As reported to the Committee on 19 July 2011, there were 21 referrals in 2010/2011, but only 12 authorisations were granted. Of the remaining nine referrals (42%), two were refused authorisation, four were rejected by the gatekeeper and three were withdrawn. The reduction in referrals in 2011/2012 is considered to relate in part to increased scrutiny by managers in order to identify cases where covert investigation is appropriate. This includes giving consideration to whether ordinary methods of investigation have been fully explored.

3.22. The following table provides a comparison of authorisations in 2011/2012 to date, compared with 2010/2011.

Subject matter of investigation:	2010/2011	2011/2012
Anti-social behaviour	5	1
Consumer protection and counterfeit goods	2	0
Illegal money lending	1	0
Graffiti and fly-posting	1	0
Touting	2	1
Fly tipping	1	0
Total:	12	2

3.23. It should be noted that the London Illegal Money Lending Team ceased to be the responsibility of Tower Hamlets in the current financial year.

3.24. The Tower Hamlets Enforcement Officers (THEOs) have contributed to the reduction in applications. In the past there was no asset to task to a problem location, with the consequence that there was greater resort to the use of covert cameras. Now that there uniformed officers are available, they are tasked to attend problem locations as a first option and they gather evidence for use in enforcement. In relation to anti-social behaviour, the work of police, registered social landlords and Tower Hamlets Homes Ltd have also had an impact.

3.25. The report to the Committee on 19 July 2011 indicated that not all authorisations granted in that year were successful in the sense of obtaining evidence of offences that could be used in enforcement action. By contrast, both

authorisations granted to date in 2011/2012 have obtained evidence that can be used for enforcement. This may indicate that more sparing use of covert investigation is warranted.

- 3.26. There is no indication that the reduction in use of covert surveillance has led to a reduction in the Council's overall enforcement activity. As at 31 December 2011, the Council had already exceeded the 818 prosecutions conducted for the whole of 2010/2011, with 959 having been recorded at the time of preparing this report. There has likely been a shift in the types of cases handled and this can be analysed further at the end of the financial year. It is clear that the greatest increase in prosecution referrals has come from the Tower Hamlets Enforcement Officers, who had contributed 398 (42%) of the prosecution cases recorded to the end of December 2011.

4. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 4.1 This is a report of the Council's use of the Regulation of Investigatory Powers Act 2000 ("RIPA") to the Standards Committee. There are no financial implications arising from the recommendations in this report.

5. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

- 5.1. Legal implications are addressed in the body of the report.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1. Enforcement action that complies with the five principles expressed in the Council's enforcement policy should help to achieve the objectives of equality and personal responsibility inherent in One Tower Hamlets.
- 6.2. The enforcement policy should enhance Council efforts to align its enforcement action with its overall objectives disclosed in the Community Plan and other key documents such as the local area agreement and the Local Development Framework. For example, one of the key Community Plan themes is A Great Place to Live. Within this theme there are objectives such as reducing graffiti and litter. The enforcement policy makes clear the need to target enforcement action towards such perceived problems. At the same time, the enforcement policy should discourage enforcement action that is inconsistent with the Council's objectives.
- 6.3. The exercise of the Council's various enforcement functions consistent with the enforcement policy and its principles should also help achieve the following key Community Plan themes –

- A Safe and Supportive Community. This means a place where crime is rare and tackled effectively and where communities live in peace together.
- A Great Place to Live. This reflects the aspiration that Tower Hamlets should be a place where people enjoy living, working and studying and take pride in belonging.
- A Prosperous Community. This encompasses the objectives of reducing worklessness, supporting learning opportunities and fostering enterprise.

6.4. An Equality Impact Assessment was prepared prior to approval of the enforcement policy by Cabinet on 8 September 2010. Enforcement action may lead to indirect discrimination in limited circumstances, but this will be justified where the action is necessary and proportionate. Necessity and proportionality are key considerations in respect of every application for authorisation under RIPA.

7. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

7.1. The enforcement policy seeks to target the Council's enforcement action in accordance with the Community Plan. The Community Plan contains the Council's sustainable community strategy for promoting or improving the economic, social and environmental well-being of Tower Hamlets and contributing to the achievement of sustainable development in the United Kingdom. To the extent that the enforcement policy aligns enforcement action with the Community Plan it will tend to promote sustainable action for a greener environment.

8. RISK MANAGEMENT IMPLICATIONS

8.1. Enforcement action carries with it a variety of inherent risks, including the potential for allegations of over- or under-enforcement, discrimination, adverse costs orders and damage to the Council's reputation. It is considered that proper adherence to RIPA, the codes of practice, the Council's policies and guidance will ensure that risks are properly managed. Oversight by the Standards Committee should also provide a useful check that risks are being appropriately managed.

9. EFFICIENCY STATEMENT

9.1. The report does not propose any direct expenditure. Rather, it is concerned with regularising decision-making in areas in which the Council is already active. The enforcement policy seeks to ensure that enforcement action is targeted to the Council's policy objectives. This is more likely to lead to efficient enforcement

action than a less-controlled enforcement effort. It is also proposed that members will have an oversight role through the Standards Committee. This will provide an opportunity to judge whether the Council's enforcement action is being conducted efficiently.

12. APPENDICES

- Appendix 1 – Summary of Quarter 1 RIPA authorisations
- Appendix 2 – Summary of Quarter 2 RIPA authorisations

**Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report**

Brief description of “back ground papers”	Name and telephone number of holder and address where open to inspection.
None	N/A

APPENDIX 1 - SUMMARY OF QUARTER 1 RIPA AUTHORISATIONS

CS0001	Summary information
Service area:	Community Safety
URN granted:	20 May 2011
Application on correct form?	Yes
Date of gatekeeper clearance:	This matter went direct to the authorising officer
Date of authorisation:	4 July 2011
Expiry date and time:	3 October 2011
Scheduled review date(s):	1 August 2011, 5 September 2011
Dates of reviews:	1 August 2011, 5 September 2011
Cancellation:	30 September 2011
Total time open:	89 Days
Type of covert investigation:	Directed surveillance
Subject matter of investigation:	Touting in the Brick Lane area
Necessity:	Touting continues in the Brick Lane, with potential offences contrary to section 136(1) of the Licensing Act 2003, section 237 of the Local Government Act 1972, regulations 9 and 11 of the Consumer Protection From Unfair Trading Regulations 2008. The associated anti-social behaviour affects residents and others in the Brick Lane area. The trading malpractices affect consumers and businesses that do not use touts.
Proportionality:	Other less intrusive investigative means were tried, including: prosecution of touts; a letter sent to restaurants warning them of the criminal consequences of touting; publicity of anti-touting enforcement; and overt walk-throughs. Evidence obtained through overt means (ie without recording) has been successfully challenged as unreliable.
Collateral intrusion:	Visual images would be recorded of passers-by and restaurant customers. A tape would be prepared of highlights and any remaining material kept under seal to be made available in criminal proceedings in accordance with the Criminal Procedure Rules.
Outcome:	Breaches were identified in relation to four businesses. Some licence reviews were triggered and further enforcement action is being considered.

APPENDIX 2 - SUMMARY OF QUARTER 2 RIPA AUTHORISATIONS

CS0002	Summary information
Service area:	Community Safety
URN granted:	27 July 2011
Application on correct form?	Yes
Date of gatekeeper clearance:	This matter went direct to the authorising officer
Date of authorisation:	29 July 2011
Expiry date and time:	28 October 2011
Scheduled review date(s):	26 August 2011
Dates of reviews:	26 August 2011
Cancellation:	13 September 2011 (However, the authorising officer instructed orally that the surveillance should cease on 12 September 2011 at 1700)
Total time open:	46 Days
Type of covert investigation:	Directed surveillance
Subject matter of investigation:	Homophobic hate crime and criminal damage in a housing property
Necessity:	Less intrusive investigation failed to identify the perpetrator. Homophobic graffiti causing harassment, alarm and distress to residents and visitors at the property. One resident felt targeted and notified a desire to move.
Proportionality:	There were potential offences under: section 1 of the Criminal Damage Act 1971 (graffiti); and section 4 of the Public Order Act 1986 (causing harassment, alarm or distress). Other less intrusive investigative means were tried, including: a letter to the block requesting information; a request for extra police patrols; a block "door knock" requesting information. Residents reported feeling intimidated, vulnerable and fearful. There was a threat to community cohesion as some residents felt they might be blamed. There were concerns about escalation of the situation.
Collateral intrusion:	The cameras were sited in communal areas and there was thus a risk of collateral intrusion. The cameras were placed so as not to view inside any private dwelling. The investigating officer undertook to delete any recording unrelated to the offences.

Outcome:

The perpetrator was identified and information provided to the police.

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Agenda Item 8.1

Committee: Overview and Scrutiny	Date: 7 th February 2012	Classification: Unrestricted	Report No.	Agenda Item No.
Report of: Service Head, Democratic Services Originating Officer(s): Antonella Burgio, Democratic Services		Title: Referral Back to the Mayor of Mayor's Decision Called-In: Contract for 2012 Olympic Festival Live Site (Mayor's Decision 20 October 2011, Log No. 009) Wards: Bow East and Bow West		

1. SUMMARY

- 1.1 The attached report arising from the call-in of the Mayor's executive decision on the Contract for 2012 Olympic Festival Live Site (Mayor's Decision 20 October 2011, Log No. 009) endorsed the call-in and referred the decision back for further consideration.
- 1.2 The Chair of Overview and Scrutiny Committee requested that the referral be reported back to the Committee together with the Chair's letter to the Mayor.

2. RECOMMENDATION

- 2.1 That Overview and Scrutiny note the referral made as set out in appendix 1 of the report
- 2.2 That Overview and Scrutiny note the Chair of Overview and Scrutiny Committee's letter to the Mayor attached as appendix 2 to this report

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

Brief description of "background paper"

**Overview and Scrutiny Committee
Agenda 22nd November 2011**

Name and telephone number of holder
and address where open to inspection

**Antonella Burgio
0207 364 4881**

Committee:	Date:	Classification:	Report No.	Agenda Item No.
	23 rd November 2011	Unrestricted		
Report of: Service Head, Democratic Services Originating Officer(s): Antonella Burgio, Democratic Services			Title: Mayor Decision: Contract for 2012 Olympic Festival Live Site (Mayor's Decision 20 October 2011, Log No. 009) Ward:	

1. SUMMARY

- 1.1 Contract for 2012 Olympic Festival Live Site (Mayor's Decision 20 October 2011, Log No. 009) was published 31 October 2001 and was "Called In" for further consideration in accordance with the provisions of Part 4 of the Council's Constitution by Councillors Joshua Peck, Anwar Khan, Carli Harper-Penman, Carlo Gibbs and Bill Turner.

2. DECISION OF THE OVERVIEW AND SCRUTINY COMMITTEE

- 2.1 The Overview and Scrutiny Committee endorsed the call-in and referred the decision back to the Mayor for further consideration.
- 2.2 In view of the urgency of the matter, the Mayor gave further consideration to the issue on 23rd November. Having considered the points raised by the Committee, the Mayor decided to confirm his original decision as published on 31st October.
- 2.3 Notwithstanding that the referral back had to be considered as a matter of urgency by the Mayor, the Overview and Scrutiny Committee nevertheless wished to submit a report to the Cabinet meeting, setting out a number of issues of concern arising from the decision and the call-in discussion. These issues are set out in this report and the attached letter from the Chair of the Committee to the Mayor.

3. RECOMMENDATIONS

- 3.1 That the Cabinet note and comment on the matters set out in the report

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

Brief description of "background paper"

**Overview and Scrutiny Committee
Agenda 22nd November 2011**

Name and telephone number of holder
and address where open to inspection

**Antonella Burgio
0207 364 4881**

4. THE MAYORS DECISION

4.1 The Mayor agreed on 20th October 2011:-

- A *To consider the proposed terms of the contract for the 2012 Olympic Festival Live Site in Victoria Park and:*
- B *Authorised the Corporate Director of Communities, Localities and Culture to approve the final version of the contract in consultation with the Assistant Chief Executive (Legal Services)*
- C *Authorised the Assistant Chief Executive (Legal Services) to execute the Festival Live Sites contract on behalf of London Borough of Tower Hamlets as soon as it can be agreed by all parties in the terms set out in this report.*

5. THE 'CALL IN' REQUISITION

5.1 The Call-in requisition signed by the five Councillors listed gave the following reasons for the Call-in:

"The motion on Victoria Park events passed by Full Council on 8 December 2010 resolved to ask officers to: bring forward a separate policy that addresses the particular needs of the 2012 Live Site during Olympic year, recognising that this is a one-off occasion but also recognising the needs of local residents. This policy fails to consider impacts on residents living around Victoria Park.

Officers did not consult with residents or local ward councillors to inform their negotiations, despite knowing that residents had had serious concerns about commercial events in Victoria Park.

The taking of this decision behind closed doors denied residents and councillors that represent them the opportunity to make representations in advance.

The hours of operation are significantly longer and later (midnight and 00.30am) than those currently in operation for commercial events that have caused residents serious disturbance.

850,000 – 1.2million visitors to the park over the course of three weeks is likely to leave the park in a very poor state and make large parts of it unusable for the months that follow. This receives no consideration within the report.

The profit share should come to the Council to be spent either on the park or on local amenities.

The Council's statement that it has reserved its normal programme of commercial events in the park – and adverts for these events – make clear that this use of the park would be additional to the normal programme of commercial events that have

caused residents problems. There is no consideration of the cumulative impact of this within the report, nor of limiting events either within the Live Site or the commercial programme to limit the impact on residents.”

6. ALTERNATIVE ACTION PROPOSED

6.1 The Call-in Councillors proposed the following alternative course of action:

Not to sign the contract until local residents, the Friends of Victoria Park Group and ward councillors have been consulted to ensure that their concerns can be reflected in the agreement;

To take any decision at Cabinet, where residents and councillors can make representations

To limit the hours of operation to a 10 pm close on week nights and 11pm on weekend nights

Reduce the noise levels permitted at events

To make a commitment not to run commercial events in the same year as the park is used as a live site.

7. CONSIDERATION OF THE “CALL IN”

7.1 The chair noted the constitutional arrangements that allowed the Mayor to make executive decisions.

7.2 Councillor Joshua Peck gave a presentation to the Committee outlining the reasons for the call in and the concerns raised. The Chair permitted representations to be made by community representatives. Councillor Peck then responded to questions from the Committee. The concerns highlighted together with Councillor Peck’s answers were summarised in the following categories:

- Decision making:
 - the decision was published on 31 October 2011; however the consultation was due to start on 23 November therefore consultation would take place after the decision had been made.
 - the decision was made in private which offered residents, Ward Councillors and community groups no opportunity to hear of the decision or raise concerns.
 - the Mayor was not in attendance at the Overview and Scrutiny meeting which had been convened to consider the call-in to answer the issues raised.
 - Councillor Peck queried the projected income for the Council against the expected contribution.

- Councillor Peck queried the liability accepted by the Council set at £20 million.
 - the intended recipients and sum of the charitable contribution to be made by the event organiser had not been specified.
 - Councillor Peck challenged the Mayor's previous undertaking that Olympic events would not be additional to the regular events in Victoria Park as there was evidence that Ticketmaster website had already advertised events.
- Capacity issues:
 - Victoria Park infrastructure would not cope with the dispersal of the projected number. Bethnal Green tube station was not been designated as a TFL dispersal route but has nevertheless been used.
 - there was concern over the projected 850,000 to 1 million visitors to the park as these raised noise nuisance and overcrowding issues.
 - there were issues of antisocial behaviour when the crowds were to be dispersed.
- Environmental issues:
 - Councillor Peck argued that the suggested programme of eight commercial events in addition to the established programme of events would have a very damaging impact on Victoria Park.
 - there was no evidence of consultation on impacts of the events with the Police, Transport for London or the Council's environmental or waste services. There was concern that the transport and security infrastructure would not be able to cope
 - the clean up that would be necessary following these events would in itself also caused disruption to the local community.
 - the after-effects of the events persisted long after the events were over e.g. the poor condition of the grass, time needed for grass to re-grow, time needed for cleansing and restoration of the site to its normal condition.
 - there was concern over the projected 850,000 to 1 million visitors to the park as these raised noise nuisance and overcrowding issues
 - impacts of the events extend far beyond the location of Victoria Park to the surrounding neighbourhoods.
- Residents' inconvenience
 - the proposed to finish time for the events was later than that of other London parks which had set a finish time of 10 p.m.
 - when holding events (in general) large parts of the park were taken out of use, depriving residents and other parts of the community of the Park facility, this event would exacerbate this. The loss of amenity for those living in social housing in the Bow area had been underestimated as large events deprived many children and residents of use of the park. (In contrast, the purpose for which the park was given, namely "the benefit of the area for celebration and temperance" was noted).
 - the community had been led to believe that the regular programme of community events would not take place in 2012 because of the cultural Olympic event programme.
 - post event cleanup activities disturbed the community as they took place early in the morning (6 a.m.)

It was noted that in principal, there was no opposition to the Olympic Festival Live Site proposal as it would bring people together and offered opportunities to generate revenue. The Ward Members' and the community's support for the events however was lost when the frequency of events was such that they adversely affected residents' lives.

7.3 Heather Bonfield, Interim Head of Culture and Jill Bell, Head of legal Services – Environment responded to the concerns raised informing the Committee that:

- the contract had been a joint negotiation covering Hyde Park, and Trafalgar Square also. The tender had been complex and was unusual in that it was not funded by the Olympic authority.
- Planning and licensing consultation was due to start on 23 November and offered an opportunity for community input.
- when the tender was put, it was apparent that it would require commercial events to fund these and most of the money in this respect was to be raised by commercial events in Hyde Park.
- the Olympic live site events were free to enable wider access to Olympic events. No ticket price was payable for these, only a booking fee. A proportion of the free tickets were reserved for the local community. The Organisers would raise their income from other commercial events not those in Victoria Park.
- there would be no late night dispersal as the events were for the purpose of watching Olympic events not for musical entertainment.
- a dispersal strategy had been prepared.
- the maximum capacity 30,000 people.
- only 17 live site events were planned and their purpose was to enable viewing Olympic events to those who would otherwise be prevented from attending.

7.4 According to access to information rules, the contractual issues raised by the Committee concerning indemnification were discussed in closed session. The Committee questioned Heather Bonfield and Jill Bell on these matters and the risks to the Council and community.

8. ALTERNATIVE COURSES OF ACTION PROPOSED

8.1 The Committee considered the views and comments made by Councillor Peck in presenting the call-in, the information given by Heather Bonfield Interim Head of Culture in response to Councillor Peck's issues and the answers to the Committee's questions given by Heather Bonfield Interim Head of Culture and Jill Bell Head of Legal Services - Environment.

8.2 The committee's discussion of the call-in brought forward the following views:

- The committee remained unhappy with the lack of transparency and accountability of the decision making.
- The committee felt that they should have been access to information on this decision beforehand and noted that, despite Ward Councillors' efforts, information on the proposal and proposed arrangements had not been forthcoming, neither through Councillors' enquiries nor through requests at Council.
- the committee felt that the process taken had not been transparent.
- the committee wished that the forthcoming consultations be undertaken as widely as possible and also reported widely to Ward Councillors and regulatory committees as appropriate.
- the Committee remained concerned about the scale of the indemnification accepted.
- the Committee accepted that the event would be beneficial to the community however in their view this did not justify the process that had engaged in decision making.
- the Committee was disappointment that the Mayor had not attended to answer its concerns
- the decision had been incorrectly categorised as not a Key Decision as the effects evidently would extend beyond the limits of one Ward and significant sums of money were involved.

The Committee felt that the decision on a matter of great importance had been taken in an unaccountable and opaque way. In Member's view the matter should have been considered in an open manner. The chair wished therefore request to meet with the Mayor to address her issues and to propose that in future significant Borough issues were addressed appropriately.

Following discussion, the Overview and Scrutiny Committee endorsed the reasons for the call-in and alternative action proposed as submitted by the call-in Members and set out above.

The Chair acknowledged that due to urgency it would be necessary for the further consideration of the decision to be undertaken by the Mayor rather than at the Cabinet meeting. However given the committee's serious concerns they would still wish to report to the Cabinet on the matter and setting out those concerns.

The Committee endorsed the Chair's comments In particular, in relation to the process for the decision, the Committee felt that the Mayor's decision not to treat this matter as a Key Decision, thereby avoiding the requirement for prior publicity and/or consultation with the Chair of the Overview and Scrutiny Committee on the matter was wrong.

The Committee agreed to make a report to the next Cabinet meeting on this matter and to discuss with the Mayor guidelines for dealing with such matters in future.

The Committee further expressed disappointment that neither the Mayor nor the relevant Cabinet Member was in attendance at the O&S Committee meeting, leaving officers to represent the executive and denying the Committee and public the opportunity to hear from the Mayor his reasons for the decision and for making it in private.

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LONDON BOROUGH OF TOWER HAMLETS

PROFORMA:

MAYORAL DECISION SUBJECT TO CALL-IN AND REFERENCE BACK

Mayoral Decision Log No: 009

Title: *CONTRACT FOR 2012 OLYMPIC FESTIVAL LIVE SITE*

Is this a Key Decision: *No*

UNRESTRICTED / RESTRICTED: *Unrestricted*

DATE OF OVERVIEW AND SCRUTINY COMMITTEE: *22nd November 2011*

DECISION OF THE OVERVIEW AND SCRUTINY COMMITTEE:

To refer the above decision back to the Mayor for further consideration.

REASONS FOR THE REFERENCE BACK

The Call-in requisition in relation to the above decision set out the following reasons for the call-in:-

The motion on Victoria Park events passed by Full Council on 8 December 2010 resolved to ask officers to: bring forward a separate policy that addresses the particular needs of the 2012 Live Site during Olympic year, recognising that this is a one-off occasion but also recognising the needs of local residents.

This policy fails to consider impacts on residents living around Victoria Park.

Officers did not consult with residents or local ward councillors to inform their negotiations, despite knowing that residents had had serious concerns about commercial events in Victoria Park.

The taking of this decision behind closed doors denied residents and councillors that represent them the opportunity to make representations in advance.

The hours of operation are significantly longer and later (midnight and 00.30am) than those currently in operation for commercial events that have caused residents serious disturbance.

850,000 – 1.2million visitors to the park over the course of three weeks is likely to leave the park in a very poor state and make large parts of it unusable for the months that follow. This receives no consideration within the report.

The profit share should come to the Council to be spent either on the park or on local amenities.

The Council's statement that it has reserved its normal programme of commercial events in the park – and adverts for these events – make clear that this use of the park would be additional to the normal programme of commercial events that have caused residents problems.

There is no consideration of the cumulative impact of this within the report, nor of limiting events either within the Live Site or the commercial programme to limit the impact on residents.

ALTERNATIVE ACTION RECOMMENDED BY THE OVERVIEW AND SCRUTINY COMMITTEE (IF ANY)

The Call-in requisition proposed the following alternative action in relation to the Mayor's decision:-

Not to sign the contract until local residents, the Friends of Victoria Park Group and ward councillors have been consulted to ensure that their concerns can be reflected in the agreement;

To take any decision at Cabinet, where residents and councillors can make representations

To limit the hours of operation to a 10 pm close on week nights and 11pm on weekend nights

Reduce the noise levels permitted at events

To make a commitment not to run commercial events in the same year as the park is used as a live site.

ANY OTHER COMMENTS

The Overview and Scrutiny Committee considered the call-in request which was presented by Councillor Joshua Peck.

During consideration of the matter, at the invitation of the Chair the Committee received contributions from members of the public who were present. They stated that there had been a lack on consultation in relation to the Mayor's decision, and provided information on the impact of commercial events in the park on local residents.

They were concerned that the Live Site proposals could have a very significant impact and that the transport infrastructure and policing/security agencies would not be able to cope.

Following discussion, the Overview and Scrutiny Committee endorsed the reasons for the call-in and alternative action proposed as submitted by the call-in Members and set out above.

The Committee also expressed great concern about the extent of the indemnity given in the contract to Live Nation and sought urgent advice on the responsibilities of Members in this regard.

In addition they sought clarification of the programme of commercial events that was proposed in 2012 separately from the Live Site.

In relation to the process for the decision, the Committee felt that the Mayor's decision not to treat this matter as a Key Decision, thereby avoiding the requirement for prior publicity and/or consultation with the Chair of the Overview and Scrutiny Committee on the matter was wrong.

The Committee agreed to make a report to the next Cabinet meeting on this matter and to discuss with the Mayor guidelines for dealing with such matters in future.

The Committee further expressed disappointment that neither the Mayor nor the relevant Cabinet Member was in attendance at the O&S Committee meeting, leaving officers to represent the executive and denying the Committee and public the opportunity to hear from the Mayor his reasons for the decision and for making it in private.

DECISION OF THE MAYOR

I have reconsidered my decision Log No. 009 in the light of the information provided by the Overview and Scrutiny Committee at its meeting on 22nd November 2011 as set out above.

Having taken into account all of the relevant information I have decided to:-

(a) Confirm my decision of 20th October 2011 on the matter*; or

(b) Amend my decision of 20th October 2011 on the matter as follows*:-

.....
.....

(* Delete as applicable)

Signed	Date
Mayor Lutfur Rahman	

To – The Mayor.

I decided to not produce my specific conclusions (See Below) regarding the Scrutiny findings on the Mayors' decision 20 October 2011 (Log No.009) until I had further outlined my concerns on the issue at December Cabinet, and heard more from the Mayor and Officers on it.

I wanted to make sure I was not presuming a Mayoral disregard for the seriousness of the issues Scrutiny raised as being those only of opposition; rather than sincere reservations about the possible unanticipated impact that the Olympics may have on our borough. That the 'Live Site' needs to be considered as more than just a 'Statutory' business as usual Planning item; but as one part of an overall Borough response on the Olympics. Tower Hamlets needs to take ownership of its part in the Games, and ensure that we do all possible to investigate how the Olympics will affect the borough; and that we prepare for it as thoroughly as we can. This includes informing our residents as far as possible on issues we face, and taking on board their concerns.

I am also disappointed that I have been unable to gain a meeting with the Mayor to go over my concerns, despite trying every day from the 23rd November.

I found the Mayors response on the live site raised by me at Cabinet as insufficient, and will consider the matter further as regards the scrutiny function as a whole.

I was disappointed once more last night to find that despite trying as far as politically possible to be fair on issues as a scrutiny committee, we continue to meet with a blank wall. The lack of proper consideration and discussion of Scrutiny responses at Cabinet affects our residents and is a far cry from upholding the Mayors commitment to the spirit of One Tower Hamlets. Last night I was also left with the deeply unsettling impression that both the Mayor and the Cabinet had not considered the Live site / Olympics implications in any depth whatsoever.

The issue is of major concern, and I conclude that we cannot afford to let it rest, so I am therefore going to conduct a Scrutiny Challenge session on the traffic / people management issues for Tower Hamlets and the Olympics.

I await your response,

Cllr Ann Jackson
Chair of Overview and Scrutiny

Scrutiny Chairs' Conclusions – Extraordinary Scrutiny Meeting 22nd November 2011

To further clarify Overview and Scrutiny's position on the above, and to explain why I as Chair have been contesting the validity of the decision making process used on this decision -

First point is that the decision was a key one, proven by the constitution –

A "key decision" is an executive decision which is *likely*.....

To be significant in terms of its effects on communities living or working in an area comprising two or more wards in the borough.

Whether the decision may incur a significant social, economic or environmental risk.

The likely extent of the impact of the decision both within and outside of the borough.

Whether the decision is likely to be a matter of political controversy.

The extent to which the decision is likely to result in substantial public interest.

The above points cover the live site decision, and are FIVE of any of the six reasons for a decision being key.

The decision had been on the forward plan for months with other key decisions, and was not presented at Cabinet due to time constraints (evidence from Officers) due to the late closure of the four way negotiation (I have had no sight of documents to show this) which did not allow for the item to make its way through the normal process - Consultation - Cabinet – (possible Call in to O&S – Refer back with recommendations.)

The decision then declared to now be a business as usual one, and was signed off and only published on the web.

Given the above key decision process as per the constitution; as O&S chair I should have been notified and asked to sign off, and briefed as to why the decision was now a rush one. As the Mayor and advisors did not do this, we have been left with an O&S meeting that had no effect on decision making.

If the decision had been 'business as normal' it would have had time to come to O&S for review and then to Cabinet for the Mayor to review. If the decision was earmarked as Key, a method could have been found to inform Residents about the decision and need for speed, and their views sought. There was a month to do so.

In taking the decision in this manner, it leaves the motives rightly open to interpretation –

That the implications for TH / East London / London /UK, TFL and other partner bodies that sit around what would normally a statutory consultation function, had not been assessed properly as in regards to it being an Olympic one by the Mayor and his advisors, or That the Mayor and his advisors sought to avoid the process, having had the decision on the forward plan (key decision) since April 2011.

In either case this decision goes against the principles of decision making and the presumption of openness.

The repercussions for this sit with the Mayor, as he is the sole decision maker for the Borough and is held accountable by the electorate.

Residents and Councillors have a right to be consulted on matters that so markedly affect the environment, no matter that the decision was one 'felt' to be mostly beneficial, and one that is mostly imposed on us by outside events. The borough needs to be satisfied that all has been done by TH to ensure its reputation and that of London and the UK has been protected by as thorough a consideration of these decisions as is reasonably possible; especially given the lack of information and confidence on traffic management models being used by TFL for the Olympics. If these models fail, TH will suffer the most as all roads lead to us as the gateway to the Olympics. Residents livelihoods, council services, amenity and safety could all suffer greatly if not enough thought and planning is done. We as a council have to ensure we have made the needed representations to involved bodies; that due consideration has been given to as many factors as possible to mitigate as much as we can, the strain that the Olympics will place on TH and on London.

The committee hopes that extra attention can be given to a full briefing of members in Licensing and Planning meetings to ensure they understand the full extent of the issues involved in decisions both on the live site, and others that may be affected / affect this. Can anything be done to allow residents to participate more than just on a statutory basis, to allow for them to have their views and suggestions heard other than as Objections?

Second Issue - Legal Advice / Constraints

Members present were outraged to hear that all attendees except members of O&S and call in Councillors were excluded from the restricted discussion around the indemnity on the contract. This seemed badly thought out and explained; and in fact – could be unlawful, and some members will be following this up as a separate issue. The amount of indemnity and restrictions were seen to be excessive and there were concerns around how this had been negotiated and agreed on. Members are also concerned as to the cost incurred for Insurance and how the borough will budget for this.

Third Issue – The Mayors increasing lack of public decision making and discussion

Given the Mayors movement towards less discussion and decision making in Cabinet, his not taking part in Council discussion; the fact that he now does not lately take O&S recommendations on board on call in reviews, how do residents now know that due care is being taken on major decisions that affect their lives? The Mayor can and does take decisions alone, without his executive, as he did so on this occasion; and it is also his decision as to if he reports to Cabinet or Council on any of these decisions. Up until now he has only done this on Manifesto issues, O&S requests that now agrees to report on sole decisions at Cabinet in future, so that residents and Councillors not involved in these decisions have a chance to contribute.

The fact that the Mayor did not attend the meeting placed Officers in a very awkward position, which was felt to be unfair, and is hoped that this will not continue to be the case.

This stands as additional to the referred back papers from O&S 22/11/11 - submitted to the Mayor on the 23/11/11 re the above Decision. The Mayor did not revise the decision. I request a full response from The Mayor. I have also asked for a meeting with the Mayor to discuss these points further, and ask to also bring the issue and any consequent information on it to Decembers Cabinet Meeting.

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Agenda Item 9

Committee: Overview And Scrutiny	Date: 7 February 2012	Classification: Unrestricted	Report No.	Agenda Item No.
Report of: Assistant Chief Executive		Title: OSC Annual Review Process		
Originating Officers: Sarah Barr, Senior Strategy Policy and Performance Officer		Wards: All		

1. SUMMARY

- 1.1 This report asks OSC Members to consider the process for the OSC Annual Review which will in turn inform the work programme for 2012/13 municipal year.

2. RECOMMENDATION

- 2.1 OSC members are asked to consider the questions in this paper and agree a process for producing the 2011/12 OSC Annual Review, in particular:
- Agree proposal to work with Centre for Public Scrutiny to review the year and consider ways in which the Committee could increase its effectiveness.
 - Agree that all scrutiny members will contribute individual responses to questions in paper.

3. Overview and Scrutiny Committee Annual Review

3.1 Each year the Overview and Scrutiny Committee produces an annual review, looking back on the year's work, highlighting achievements and areas for further consideration.

3.2 The way in which the OSC carries out its functions has changed throughout 2011/12, particularly given the reduction in officer resource directly supporting the Committee. It is therefore more important than ever to look back on the year and reflecting on what has worked well and what has worked less well, and what lessons can be learned as we develop a work programme for the year ahead.

3.3 To this end, the One Tower Hamlets team propose to invite the Centre for Public Scrutiny to work with the Committee to review the year and look ahead, developing ways in which the Committee could work more effectively, given the reduced officer resources.

3.4 It is also proposed that all Committee members contribute to the review, initially by reflecting on the year individually, considering the following questions:

- What do you think has gone well this year?
- What do you think has gone less well this year?
- What would your priorities for 2012/13 be, both in terms of issues to be scrutinised and the way in which the committee works?
- What are the biggest challenges for scrutiny and the Committee in 2012/13?

3.5 Response to these questions will form the basis of the review, inform any workshop sessions with Centre for Public Scrutiny and to develop the work programme.

3.6 The proposed timetable for the above is as follows:

Early – mid March	OSC members submit individual responses for review.
Mid April	Work with CfPS
8 May	Annual Review Report on Overview and Scrutiny Committee agenda