

LONDON GROWTH DEAL

The London Growth Deal will support jobs and growth in the capital, including in key new sectors such as the digital economy. It will ensure the capital's businesses and individuals, including young people, have the skills and opportunities they need to succeed and to build a strong and sustainable economy; and will see the London Enterprise Panel, the Mayor, London Councils and the London Boroughs working closely together with the private sector to bring forward new homes and employment.

The Growth Deal, subject to satisfactory conclusion of the funding agreement, will bring together local, national and private funding as well as new freedoms and flexibilities to focus on three key priority areas identified in the London Enterprise Panel's Growth Deal submission:

- Building London's skills base and supporting businesses;
- Helping Londoners into sustainable employment; and
- Improving housing supply.

The London Enterprise Panel has secured **£236m from the Government's Local Growth Fund to support economic growth in the area, with £151.5m of new funding confirmed for 2015/16**. This includes:

- £81.5m from the Local Growth Fund
- £70m of New Homes Bonus
- In addition to this, as part of the Government's ongoing commitment to London it has also provided a provisional award of a further £84.6m of funding for projects starting in 2016 and beyond.

This substantial investment from Government will bring forward at least £121m of additional investment from local partners and the private sector. **Combined together this will create a total investment package of £357m for the London LEP**. This will be further increased by private sector and other sources of investment that will be leveraged as the London Boroughs develop their New Homes Bonus programme across London.

By 2021, this Deal will create at least 6,000 jobs and allow 5,000 homes to be built.

The London Enterprise Panel advises the Mayor of London on jobs and growth. Chaired by the Mayor it brings together the Deputy Mayors for Business, Planning, Housing and Transport; his advisers on Transport and on Olympic and Paralympic Legacy and Commissioner for Transport; London Councils' Leaders representing the London boroughs; ten members from London's private sector, and representatives from London's higher and further education sectors. The wide membership of the Panel ensures linkages with decisions on housing and transport.

Summary of London Enterprise Panel Growth Deal projects and funding

The London Growth Deal brings together different funding streams designed to support local growth and a share of the new Local Growth Fund, helping the London Enterprise Panel deliver the capital's ambitions for jobs, skills and growth. The London Enterprise Panel is eligible for the non-transport elements of the Local Growth Fund as the Mayor has devolved responsibility for transport in London.

London Enterprise Panel Local Growth Fund breakdown (£m)			
	2015/16	2016 onwards	Total
Local Growth Fund award	151.5	84.6m	236.0
Total	151.5	84.6m	236.0

The table above includes increases to the Housing Revenue Account borrowing limit to help support the development of new affordable homes for the following Authorities: £8.47m for the City of Westminster, £3.20m for the London Borough of Barking and Dagenham, £0.19m for the London Borough of Camden, £3.38m for the London Borough of

Hackney, £1.74m for the London Borough of Harrow, £8.22m for the London Borough of Tower Hamlets and £7.13m for the London Borough of Waltham Forest.

The Government will also be holding further discussions with a number of London Boroughs about the bids they submitted.

Subject to due diligence, Government will provide £8.68m of loan funding to The Croydon Gateway Limited Partnership to accelerate the delivery of 625 homes on the Ruskin Square site in Croydon. This bid was endorsed by the Coast to Capital Local Enterprise Partnership and is reflected in their Growth Deal numbers and in the table above.

These totals exclude match funding for European Social Fund (ESF) skills activities. The total amount of ESF skills activity LEPs have planned in their draft strategies over the 7 year programme is currently just over 1 billion euros. Actual skills ESF match will be used on the basis of the skills activity which is delivered at LEP level according to their final strategies.

Funding for projects starting in 2016/17 will be subject to conditions that Government will discuss with the LEP over the next few weeks and months, along with establishing the best timetable for the project, taking into account practicalities and affordability.

The Government commits to opening discussions with the LEP right away on its priorities for the next round of Growth Deals.

The London Enterprise Panel and Central Government have agreed to co-invest in the following jointly-agreed priorities:

- A capital infrastructure investment programme for London's skills providers based on a competitive bidding round that supports the London Enterprise Panel's priorities for promoting jobs and growth.
- A digital skills pilot programme to raise levels of digital skills in London.
- In addition £70m of London's New Homes Bonus will support a London Enterprise Panel programme of activity in 2015/16, agreed between the Greater London Authority and the London Boroughs. This will support the London Enterprise Panel's priorities set out in its Jobs and Growth Plan - apprenticeships, skills and training; digital, creative, science and technology; places of work; high streets; resilience / low carbon; business support; and unlocking development.

Local flexibility over Growth Deal programme: The London Enterprise Panel has demonstrated strong partnership arrangements which deliver collective decisions, has articulated a clear and deliverable vision for growth in the area, and has established strong financial monitoring procedures and cross local authority collaboration. Government will disburse funds to the Local Enterprise Partnership annually in advance. The London Enterprise Panel will be expected to deliver the projects highlighted in the Deal, but will have flexibility over the management of these projects in order to deliver the greatest economic benefits to the area. Any significant changes to the projects will need to be agreed with the Government in advance.

This Growth Deal document does not amount to an endorsement of everything in the submitted Strategic Economic Plan. All development decisions for specific proposals must go through the normal planning process and be guided by local plans taking into account all material considerations.

The London Enterprise Panel Growth Deal

The investment secured by the deal will be focused on three key areas to deliver transformative growth.

1. Building London's Skills Base and Supporting Businesses

Improving skills levels is a key factor in stimulating local growth and taking advantage of new economic opportunities. Government is committed to ensuring that adult skills provision is increasingly responsive to the needs of business and supports local economic growth and jobs.

The London Enterprise Panel will run a competitive programme for capital investment at Further Education colleges and other skills providers. The Growth Deal includes funding for the programme of £55m for 2015/16, with an provisional allocation of £65m for 2016/17, subject to further evidence on pipeline projects following the procurement exercise. The programme will aim to improve the quality of London's skills estate and meet the needs of employers and of the London economy, including in key areas identified by the London Enterprise Panel in its Jobs and Growth Plan. The programme will encourage an increase in the numbers of learners taking up opportunities in the London Enterprise Panel's priority areas; support increased numbers of apprenticeships; and a reduction of people not in employment, education or training. It will further encourage relevant and up to the moment provision which provides young people opportunities to progress and meet the needs of business by seeking collaboration with schools, other education providers and employers. It is estimated the programme has the potential to deliver approximately 18,000 additional learners, an anticipated 5,500 jobs and a sizeable reduction of dependency on government funding.

In addition, the London Enterprise Panel is developing a pilot for a digital skills programme. Funding is offered from the Local Growth Fund to support the capital elements of the proposed programme. This will complement funding being sourced by the Greater London Authority from the private sector and from other local partners in order to develop a coherent package of support which will ensure a systemic approach to raising digital skills, building on existing government initiatives.

In addition, wider freedoms and flexibilities have been agreed on trialling new approaches to incentivising businesses to take on apprentices; informing careers advice to give young people information about the education, employment and training opportunities and link employers with education providers; a payment by results pilot for learners aged 19 years and above and the link between skills investment and economic growth outcomes; and facilitating data sharing between central and local government.

London Enterprise Panel commitments	Central Government commitments
<ul style="list-style-type: none"> Deliver a programme of capital investment in London's skills estate, ensuring improvements in estate and facilities and potential to support innovative proposals, with a commitment to provide further information on projects in advance of 15/16 and to achieve maximum contribution from private sector and other partners (a minimum investment of £120m). 	<ul style="list-style-type: none"> Invest £55m in 2015/16 to fund the London Enterprise Panel's skills capital programme, with an provisional allocation of £65m in 2016/17, subject to further evidence of pipeline projects informed by the bidding round.
<ul style="list-style-type: none"> Develop and deliver a pilot digital skills programme in London with a commitment to finalise business cases for programme activities and private sector and other local partners' contribution, and working with the Department for Education as necessary to ensure coherence with national initiatives. 	<ul style="list-style-type: none"> Invest £2m in 2015/16 in the London Enterprise Panel's digital skills programme in London, with an provisional allocation of £3m in 2016/17.
<ul style="list-style-type: none"> The London Enterprise Panel commits to consider skills implications as part of decision taking on growth strategies. The London Enterprise Panel commits to clearly articulate and evidence their skills priorities in the 	<ul style="list-style-type: none"> Government, through the Skills Funding Agency, will support the process to ensure that skills provision meets local priorities, and that increasing responsiveness is delivered through a three-pronged approach:

<p>light of strategic national and local growth opportunities and communicate them to the Further Education and skills sector</p> <ul style="list-style-type: none"> • The London Enterprise Panel commits to continue to positively engage the Further Education and skills sector in key strategic partnerships. • The London Enterprise Panel commits to clearly recognise where the private sector has a responsibility to invest in skills provision and work with business and the skills system to realise that investment 	<ul style="list-style-type: none"> ▪ Procurement of New Provision: The London Enterprise Panel will be involved throughout the process and providers' track records against its priorities will be considered as part of this assessment. ▪ Accountability: Providers will be required through their funding agreements with the Skills Funding Agency to explain to the London Enterprise Panel the details of their provision and planning and the Skills Funding Agency is testing ways in which they can be most effectively held to account for being responsive to local economic priorities. ▪ Allocations and Intervention: In future years, providers' records in delivering to London Enterprise Panel requirements will be taken into account when setting allocations and triggering interventions. <ul style="list-style-type: none"> • Government will set out revised information for the London Enterprise Panel on how it can take advantage of this approach and options for seeking advice if provision is not responsive of its needs. The Skills Funding Agency will publish information during summer 2014 on how the London Enterprise Panel can influence the use of all skills budgets in their localities, and the steps they can take if they are dissatisfied with the pattern of delivery. • The Department for Business, Innovation and Skills and Skills Funding Agency agree to consult the London Enterprise Panel to develop further iterations of the skills Data Cube. In addition to the existing information provided through the Data Cube the Government commits to consult formally throughout summer 2014 on the use of new skills 'experimental data' which will provide performance information on provider performance related to employment, destinations and wage progression information. The Government commits to work directly with the London Enterprise Panel to determine how this additional data can support decision making and which data, in what form and at what level of specificity is required to enable this to happen.
<ul style="list-style-type: none"> • The London Enterprise Panel is seeking to commit up to an additional £4m of local resources over the next two years (in 2014/15 and 2015/16) to support further employer engagement and marketing activity. In developing this service, the London Enterprise Panel will work in partnership with College and Training Providers, London Boroughs and business-facing resources in London to develop consistent and coherent offers with local resources fully aligned 	<ul style="list-style-type: none"> • The Government commits to working with the London Enterprise Panel to ensure that national resources are assigned to and / or aligned with the investment made by the London Enterprise Panel with the objective of creating a single and integrated skills employer offer for London focusing primarily on Apprenticeships. This will include Government: <ul style="list-style-type: none"> ▪ aligning resource to support the offer to SMEs in

<p>to the apprenticeships offer to London's business community.</p>	<p>London</p> <ul style="list-style-type: none"> ▪ continuing to work with the London Enterprise Panel to ensure that the Skills Funding Agency Small Business Service (telephone and web-based) is integrated into the London Apprenticeships offer including London Enterprise Panel involvement in shaping the small business service in London ▪ continuing to work with the London Enterprise Panel to ensure that the Skills Funding Agency Large Companies Unit is integrated into the London offer ▪ committing resource to a joint London Apprenticeships Marketing Campaign in 2014/15 and 2015/16 ▪ committing to a regionalised Apprenticeship website for London jointly developed with the London Enterprise Panel, linked to apprenticeships.org.uk ▪ committing to the uplift of the SME AGE Grant Incentive to £3,000, supported from European funding.
<ul style="list-style-type: none"> • The London Enterprise Panel commits to facilitate stronger linkages between education providers and local businesses through the London Employer Offer. It will also work with relevant local stakeholders to communicate our priorities and align our offer to the National Careers Service providers ahead of the new service's roll-out in October 2014 in order to augment the service. Additionally, it will use its European Structural Investment Funds and Youth Employment Initiative funds to extend National Careers Service face-to-face provision to disadvantaged 16 to 19 year olds who are not in employment, education or training. It will work with the National Careers Service to design and deliver a UCAS-style website for vocational qualifications. 	<ul style="list-style-type: none"> • The Government commits to working with London to help ensure that local employer priorities are fed into the operations of the new National Careers Service providers in London. Additionally, the Government will help London access examples of best practice to inform its face-to-face careers advice for disadvantaged younger people who are not in employment, education or training.
	<ul style="list-style-type: none"> • The Government commits to support London's project work on payment by results for unemployed learners aged 19 years and above and the link between skills investment and economic growth outcomes. Building on this work, Government will work on co-design and delivery of a payment by results pilot for learners aged 19 years and above.
	<ul style="list-style-type: none"> • The Government, including the Cabinet Office's Government Innovation Group, commits to further conversations with London to explore the feasibility of new data sharing agreements on skills and

	progression outcomes, and to explore solutions to any barriers that may exist.
<ul style="list-style-type: none"> The London Enterprise Panel and the Greater London Authority commit to boosting SME voucher take-up as part of the Super-Connected Cities Programme. 	

2. Helping Londoners into Sustainable Employment

The Government is undertaking a series of reforms to help people furthest from the labour market to find work through locally integrated delivery. As part of these reforms we are testing the feasibility of local areas taking greater ownership for supporting the hardest to help to achieve self-sufficiency. The London Enterprise Panel and London Government partners will work with the Government to jointly design a number of pilots to support hard to reach groups into sustained employment.

The central proposal is to develop a time-limited pilot for Employment Support Allowance claimants who have been unsuccessful at finding work through the Work Programme. This will build on a locally led and integrated approach to move those furthest from work into the labour-market and off benefits. London will invest approximately £10 million and jointly design a new approach between the Department for Work and Pensions and local London Government to demonstrate London's capability to deliver at significant scale. Central Government will work with London Government to form a joint team to scope and design this initiative by September 2014. Performance measures will be jointly developed and used to independently evaluate the success of local action. Success will unlock a series of progressive steps towards further local service integration across London.

The first review on progress and decisions on further service integration will take place prior to Spring 2017, ensuring that it will influence the commissioning and delivery of the next phase of employment support programmes. Future review points will be agreed as part of the joint scoping phase and will align with national spending and policy making decisions. Any developments will be flexible enough to respond to changing policy priorities or to reflect a revised delivery landscape. Government will open discussions on ways for London Government to play a greater role in the commissioning and designing of the next phase of employment support programmes, including taking on board early lessons from this pilot.

In addition, there will be pilots and commitments for:

- a mental health and employment integration trailblazer to inform future national and local support for people with mental health conditions
- data sharing to facilitate the delivery of current initiatives and new pilots
- a pilot initiative being developed between London Boroughs and the Department for Work and Pensions locally to explore the potential to co-commission Flexible Support Fund in London across groups of boroughs to improve the strategic use of the fund.

London Enterprise Panel commitments	Central Government commitments
<ul style="list-style-type: none"> The London Enterprise Panel, Greater London Authority, London Councils and Central London Forward will invest approximately £10 million from the European Social Fund to demonstrate capability to deliver results at scale for an Employment Support allowance pilot, and agree to work with government to develop the details of the pilot and steps to progressive local service integration by September 2014. 	<ul style="list-style-type: none"> Government commits to work with the London Enterprise Panel, Greater London Authority, London Councils and Central London Forward to develop a pilot to enhance support services for Employment Support Allowance claimants who have left the Work Programme without finding work. Government commits to develop the details of the pilot and steps to progressive local service integration by September 2014.
<ul style="list-style-type: none"> The London Enterprise Panel commits to work with 	<ul style="list-style-type: none"> The Department for Communities and Local

<p>local partners (including the Greater London Authority and London Boroughs) and Jobcentre Plus, Increasing Access to Psychological Therapies leads, Clinical Commissioning Groups, Health and Wellbeing Boards, and other experts to design fully developed interventions and business case for a mental health and employment integration trailblazer in West London by autumn 2014 in West London. In addition, the London Enterprise Panel and partners will provide match funding for the delivery of the mental health and employment integration trailblazer.</p>	<p>Government will provide up to £1.2m for the pilot subject to receiving a satisfactory business case. In addition, the Government (including the Cabinet Office, the Department for Communities and Local Government, the Department of Health and the Department for Work and Pensions) will support the design of the pilot and consider the case for any relevant flexibilities to aid the delivery and integration of services within the West London pilot area.</p>
<ul style="list-style-type: none"> The Government expects the London Enterprise Panel to open up new jobs and opportunities associated with the Local Growth Deal to local unemployed and long-term unemployed people working closely with local and national back to work initiatives. This would be part of a wider expectation that local areas use the Social Value Act, drawing on best practice across local councils and central expertise in maximising social value. 	
	<ul style="list-style-type: none"> Government, including the Cabinet Office's Government Innovation Group, commits to further conversations with London to explore the feasibility of new data sharing agreements on employment outcomes, and to explore solutions to any barriers that may exist. The Cabinet Office is also leading an open policy making process where government and civil society / privacy groups are working in partnership to discuss and develop, as far as possible, an agreed set of policy proposals.

3. Improving Housing Supply

London has some of the most acute housing supply challenges in Europe. The Growth Deal contains bold announcements to provide loans to developers for investment in building affordable housing and for estate regeneration, along with collaborative working on the release and development of public assets for development. This Growth Deal also builds on the Government's ongoing support for the London Enterprise Panel of £111m from the Growing Places Fund. In addition London will benefit from £200m recently announced by the Chancellor for 20 Housing Zones in London, to be matched from the Mayor's affordable Housing Grant. The Mayor already has devolved responsibility and funding for transport and responsibility for housing in London. He can also designate Mayoral Development Corporations with powers over regeneration in specified areas, such as the London Legacy Development Corporation.

London Enterprise Panel commitments	Central Government commitments
<ul style="list-style-type: none"> The London Enterprise Panel and Local Planning Authorities commit to working together to deliver the housing provided for in Local Plans. 	<ul style="list-style-type: none"> Government will engage with the London Enterprise Panel and partners to examine the potential to release government land and property to promote local economic growth and or housing development. This will include consideration of the transfer of surplus strategic land holdings to London government

	<ul style="list-style-type: none"> • The Government commits to invest £200m of the £400m Affordable Rent to Buy programme in London. This will provide Government loans for new homes to be let at affordable rents for at least seven years • The Government commits to a £150m national recoverable fund to help kick-start and accelerate regeneration of some of the most deprived housing estates, and should support up to five schemes in London. • The Government will also increase the Housing Revenue Account borrowing limit to help support the development of new affordable homes by £8.47m for the City of Westminster, £3.20m for the London Borough of Barking and Dagenham, £0.19m for the London Borough of Camden, £3.38m for the London Borough of Hackney, £1.74m for the London Borough of Harrow, £8.22m for the London Borough of Tower Hamlets, and £7.13m for the London Borough of Waltham Forest. The Government will also be holding further discussions with a number of London Boroughs about the bids they submitted. • In addition, subject to due diligence, Government will provide £8.68m of loan funding through the Local Growth Fund (Housing Infrastructure) to The Croydon Gateway Limited Partnership to accelerate the delivery of 625 homes on the Ruskin Square site in Croydon. This bid was endorsed by the Coast to Capital Local Enterprise Partnership.
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As part of the deal, the London Enterprise Panel will also:

- **Ensure implementation and demonstrate success** by accepting the funding agreement, and by tracking progress against milestones and agreed core metrics and outcomes in line with a monitoring and evaluation framework. This will include agreeing monitoring metrics and reporting arrangements with the Government by September 2014. The LEP will also produce an evaluation plan for the projects contained in the Deal before April 2015. Ensure arrangements for transparency which will ensure stakeholders are aware of the growth deal and its contents and objectives and can see what the deal is delivering and the outputs and outcomes it is achieving.
- **Ensure value for money** by developing robust processes that will guide local decision-making. This will include agreeing an assurance framework with the Government by September 2014, building on existing local and national frameworks.
- **Communicate the ongoing outputs and outcomes of the Deal** to the local community and stakeholders by publishing the Growth Deal and reporting regularly, and publically, on their progress to implement the strategy, ensuring that local people understand how Government money is being spent via the Growth Deal, and what the benefits are for them and the area. The Cities and Local Growth Unit will continue to work with the LEPs on communications activities, and help make the links with other Government communications teams.

Funding for projects starting in 2016/17 will be subject to conditions that Government will discuss with the LEP over the next few weeks and months, along with establishing the best timetable for the project, taking into account practicalities and affordability.

The Government commits to opening discussions with the LEP right away on its priorities for the next round of Growth Deals.