

Thames Gateway: Strategic Challenges and Opportunities in Changing Economic Circumstances

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We will cover

- Our vision
- The impact of the downturn on the Thames Gateway
- Strategic challenges
- Strategic opportunities
- Refreshing the vision

Vision

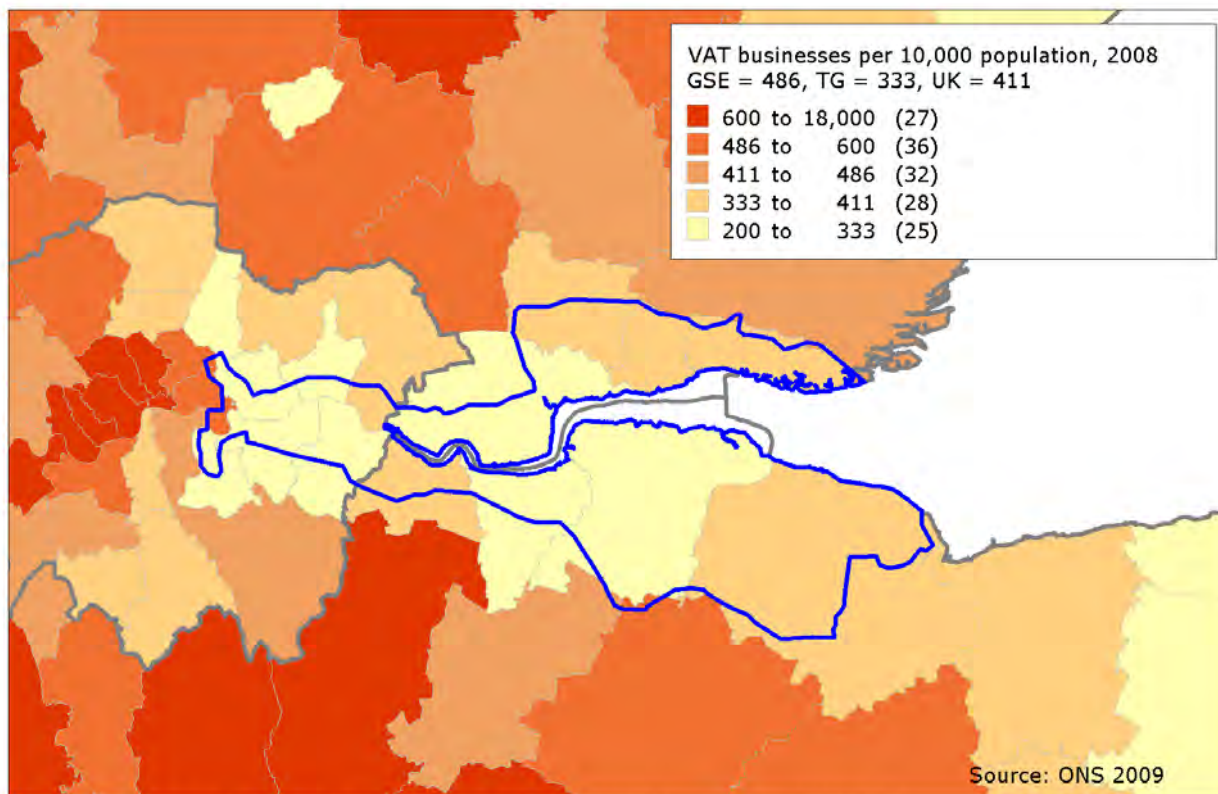
..... a 'knowledge-driven, well connected, globally competitive region, which demonstrates how economic growth and environmental sustainability work together'

Vision - Economic Development Investment Plan – key elements

Spatial Transformers	Stratford/Olympics	Canary Wharf
	London Gateway	Ebbsfleet Valley
	Crossrail	
Themes – drivers of	Innovation, Enterprise and Creativity	
competitiveness	Skills	Connectivity
	Quality of life - Sustainability	
	Inward Investment	
Sectoral priorities	Financial and business services	
	Environmental technologies and services	
	Ports and Logistics	
	Construction	Advanced manufacturing
	Creative Industries	Business and Visitor tourism

Fewer than average UK/ GSE business failures but lower business density

VAT businesses per 10,000 population (2008)

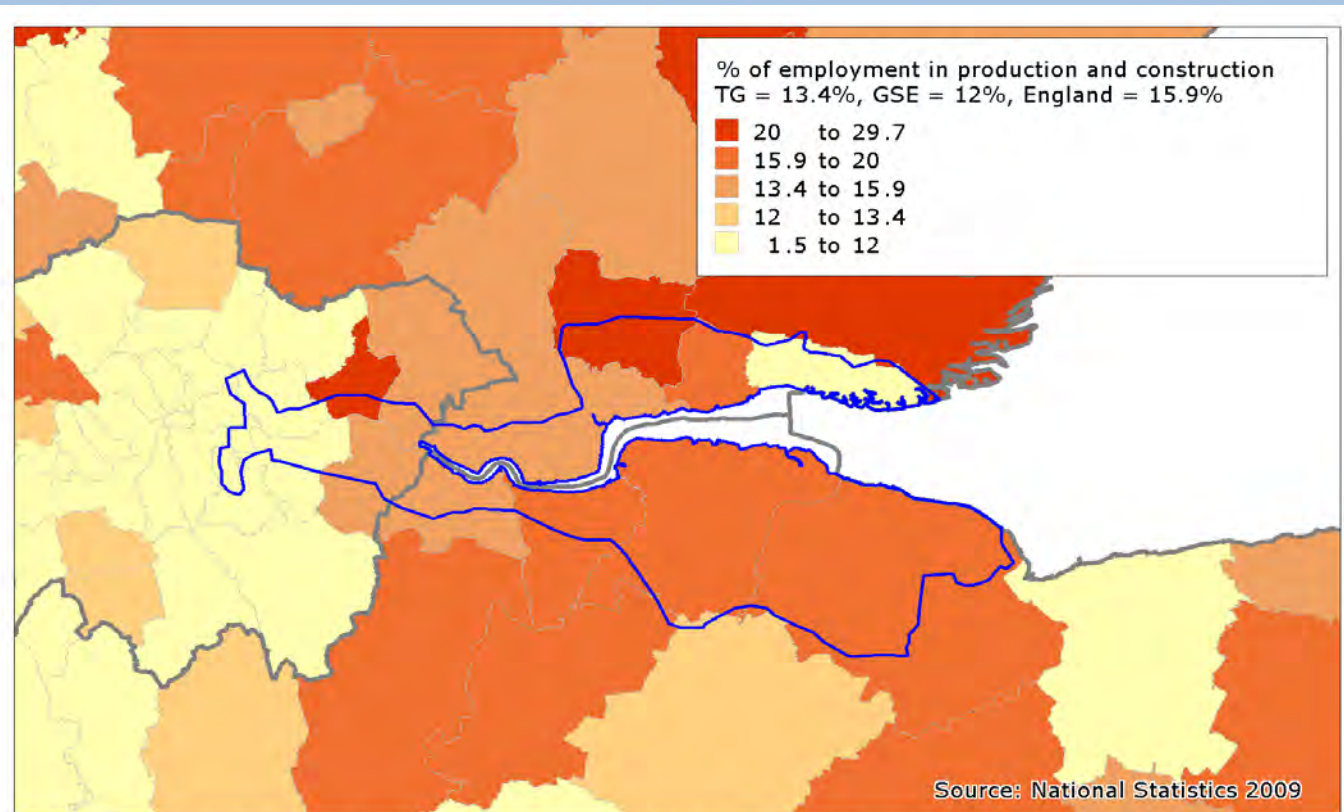


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- More businesses are closing now
- The rate of failure is below the national average
- But with fewer businesses than UK average a small change can have a significant impact at local level.
- With a less developed culture of enterprise recovery may be slower

High concentration of employment in 'vulnerable sectors'

Employment in production and construction (% total)

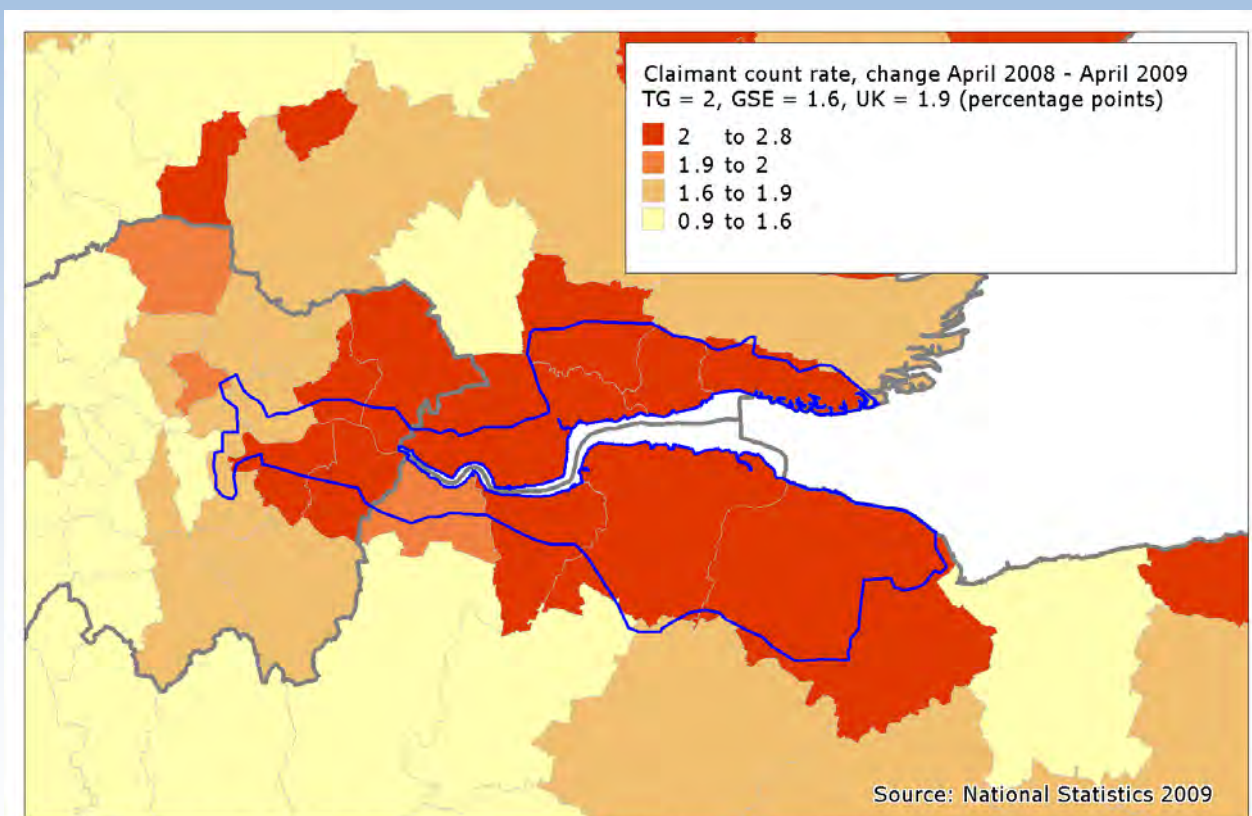


- These include manufacturing, construction, transport & logistics, financial services.

- 0.5m people employed in financial and business services and commute to London

Unemployment on the increase

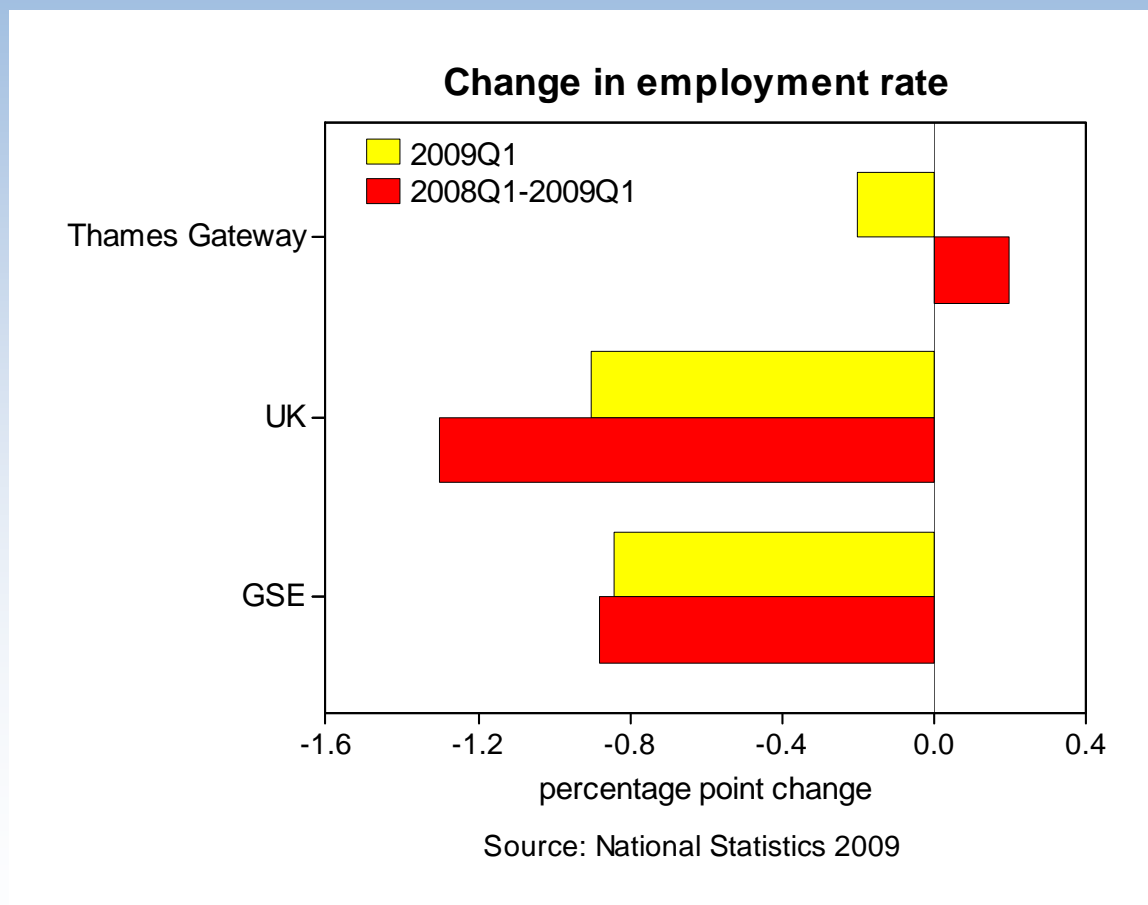
Change in claimant count unemployment rate



- Claimant rate has increased rapidly
- Affected jobs include 'blue collar' and also managers & senior officials.
- Fastest increase in 50+ age group
- In London fastest growing is 21-29 year olds
- Expect increase in youth unemployment when university year ends
- Expect increase in NEETs

Employment –holding up for now?

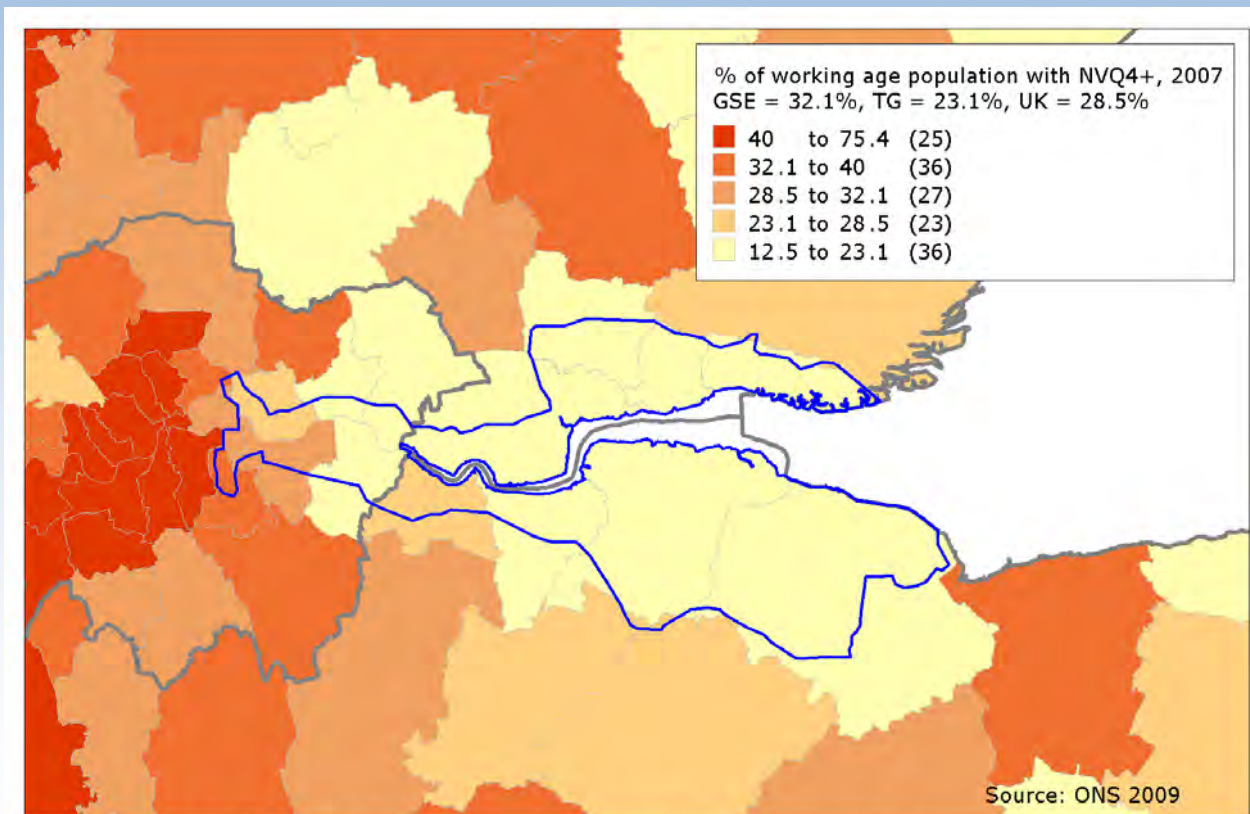
Change in employment rate



- Labour market statistics – a lagging indicator of activity
- Employment grew 2008-2009 – against GSE and UK trends.
- Small decrease in the first quarter of 2009
- Employment rate still higher than a year ago
- Unemployment will increase – new entrants into the labour market.

Skills deficit – impact on the speed of the recovery?

% of working age population with NVQ4+



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- Our low skills base will mean that residents will find it hard to compete for fewer jobs when there is more competition
 - More people chasing fewer jobs – bigger pool of labour from which to select staff
- Recovery may take longer because skills base may not attract investment

Spatial transformers

Canary Wharf

Slowed

Developments underway continuing – about 1.4m sq ft under construction

Development can be fast tracked once anchor tenant found

Higher vacancy levels

Ebbsfleet Valley

On hold until pre let agreed or market recovers

First house will trigger S106

Fast domestic train services from St Pancras to Ebbsfleet International commenced

Stratford/ Olympics

On track

Development of Olympic Park and Village

Westfield development

London Gateway

On hold

DP World reviewing all projects and investment across the world

Feedback from workshop

London

Business confidence high – most businesses expect to grow

Residential Developers looking to off load sites

Inward Investment down

Sites over 50% completed are going ahead

s106 opportunities greatly impacted - £millions

s106 awaiting trigger

South Essex

manufacturing/ engineering and financial and business services jobs liot

Some areas of growth and good news with companies diversifying

FDI has been hit hard

People made redundant starting businesses

Integrated Development Plan (IDP) - prioritised investment plan emerging

Feedback from Workshop

North Kent

2008 strongest year for inward investment

Opportunities still coming forward esp. in retail, R&D and logistics

Smaller projects going forward

MAA very important

Increased homelessness

Training placements hard to find (esp Cons)

All

Variable performance across the Gateway

some sectors still expanding

Unemployment rising quickly

Social Housing projects going forward but private sector projects stopped

Climate of uncertainty – aversion of risk

Few business start ups

Strategic Challenges

Overarching	<p>Disagreement about how downturn will impact on Thames Gateway</p> <p>Maintaining confidence</p> <p>Future government investment will be limited</p> <p>Delivery of infrastructure remains important</p>
Innovation, Enterprise, Creativity	<p>Helping businesses survive and grow</p> <p>Step change in enterprise culture across Gateway</p> <p>Attracting growth sectors – positioning for upturn</p> <p>Moving from small scale pilots to large scale impact – eg in retrofitting, decentralised energy</p>
Skills : Human Capital	<p>Helping people stay in work</p> <p>Retaining skilled people, equipping people for new jobs</p> <p>Flexible and responsive skills provision –need for a step change</p>
Quality of Life - sustainability	<p>Desire for sustainability and challenges of climate change remain</p>
Connectivity	<p>Maintaining momentum on delivering transport infrastructure</p>
Inward Investment	<p>Should we be looking to new funding models?</p> <p>Inward investment - international markets</p>
Performance	<p>Sharing Intelligence – data lags real experience</p> <p>Limits to what can be done locally</p>

Strategic Opportunities

Innovation, enterprise and creativity	<p>Low Carbon Economy – leveraging x Gateway but different emphasis/ specialisation in each area</p> <p>Pan Gateway approach to growth sectors (NINJ)</p> <p>Enterprise culture – making the TG a great place for enterprise</p> <p>Leveraging benefits of Crossrail and Olympics across Gateway</p>
Skills	<p>Skills – preparing for new jobs, reskilling people</p> <p>Skills to support climate change and new opportunities re New Industries New Jobs agenda</p>
Quality of life-sustainability	<p>Harnessing economic growth from tackling climate change challenges</p>
Connectivity	<p>Leveraging greater value from our assets (such as High speed line to Europe)</p> <p>Future proofing sites and development – eg digital connectivity</p>
Inward Investment	<p>New funding models – can we experiment?</p> <p>Invest Thames Gateway – positioning for international investment</p>
Performance and Partnership	<p>Sharing data and information, forecasting, good practice</p> <p>Sharing approach to MAAs – a networking opportunity?</p> <p>HCA ‘Single conversation’ being piloted in North Kent</p>

Analysis

Scope	Key agency	What will it give us?	Time
Monthly reports to BIS on each region	RDAs	Regular regional intelligence	Ongoing
PA Consulting overview report on impact of recession Thames Gateway	CLG	Initial analysis	April 2009
Review of major schemes for Thames Gateway – starting with 4 transformers and Crossrail	CLG	Where can momentum be maintained	End July, 2009 Underway
Thames Gateway Sector Skills study	LSC	Anecdotal evidence on key Sectors	June 2009
Commercial Intelligence Briefing	CLG	Early information on major corporate movements	Monthly

Refreshing the vision?

- Prioritise and focus efforts in limited areas to maximise impact?
 - Low Carbon Economy – IfS renewable energy, Carbon Capture Storage, sustainable construction, low carbon vehicles
 - Ports and Logistics – especially low carbon logistics
 - Creative industries
 - Others?
- Gear business support and skills development around these sectors?
- Deliver coherent, joined up leadership?
- Monitor performance and share intelligence and good practice?