

# The London Development Agency's Annual Report 2011-12

## Overview

This is the final annual report of the London Development Agency (LDA or Agency), whose functions were folded into the Greater London Authority (GLA) on 31 March 2012.

The LDA was created in July 2000 as one of nine regional development agencies across England and as a functional body of the GLA. It reported to the Mayor, who appointed its Board, approved its corporate plan, and was invested with powers of direction over – and delegation to – the Agency. The LDA's role was to:

- Further economic development and regeneration;
- Promote business efficiency, investment and competitiveness;
- Promote employment;
- Enhance the development and application of skills relevant to employment; and
- Contribute to the achievement of sustainable development in the United Kingdom.

The LDA played a vital role in shaping London's achievements for over a decade. The organisation was instrumental in implementing the Mayor's Economic Development Strategy over that period but with the Government's decision to abolish regional development agencies, its key functions and a number of its staff have now transferred to the GLA.

In May 2010, the current Mayor set out his priorities for London out in a new Economic Development Strategy. The Mayor's ambitions are for London to be the world capital of business and top international visitor destination; to have the most competitive business environment in the world; to be one of the world's leading low carbon capitals, for all Londoners to share in London's economic success and to maximise the benefits of infrastructure and regeneration investments such as the 2012 Olympic and Paralympic Games.

Consistent with this, the LDA's investment themes were to:

- Promote London to the world;
- Support London's businesses;
- Invest in London's low carbon infrastructure;
- Get London working;
- Build better places in London; and
- Get the most from the 2012 Games.

In its last year, in line with the Mayor's Strategy, the LDA helped to plan and manage London's economic and physical growth, support Londoners and businesses through the recession and build solid foundations for the capital's future. Thousands of Londoners have benefited from its investments – in skills, business support, housing and urban design.

The LDA also played a vital part in laying the foundations for the success of the 2012 Olympic and Paralympic Games. The Agency provided essential support to the London bid and drew up the initial site plans, before the Olympic Delivery Authority (ODA) was created. It bought up the land needed for the Olympic Park and helped businesses, jobs and residents relocate to new premises and new homes.

The LDA then led the drive to ensure that Londoners shared in the benefits brought by the Games – supporting training and employment schemes linked to the Games and devising the procurement tool that helped open up contracts to competition for London’s small and medium businesses. In its last four years, the LDA Board overhauled the way the LDA operated, placing a focus on getting increased value for money from its investments.

Throughout 2011-12, the Agency worked to support London’s economic recovery. It also worked hard to ensure that the transition of functions to the GLA was as smooth and as seamless as possible. The LDA programmes for climate change, skills, design and capital investment transferred across to the GLA during the year, along with the management of London’s share of European Union structural funds.

Finally, the LDA made real progress to secure development partners to lead the regeneration of major sites in the Royal Docks in east London. This work is now led by the GLA and the momentum brought to east London by the 2012 Olympic and Paralympic Games is continuing.

## **2008 to 2011: A period of change and consolidation**

During this period, the LDA Board led a complete overhaul of the way the LDA operated to get the best possible value from its investments.

Under the new Mayoralty, the organisation was reshaped to provide a leaner and better service for London, refocusing its role as a strategic investor around six investment themes that supported the delivery of the Mayor’s Economic Development Strategy: international promotion, business support, climate change, skills, regeneration and Olympics legacy.

The LDA developed innovative ways to create impact with fewer resources, giving Londoners tangible benefits whilst driving value for money from all its projects.

The LDA moved to supporting a smaller number of larger projects, introducing a commissioning model and performance-related payments as a way of driving better outcomes for Londoners.

It used its influence to work in partnership with a host of other authorities, organisations and companies in order to attract investments and funding from other sources.

During this period, the LDA’s performance dramatically improved and its reputation for delivery was recognised in a series of national and international awards.

## **2011-12: A year of transition and planned closure**

In June 2010 the Mayor published his 'Proposals for Devolution' which set out his plans for a more focused GLA Group with greater powers and more accountability. The Mayor proposed that London's economic development function be brought directly under Mayoral control, through the folding of LDA's functions into the GLA.

The Government subsequently announced the planned abolition of the Regional Development Agencies by 31 March 2012. In response to the Mayor of London's specific proposals on devolution, the Government agreed that the functions of the LDA should be folded into the GLA along with its assets and liabilities.

During the course of 2011-12, it was therefore the Agency's priority to ensure an orderly closure and transition while continuing the delivery of regeneration and economic development projects across London.

The LDA agreed with GLA a schedule that would ensure a smooth transition. The transfer of projects and functions to the GLA began with the pilot transfers of Diversity Works for London and the London Ambassadors projects in April 2011. Throughout the year, projects, staff and budgets moved across to the GLA. A major part of the transition process was to make sure the transferring projects and programmes continue to deliver for London and are passed on seamlessly, along with the LDA's knowledge and observance of relevant statutory requirements.

At the same time, the LDA continued to achieve value for money from its investments by closely managing its projects, which continued to deliver outcomes for their beneficiaries.

The orderly closure of the LDA was overseen by its closure board, which reported to the Audit, Risk and Performance (ARP) Committee and to the GLA's devolution programme board, which was set up to oversee the delivery of all of the Mayor's devolution proposals as approved by Government.

The LDA closure board established five workstreams:

- Project delivery and assurance, covering the handover of projects to the GLA and the closure of others;
- Due diligence, ensuring that any issues and assets/liabilities were identified and addressed, and providing useful information to the recipients of the LDA's functions and assets/liabilities;
- Functional lead liaison, to oversee the closure of the LDA systems and facilities, transferring and archiving LDA information and records, and supporting LDA staff;
- Stakeholder liaison, to help the GLA build its own relationships with the LDA's key stakeholders, keeping them informed about the process of transition and closure; and
- Transferring the LDA's assets and liabilities to the GLA, which formally took place at the end of March 2012.

This has ensured that the LDA's closure complied with all the necessary legal and accounting requirements and the GLA has all the information and systems available that it would need to take on its functions.

The seamless transfer of its projects and staff to the GLA has meant that Londoners have continued to benefit from LDA investments throughout its closure and transition.

### **Investment themes and project delivery**

The LDA's six investment themes were developed to help deliver the Mayor's Economic Development Strategy.

The work to promote London to the world moved in April 2011 to London & Partners, the single promotional body for the capital which took on the functions of Visit London, Think London and Study London. The contract management for this initiative now sits within GLA.

Parts of the projects to get London working and provide support for business moved to the GLA with the pilot transfer of Diversity Works for London and the London Ambassadors programme at the end of April 2011, noting however that in the main, regional business support programmes were regrouped at the national level, after the Business Link contract ended in November 2011.

The transfer of the LDA's climate change, Olympic skills and its academies, youth and volunteering projects moved across to the GLA in June 2011, together with the management of London's European Structural Funds Programmes.

The LDA's public realm and capital projects, responsible for building better places in London, transferred to the GLA in November 2011. This included the Design for London team.

Whilst the closure programme progressed, the LDA continued to deliver on those projects that did not transfer to the GLA until towards the end of the year, including the main regeneration programmes, the ESF projects and business support.

### **Regeneration**

The catalytic effects of the London 2012 Olympic and Paralympic Games are having an impact across east London including the Royal Docks.

The Royal Docks which is the equivalent size of London's West End and the City combined - is starting once again to vibrate with activity. It is a 2012 venue, with ExCeL centre due to see more medals awarded than at any other single venue in the Games.

The LDA had supported the 50% increase in capacity at ExCeL. The LDA also worked with the global technology company Siemens to plan and build their new £30 million 'Crystal' urban sustainability centre. It also supported TfL's construction of the Emirates Air Line cable car that stretches across the Thames to join the Royal Docks to the Greenwich Peninsula and the O2 Centre.

The LDA selected the Notting Hill Housing Trust as its development partner for a 600-plus home development in Gallions Quarter, a new centre that will be built to high environmental standards next to Gallions Reach DLR station.

Good progress was made in attracting world-class proposals to develop the LDA's biggest sites in the Royal Docks – the 50 acre site at Silvertown Quays and 35 acre Royal Albert Dock site.

By adopting a market-led approach, the LDA attracted world-class proposals for Silvertown Quays and announced a preferred bidder in March 2012 which proposes to build a new urban centre at the site, creating new commercial space, new homes and new jobs.

The global marketing of the Royal Albert Dock site attracted interest from international investors with the shortlist of developers announced in June 2012.

The LDA continued to work with Newham council to support the Meanwhile London competition and agreed a lease with London's Pleasure Gardens for the temporary use of the Silvertown Quays site.

## **Business Support**

The LDA business advice support services helped London's companies innovate and grow through the recession.

The LDA helped more than 7,000 businesses through its funding for the Business Link in London service, which closed in November 2011 in line with national government changes to business support schemes.

CompeteFor, the online procurement system created by the LDA to allow London's small and medium sized companies to receive contract opportunities linked to the Games, continued to develop. The ODA and the London Organising Committee for the Olympic and Paralympic Games (LOCOG) were joined by other purchasers, including the Metropolitan Police.

The majority of buyers using CompeteFor are from the private sector. Over 45,000 London businesses were registered and over 10,000 contract opportunities were made available through the system. Over a third of CompeteFor contracts awarded have gone to London companies, with a value of £405 million. CompeteFor transferred to TfL in March 2012 to enable its impact on corporate procurement can continue.

Since the British Library Business & IP Centre (BIPC) opened in March 2006, supported by the LDA, it has become a hub for knowledge transfer. It offers a unique combination of business and IP information, including searchable databases on patents, trade marks and registered designs. It is estimated that more than 250,000 businesses and entrepreneurs have come into the BIPC to access its business collections and expertise. More than 50,000 individuals are estimated to have received direct support, advice and guidance through the BIPC's workshops, events and one-to-one clinics.

An evaluation found that 89% of the businesses supported by the BIPC said that they would not have achieved their success without the Centre's support and that for every £1 that the LDA had invested, businesses had seen a £22 increase in turnover.

### **Employment support and young people**

The LDA continued its investment in Londoners most in need of support – such as the long-term unemployed and young people not in employment, education or training (NEET) – through the LDA's European Social Fund Co-Financing programme.

Since 2008 the LDA has provided a range of support, guidance and skills training to over 8,400 14-19 year old offenders, ex-offenders and young people who are identified as NEET to help make the transition from school to further education or full-time employment. Pre-apprenticeship support provided NEET youngsters with work experience, employability, skills development, mentoring / coaching and job brokerage support.

In 2011/12 through high quality tailored support, the ESF programme managed to successfully support nearly 1,600 participants into either education or employment, many of whom were young offenders. Around three quarters of these NEETS were expected to stay in employment or training, a very high percentage when compared with other similar programmes.

From April 2011, the LDA's London Employability Performance Rating were adopted by all partners delivering LDA and GLA employment and skills projects and by London Councils and the National Offender Management Service for their ESF projects.

The performance ratings were introduced in 2010 to benchmark the achievements of employment and skills services. A rating framework measures a delivery partner's achievements against a number of key indicators, such as the delivery of sustained employment outcomes and participation by – and subsequent employment of – people from ethnic minorities, women and disabled people. This innovative approach to performance measurement helped drive up the performance of employment projects in London – helping more Londoners get into work.

## 2011-12 Targets

Because of the closure process, the Mayor did not set any formal targets for the LDA during its last year. Many projects and programmes transferred to other organisations before the year-end, or closed, and this does not make comparisons with previous years meaningful. However the contracted projects continued to generate outputs and outcomes:

<b>2011-12 Performance</b>	
Jobs Generated or Safeguarded	329
Employability support (People)	7,807
Additional Resources Attracted (£m)	66.5
Brownfield land reclaimed/redeveloped (Hectares)	3
Public realm areas reclaimed/remediated	1
CO <sub>2</sub> Savings (CO <sub>2</sub> tonnes)	6,850
Sustained employment (26 weeks/People)	3,141
Sustained employment (52 weeks/people)	246
Sustained business growth (Businesses)	141

## LDA staff

At 1 April 2011, the LDA employed 151 staff. This progressively declined throughout the year as the LDA's functions transferred elsewhere. The legal team moved into TfL, as part of a shared legal service for the wider GLA Group. Staff were provided with support and advice to help their changing roles. A total of 96 staff transferred to posts within the GLA Group.

The LDA staff posts which attracted salaries over £100,000 in 2011-12 are shown in the table below.

<b>Position</b>	<b>Salary Band</b>
Director of Finance	£190k - £200k
Chief Executive	£140k - £150k
Director Land and Development	£110k - £120k
Chief Information Officer	£110k - £120k
Director Policy and Government Relations	£110k - £120k
Director Corporate Strategy	£100k - £110k
Director Law and Governance	£100k - £110k

## **LDA Board**

The Mayor of London appointed the LDA Board which had to comprise between eight and fifteen Members of which four must be, or be at the time of their appointment, a Member of the London Assembly, a London Borough Council or the Common Council of the City of London.

For 2011-12 the LDA had 12 Members:

- Harvey McGrath (Chair): Chairman of Prudential plc and Vice Chairman of the London Skills and Employment Board;
- Susan Angoy: Member, Cross River Partnership Board, Founder, Sweet and Wicked Cupcakes;
- Ian Barlow: Adviser and Audit Committee Member, HMRC, Trustee, Historic Royal Palaces;
- Fran Beckett OBE: Chair of the East & South Board of Orbit Housing Group, Chair of Trustees, Restore (Peckham);
- Anthony Browne: Former Policy Director for Economic Development, Mayoral Team, Greater London Authority (resigned 20 May 2011);
- James Cleverly AM: London Assembly (Conservative) Chair London Waste and Recycling Board;
- Megan Dobney: Regional Secretary, Southern and Eastern Region of the TUC;
- Ann Humphries: Non Exec Director, Wandle Housing Former Board Director of John Lewis Partnership;
- Edmund Lazarus: Founding partner of Bregal Capital LLP, a London based private equity firm;
- Steven Norris: Transport for London Board Member, Chairman, London Action Trust;
- Jeremy Mayhew: Non-party Common Councilman, City of London Corporation Deputy Chairman, Barbican Centre; and
- Cllr Peter Truesdale: London Borough of Lambeth (Liberal Democrat).

The LDA Board could appoint 'named' Observers to provide guidance on specific areas, or 'nominated' Observers to represent the interest of a body which they consider to be a key stakeholder. For 2010-11 the LDA had two Named Board Observers and one Nominated Board Observer:

- Professor David Latchman: A Named Board Observer providing guidance on higher education;
- Ian Ashman (alternate: Dr Kate Anderson): A Named Board Observer providing guidance on further education; and
- Brenda Theodore-Marks: A Nominated Board Observer representing the GLA.



## LDA Committees

During 2011-12, the LDA had two standing Committees. The membership for each Committee is shown below.

### Audit, Risk & Performance Committee

<b>Committee Member</b>	<b>Period of office</b>
Ian Barlow (Chair)	Entire year
Ann Humphries	Entire year
Susan Angoy	Entire year
Megan Dobney	Entire year
CLlr Peter Truesdale	Entire year

### Investment Committee

The terms of reference for the Investment Committee were absorbed into the Board's terms of reference on the Committee's dissolution on 1 July 2011.

<b>Committee Member</b>	<b>Period of Office</b>
Edmund Lazarus (Chair)	Until 01 July 2011
Anthony Browne	Until 01 July 2011
Fran Beckett OBE	Until 01 July 2011
Jeremy Mayhew	Until 01 July 2011

## LDA Board Remuneration

Board Members and Observers were entitled to remuneration as follows:

- Chair of the Board – £55,000;
- Chair of Committee – £20,000;
- Board Member – £14,000; and
- Named Board Observer – £14,000.

The Chair of the Board and Steven Norris waived their remuneration for 2011-12. James Cleverly did not receive any remuneration as a London Assembly Member. All other Board Members received remuneration in line with the entitlements above. The two Named Board Observers received remuneration. The Nominated Board Observer was not entitled to receive remuneration.