

# Deptford Economic Development Partnership: Response to Local Enterprise Growth Initiative Consultation

**June 2005**

1. This is a submission to the Local Enterprise Growth Initiative consultation by the Deptford Economic Development Partnership. The Deptford Economic Development Partnership (DEDP) is a cross-sectoral partnership representing agencies delivering economic development work on the ground in Deptford, in the London Borough of Lewisham. Members of the Partnership include Pepys Community Forum, Creative Lewisham Agency, Deptford and New Cross Credit Union, Goldsmiths College, Head for Business, London Borough of Lewisham Economic Development, London Borough of Lewisham Town Centre Management Project, London Small Business Growth Initiative, Lewisham Business Broker, REETA (Refugee Employment, Education, Training and Advice Partnership), South East London Economic Development Agency, and The Gate Enterprise Agency. For more information about the Partnership, see Appendix 2 of this submission.

2. The submission is organised into the following sections: our response to the consultation document *Enterprise and economic opportunity in deprived areas* (March 2005), which notes some general principles and then addresses the consultation questions, is followed by (Appendix 1) a brief statement setting out the case for Deptford as a LEGI area, and (Appendix 2) a brief description of the way the DEDP has been piloting the principles of LEGI.

## ***Response to the LEGI consultation***

### **General Principles**

3. The Deptford Economic Development Partnership strongly welcomes the *Enterprise and economic opportunity in deprived areas* document. We particularly welcome:

- The recognition of the importance of enterprise in renewing deprived areas;
- The aim to build upon the competitive advantages and opportunities for enterprise in deprived areas;
- The flexibility to determine local needs and priority actions, within a broad national framework of aims and outcomes for the LEGI;
- The commitment to long term funding and sharing learning on impact;
- The commitment to developing innovative practices such as business brokering;
- The recognition of social enterprises as part of the business mainstream.

In addition, we have some specific comments to make.

### **Getting the delivery right**

4. The most important point we want to stress is the need for ***policies to be joined up***. It is crucial for agencies on the ground to be able to relate their work to different

policy agendas. Therefore, this report must *both feed into and reflect* other policy initiatives, such as:

- Enterprising People Enterprising Places – National Employment Panel
- The Small Business Service’s Informal Economy work
- Regional strategies emerging out of RDAs, e.g. the London Plan, London BME Action Plan and the Northern Way – as well as sub-regional implementation plans
- The Sustainable Development Strategy
- Social Enterprise Strategy

5. The LEGI strategy will succeed only if it has the principle of **partnership working** at its heart. There is a need to go beyond joining up the existing infrastructure, to create *flexible cross sector partnership working on the ground*, rather than relying only on the local authority and mainstream business support agencies.

6. Practically, this means seriously considering the role of the Local Strategic Partnerships, which at best offer some of examples of what real partnership working can achieve but at worst have not engaged well with the business sector.

7. In particular, we would stress that neither local authorities nor LSPs, though each must play a key part, is *necessarily* the appropriate vehicle for delivering the LEGI in every locality. In some localities, there will be **existing partnership infrastructure** ideal for delivering LEGI; in some places the creation of such infrastructure might be more effective than relying on single agencies.

8. In terms of existing infrastructure, regional government should look at existing and already emerging initiatives such as

- City Growth Strategies
- Creative Hubs
- NDC partnerships
- SRB partnerships
- ESF and EQUAL programmes

There is a need to ensure that a new infrastructure is not imposed which cuts across local efforts to co-ordinate roles. It is important instead to provide an opportunity for alternative structures to emerge as host or delivery agency – but structures which will reflect all the key stakeholders. Existing partnership on the ground needs to be recognised.

### **Market Failures**

9. The *Enterprise and economic opportunity in deprived areas* document assumes a certain degree of knowledge on the ground as to why market failures exist. But in most places, agencies are not sure what works and what doesn’t work and don’t know enough as to why businesses fail. There is a need to further illuminate good practice. The initiative must therefore provide opportunity for **action research** which feeds backs into the development and improvement of the programme.

10. In the DEDP’s experience, some of the issues which act as barriers are:

- Mainstream business advice services are not always **culturally appropriate** to residents in deprived areas – business advisors are often white and male and do not deliver in different ways to different groups. For example, they may not recognise what it takes to become an entrepreneur while also being a carer, and they may not recognise religious barriers to take-up of finance.

- Existing approaches to business support and new business start-up largely focus on producing **business plans**, i.e. efforts are geared towards pushing enterprising individuals into producing business plan as an *output* – a text-based classroom approach, which is not always in tune with the process by which individuals learn or undertake business practice – an issue which requires essential consideration in culturally diverse areas and deprived localities. There is a need to develop new approaches.<sup>1</sup>
- Problems with some of the established **competency models**, which are not flexible enough to accommodate new forms of learning.
- There is a lack in most areas of **specialised support**, offered in bite-size packages, for key emerging sectors like social enterprise, cultural industries, BME business or the food sector. Similarly, there is a lack in most areas of specialised support for ‘stage 2’ enterprises, whose growth or acceleration – and retention in deprived communities – is key to economic development.
- **Jobcentres** – directed towards employment and not enterprise – see no benefit in pushing enterprise; they need to be brought into the equation with these programmes.

11. Any new initiative must be able to connect with the ground and engage hard to reach groups – it must not come over as a fast track for graduates. The emphasis should be on overcoming barriers and creating the opportunity to mainstream the learning which emerges around entrepreneurship. The implementation of the programme must take such principles seriously, recognising that micro-business, businesses moving from the informal economy, BME business and social enterprise can act as significant drivers of growth within the whole of the local economy.

### **Eligibility**

12. The consultation paper is not clear whether borough eligibility for the LEGI will be determined by eligibility for the Neighbourhood Renewal Fund (NRF) prior to 2006 (based on calculations from the Index of Multiple Deprivation [IMD] 2000) or eligibility for the Neighbourhood Renewal Fund after 2006 (that will be based on data from the IMD 2004). This needs to be made clear as soon as possible.

13. The consultation paper states that ‘Regional institutions and local authorities should begin to prepare as soon as possible for both the introduction of the LEGI, and the invitation to apply for LEGI resources’ (5.50). Consequently, decisions on borough level eligibility should be made as soon as possible. The local authorities and their partners need sufficient time to develop quality proposals that will affect long-term change in time for an initial bidding round in 2005/06.

14. There is no explicit link made in the consultation paper between eligibility and Enterprise Areas. The consultation paper states that in England, 73 percent of Enterprise Areas lie within the 88 authorities eligible for the NRF. Currently, only six Enterprise Areas in London lie outside boroughs eligible for NRF. However, there may be a greater mismatch if the eligibility changes as a result of using IMD 2004 data. Links should be made between the LEGI and Enterprise Areas given the range of initiatives to promote enterprise that target these areas.

15. It is particularly important that areas that appear to have risen from the most deprived category on the basis of the IMD 2004 do not fall between the gaps – renewal of such areas must be sustained. This means taking seriously the point that

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<sup>1</sup> We have been developing the idea of “success planning” as a critique of mainstream business planning.

benefits are only apparent long term, start-ups take time to consolidate, and turnover is slow to increase (2.35).

16. Applications that support the implementation of other existing and emerging regeneration and renewal programmes, including SRBs coming to exit, NDCs, Creative Hubs, and, above all, City Growth Strategies and Business Improvement Districts should be prioritised.

## 2. The consultation questions

### Q1

17. We feel that the consultation document puts forward a good set of indicators.

The Deptford Economic Development Partnership believes that there should also be indicators in four further areas:

- the **property and premises** agenda, which is a key issue for us here in Lewisham, as well as in other high land value areas,
- **local knowledge economies**, in terms of access to data and economic intelligence,
- the **entrepreneurialism of the most disadvantaged groups**, including women and BME residents, but also working class residents,
- and **Social Return on Investment**, which is highlighted in the document (3.25) but not returned to as a key indicator.

	START-UPS	GROWTH	JOBS
LOCAL INDICATORS	<ul style="list-style-type: none"> <li>▪ PROPERTY AND PREMISES: Increase number of incubator spaces</li> <li>▪ ENTREPRENEURIALISM OF THE MOST DISADVANTAGED GROUPS: Increase in entrepreneurial activity amongst people who have low education attainment (e.g. NVQ2 and below). Survival rate over time of start-ups</li> </ul>	<ul style="list-style-type: none"> <li>▪ PROPERTY AND PREMISES: Increase number of grow-on spaces</li> <li>▪ KNOWLEDGE ECONOMY: Increase economic development practitioners' access to data.</li> <li>▪ ENTREPRENEURIALISM OF THE MOST DISADVANTAGED GROUPS: % of investment or other financial take up of those seeking advice. Ethnic breakdown of types of financial take up.</li> <li>SOCIAL RETURN ON INVESTMENT: Increase rates of SRI.</li> </ul>	<ul style="list-style-type: none"> <li>▪ PROPERTY AND PREMISES: Retain employment-generating property uses in UDP</li> </ul>
EXAMPLE ACTIONS		<ul style="list-style-type: none"> <li>▪ KNOWLEDGE ECONOMY: Establish local observatory (constant mapping and data collection)</li> </ul>	

18. We support the ALG's proposal that **a regional approach to sharing good practice** around the development of local impact data would also be useful – to ensure some commonality of approach and enable authorities to learn from the experience of others.

## Q2, Q3, Q6

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19. LEGI must take **the devolution agenda** (0.19) seriously at a neighbourhood level. LSPs, as cross-sectoral partnerships, should be involved in LEGI. But a number of areas have good existing or emerging alternative **partnership infrastructures** to facilitate and implement practice – whether through grassroots partnerships like ours, through City Growth Strategies, or through previous regeneration partnerships (e.g. SRBs, NDCs). The integration of LEGI with this existing infrastructure is also key to ensuring leverage between programmes.

20. Where **LSPs** are to be centrally involved, they must adapt to work more closely with the business (and especially SME) sector, and to work more closely with grassroots agencies delivering economic development in the neighbourhoods. Partnerships with the business community may already be in place locally, depending on the area selected for the LEGI – it might be in an area with a City Growth Strategy or a Business Improvement District, for example. Building on existing arrangements would therefore be appropriate. It could be up to the local authority to *demonstrate* that effective links and partnership working with the business community and with grassroots agencies have been established. This might require real consultation with the business community about what they would want to get out of involvement.

21. In some areas, including both formal and informal Pathfinder areas, there are also robust **Neighbourhood Management** models. Although many of these have not taken up an economic development agenda, it is vital that neighbourhood renewal infrastructure is involved in delivering economic development work at the most local level.

22. Integrating neighbourhood renewal and economic development work will require **joined up working at regional level** between Government Offices and RDAs, who have traditionally divided labour between these areas – which has often meant that the principle of **holistic regeneration** has often fallen through the gap.

23. Finally, there is a need to focus on some of the **key drivers of growth** in deprived areas, such as creative clusters or food clusters, which might cut across small areas. This must be reflected in partnership and governance arrangements – links with businesses outside of the targeted neighbourhood will also need to be made.

## Q4

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24. Deprived areas need to move away from a dependency on external consultants, both for cost reasons and for sustainability, in terms of **locking in knowledge**. The Deptford Economic Development Partnership proposes that the best way to nurture local knowledge economies is by the development of borough-wide **local observatories**, for which some LEGI funding should be ring-fenced. Key elements in achieving this are:

- Cross-sectoral data sharing, building on existing infrastructure such as LSPs, Neighbourhood Management and CGS.
- Involving local HEIs – while at a regional level, regional HEIF structures (e.g. KnowledgeEAST) should be drawn into regional LEGI infrastructure.<sup>2</sup>
- Localising Business Links knowledge management centres.

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<sup>2</sup> See <http://www.hefce.ac.uk/regions/>

In addition, **national economic datasets** must be made more easily available to local practitioners.

#### Q5

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25. **Performance Management models in regeneration** (e.g. SRB and NDC) can be adapted creatively as required for local business development. However, we believe that **minimal monitoring bureaucracy** will best allow a focus on the process of achieving economic development success.

#### Q6

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26. As we noted above in our answer to Q2-3, **the integration of LEGI with existing regeneration and renewal infrastructure** is key to ensuring leverage between programmes. This integration must be mirrored at every level: nationally between the different government departments, regionally between RDAs and government offices, as well as operationally on the ground.

#### Q7

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27. **Targets should be as open as possible** – the emphasis should be on the process, not monitoring outputs. The time invested into monitoring is lost to delivery. Instead, a robust local knowledge economy (as we stressed in our answer to Q4 above) can be used for evidencing level of success.

#### Q8

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28. The lesson of previous regeneration rounds (e.g. City Challenge, SRB) is “the longer the better”. Anything less than three years will achieve next to nothing. Seven to ten years would be more realistic. **Ten years** would be a sufficient period of time to make real progress around promoting entrepreneurship in disadvantaged areas. This should give local authorities the ability to plan beyond the life of the LEGI.

29. Further, there are very strong arguments for a **Year Zero**, with lower funding and lower targets, to embed the programme and create smart local targets.<sup>3</sup> This time should be used for **thinking sustainability in** from the very beginning.

#### Q9

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30. To achieve critical mass and, crucially, sustainability, then there must be a substantial **capital element** in any new fund. The size of such an element would reflect differing property values across and within the regions. Along with this capital element, carefully planning will need to be done around the **transfer of assets** as a key to sustaining local economic development.

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<sup>3</sup> There are also some strong arguments for **tapering funding** at the end, to reduce grant dependency and stimulate sustainability strategies. However, it is important that this if this were implemented within LEGI it be in a *flexible* way, reflecting local needs and local successes, reflecting the flexible ethos of LEGI more generally.

31. We would also like to raise two notes of caution around the idea of achieving critical mass. First, the idea of a necessary critical mass of funding must take into account that, in **post-industrial areas of concentrated social housing**, poverty will remain unless major new sources of employment can be brought in, which cannot be achieved by enterprise alone.<sup>4</sup> This highlights the need to avoid displacement flagged up in *Enterprise and economic opportunity in deprived areas*.

32. Second, there is a need to focus on some of the **key drivers of growth** in deprived areas, such as creative clusters or food clusters, which might cut across small areas, therefore pointing towards some resources being targeted at sub-regional rather than local level.

#### Q10

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33. The **role of each partner** must be specified very clearly, and partnership working itself monitored carefully. All partners should be involved in the performance management and evaluation process. In particular, the involvement of both the business sector and of the local resident community must be specified and monitored.

34. Beyond that, given that the emphasis of LEGI is on locally determined solutions, the application **guidance should not be too detailed or prescriptive**. Criteria must be flexible enough to reflect local situations, as defined by local stakeholders, including residents and local businesses.

#### Q11

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35. Areas which have been in the lowest 10% but have lifted should not be ruled out – issues of **sustainability of previous regeneration** and renewal must be foregrounded to ensure that such areas do not revert back to deprivation level

36. Localities should not be considered in isolation but in terms of **key drivers for growth**, which might cut across localities. Certain sectors or clusters (e.g. creative, food) and certain groups (e.g. BME) might be particularly effective as economic drivers – e.g. through capitalising on cultural diversity as collateral to invest or an asset which can impact on the local economy. The presence of such growth drivers should be taken into account when identifying appropriate locales.

#### Q12

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37. **Joined up working** – between RDAs, government offices, Business Links and other agencies – is key to streamlining the process and avoiding unnecessary duplication. One element of this is creating single portals for the key national and regional contacts around enterprise work.

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<sup>4</sup> Research has show a striking continuity between areas of poverty in London a hundred years ago and areas of deprivation identified by the IMD. Related to this, there is a need to **sustain the principle of holistic regeneration**. For example, economic development cannot work without continued investment in childcare solutions (to help carers become entrepreneurs) or youth interventions (to allow young people to achieve the personal development that would allow them to become young entrepreneurs).

38. We would argue for a shift from monitoring towards **on-going evaluation** and building **local economic intelligence** as a tool to assess success. Evaluation mechanisms must be built into delivery and constantly feedback into the programme – a move away from a form filling model of evaluation and monitoring.

39. As already mentioned (Q8), there is a strong argument of a **Year Zero** to ensure time to build delivery infrastructure and operational mechanisms – the programme must ensure this is done before the burden of output targets kicks in.

40. In terms of monitoring, **reporting should not be too frequent** – it should be annual rather than quarterly.

## **APPENDIX 1     *The Case for Deptford as a LEGI Pilot Area***

A1. The northern part of the London Borough of Lewisham, comprising Deptford and New Cross, is an area of *both* significant social and economic deprivation *and* significant market potential and competitive advantage. In this appendix, we will very briefly set out the case for Lewisham, and specifically Deptford, as a LEGI area. The context for this is our concern with issues around *eligibility* in the consultation document, as set out above, where we stated that:

- There is not yet sufficient clarity around the relationship between LEGI eligibility, the 2001 IMD wards, the 2004 IMD SOAs, and Enterprise Areas.
- It is vital that wards falling out of the 10% most deprived between 2001 and 2004 receive sustainability funding.
- In terms of enterprise growth, areas with other existing and emerging regeneration and renewal programmes should be prioritised, including SRBs coming to exit, NDCs, Creative Hubs, and, above all, City Growth Strategies and Business Improvement Districts.

A2. Deptford and New Cross have received substantial regeneration and renewal funding in recent decades, reflecting areas of concentrated deprivation, particularly in the large social housing estates that dominate the area. For the most part, this regeneration has funding has not been geared towards building enterprise, beyond business advice projects within holistic regeneration schemes, let alone towards sustainability of enterprise and economic support

A3. More recently, the enormous market potential of Deptford and New Cross has been recognised as providing drivers for growth that will allow the area to break the cycle of deprivation. Consequently, enterprise has become a key element in the New Cross Gate NDC, the area has been designated as a City Growth Strategy area, consultation is underway around a Creative Hub, the local authority has re-organised its Economic Development work – and the Deptford Economic Development Partnership has formed, bringing together agencies working to achieve enterprise-based local development.

A4. The market potential and competitive advantage of Deptford and New Cross consists of a number of elements, including:

- *Strategic location* (2.36) – close to London’s new financial centre on the Isle of Dogs, at the entrance to the Thames Gateway, with excellent transport connections including the Docklands Light Railway.
- *Local market demand* (2.38) – including the untapped potential of our BME communities and student and graduate populations and the underserved communities on our social housing estates.
- *Key clusters* (2.40) – including a recognised major creative cluster, as well as a vital food cluster, an emerging leisure and hospitality cluster, and a professional services cluster.
- *Human resources* (2.42) – including a highly educated but underemployed workforce, marked by the presence of highly skilled refugees and of graduates of our local HEIs.
- *Public investment* (2.43) approaching, but not yet reaching, a critical mass for take-off – including CGS and SRBs coming to a close.
- *Culture as an asset* – the cultural wealth of our BME communities, enormous environment/tourism/heritage potential.
- *A safe borough for trading* – Lewisham is the safest in inner London.

## **APPENDIX 2     *DEDP: Piloting LEGI Principles***

A5. The Deptford Economic Development Partnership (DEDP) has effectively been applying the principles on which LEGI is based in the eighteen months of our existence. DEDP is *a partnership between organisations and agencies working in the Deptford area to support the economic development of the area and maximise the benefit local people receive from economic development*. The partnership includes agencies from the public, community, voluntary and private sectors and was originally established as part of the sustainability strategy of a community-led SRB, Pepys Community Forum

A6. Five of the six key principles of LEGI have been foundational in our approach – the sixth, significant commitment of resources, has hitherto been the missing piece of the jigsaw. We are keenly aware of the dangers of displacement and leakage in economic development (2.29, 2.32) – this has been a major problem in Deptford. We are keenly aware of the need for integration (2.31) – hence our partners have championed holistic regeneration and been involved in a range of other renewal initiatives, including Neighbourhood Management, a Community Safety Inquiry, joining youth work, childcare initiatives. We have an ethos of targeting the vulnerable (2.34) – hence our focus on BME enterprise, refugee employment, and estate based work.

A7. Our strategy, set out in our document *Mapping the Economy of Deptford* (July 2004)<sup>5</sup>, has identified Access to Finance (3.17) as a key area for us, particularly as it affects social enterprises, BME enterprises, and enterprises moving from the informal sector. A second key area we identified in the same document was business support (3.27). Our coalition of business advice agencies, Enterprise Matters, has developed methodologies (such as success planning, an asset bank and innovative business brokering and mentoring practice) that address some of the shortcomings of mainstream business support, particularly for the most disadvantaged entrepreneurs, including women, BME residents and refugees. The support developed is cultural sensitive and delivered in a non-bureaucratic style. We have succeeded in reaching entrepreneurs from hard to reach groups because of this. Enterprise Matters has also successfully focused on experience, skills and training (3.33) and building an enterprise culture (3.37), again focusing on those traditionally excluded from mainstream business.

A8. Our overarching objectives are to:

- Shift towards a more strategic, “joined up” and seamless approach to economic development work, avoiding gaps and overlaps in provision and ensuring that supply and demand are matched. *The partnership jointly identifies needs, jointly delivers solutions to these needs, and jointly applies for funding to support these solutions.*
- Link local residents, local social enterprises and local SMEs with the larger corporate sector, particularly within the Thames Gateway area.
- Assert the place of local Deptford needs and the unique identity of the Deptford economy within wider regional and sub-regional strategies.
- Make economic development activity responsive to the needs of local residents.
- Ensure that economic development is “locked in” to the local area; rather than displacing or marginalising local residents, local people should be able to access the benefits of economic growth.

A9. In terms of enterprise, the focus includes, but is not limited to:

- The creative and cultural industries (broadly defined, to include catering, hair and beauty, etc).
- The informal sector, “home biz”, etc – helping people into the formal sector and find wider publics for their skills.
- Small and medium sized enterprises.
- Enterprise that is both ecologically and socially sustainable.

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<sup>5</sup> Available from the Centre for Urban and Community Research, Goldsmiths College, [b.gidley@gold.ac.uk](mailto:b.gidley@gold.ac.uk).

A10. The key principles are:

- Maintaining the autonomy and independence of partner organisations, while seeking to build stronger joint working.
- Basing work on clear identification of needs.
- Building on the existing economic sectors in the area and existing clusters of economic activity.
- Building in mechanisms for representing the variety of stakeholders.

A11. The partnership is unique and innovative in combining these elements:

- We are *opportunity-led*. Rather than focusing on the deprivation of our neighbourhood, we focus on maximising and cultivating opportunities.
- We are *bottom-up*. We are a grassroots initiative, formed by agencies working on the ground in Deptford, arising from a community-led SRB.
- We are *strategic and sustainable*. We are focused on the long-term future of the area and developing the work of our partners in a joined-up way.
- We are *knowledge-based*. We have nurtured a strong knowledge economy, basing our work on evidence of need and robust intelligence, backed up by academic excellence through the involvement of local HEIs.
- We are a genuinely *cross-sector partnership*. Our partners include agencies from the voluntary, community, statutory, educational and private sectors.

A12. Our strategy is to plan and ensure that:

- The appropriate environment and *opportunities* exist for Deptford's residents and core interest groups to achieve profitability and growth via trade links, joint venture arrangements, shared market intelligence, consumer support and environmental improvements.
- *Support* is appropriate and accessible to all local residents and businesses.
- *Trade and investment* opportunities are identified, cultivated and developed.
- Access to *technical and professional support* is affordable and accessible to local businesses.
- Local residents and businesses gain access to *management and operational know-how*.
- *Information and knowledge* relating to trade, product or service development is localised and accessible.
- *Linkages* with support structures and market opportunities are facilitated, developed and sustained, at every stage of the supply chain.
- *Inward investment* has direct benefits to local businesses and local residents.
- The *local environment* is receptive and conducive to existing and potential interest groups.
- The *marketing and promotional needs* of the area and businesses are maximised to the full.

A13. The Deptford Economic Development Partnership's members:

- Creative Lewisham Agency
- Deptford and New Cross Credit Union
- Goldsmiths College
- Head for Business
- London Borough of Lewisham Economic Development
- London Borough of Lewisham Town Centre Management Project
- London Small Business Growth Initiative
- Lewisham Business Broker
- Pepys Community Forum
- REETA: the Refugee Employment, Education, Training and Advice Partnership
- South East London Economic Development Agency
- The Gate Enterprise Agency