

**Cabinet Response to the Skills, Economy and Growth review Scrutiny
Commission Investigation, 'Making the Local Economy Work for Hackney'**

CABINET MEETING DATE

19 October 2020

CLASSIFICATION

Open

WARD(S) AFFECTED

All Wards

CABINET MEMBER

Cllr Nicholson
Cabinet member for Planning, Culture and Inclusive Economy

KEY DECISION

No

GROUP DIRECTOR

Stephen Haynes
Group Director, Strategy, Policy and Economic Development

1. Cabinet member introduction

- 1.1 In the ‘Supporting Business’ section of our 2018 manifesto, we placed the inclusive economy at the heart of our vision for the Borough, where we said:

‘We will work to ensure that equalities and diversity are at the heart of our business community, promoting Black and Ethnic Minority businesses, small and medium sized businesses, supporting entrepreneurs, Coops and Social Enterprises; ensuring that the opportunities created by Hackney’s growing and changing economy are available to all.’

This timely report sets out our responses to the Commission’s recommendations, showing how we have stayed true to that vision and commitment, while responding to the challenges and changing landscape brought about by COVID-19.

- 1.2 I commend this report to Cabinet

2. Recommendation

- 2.1. The Cabinet is asked to approve the content of this response.

Executive Response to the Scrutiny Recommendations

There have been substantial changes to the national and local economy in the last six months due to the COVID-19 pandemic. When the inclusive economy strategy was being developed, the economy in Hackney was growing. However, nationally and more locally, the economy is now experiencing the largest recession on record. The focus of the Council with regards to inclusive growth and developing an inclusive economy has had to shift towards building back better rather than widening access to the economic growth that existed previously.

These changes have taken place after the Skills, Economy and Growth commission gathered its evidence for their review, as acknowledged in their final report. This does mean some of the recommendations and their responses will need to be seen in the light of these changing circumstances.

Recommendation One	Response
The Commission recommends the action plan, linked to the Council’s Inclusive Economy strategy, maps the Council’s work to date in relation to the key principles outlined by the RSA’s Inclusive Growth Commission (as	There are many overlaps between the thinking behind the RSA’s principles for inclusive growth and the Council’s Inclusive Economy strategy. The Inclusive Economy strategy’s objectives drive the action plan. Currently a review

<p>instrumental to achieving inclusive growth) using it as a baseline to assess if the Council has all the necessary policies in place for achieving inclusive growth.</p>	<p>of the action plan is taking place as part of the Council's response to the pandemic and its impacts on the local economy. This is a helpful reminder from the Commission to take account of the RSA's principles in this review.</p>
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<p>Recommendation Two The Commission recommends the Council encourage local pilots or projects that fit within the IEP's area of work to bid for involvement in phase two of the IEP work. To highlight the policies and practices needed for a local economy like Hackney.</p>	<p>Response Taking part in the work of the IEP would be a great opportunity for many organisations in Hackney. When opportunities arise for future programmes and funding, the Council will promote these where it can.</p>
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<p>Recommendation Three The Commission recommends the Council's Inclusive Economy action plan explores the avenues for social enterprises to access the opportunities to work more closely with anchor institutions and local businesses.</p>	<p>Response The Council recognises the need to work more closely with anchor institutions and local businesses, including social enterprises. As part of its ongoing dialogue and relationship with anchor institutions in the Council led Community Partnership Board and its associated working groups. The Council will explore what opportunities exist for developing closer working relationships between social enterprises, local businesses and anchor institutions.</p> <p>Hackney Council is a stakeholder member of the Hackney Social Enterprise Partnership which was formed and is led by social enterprises in the borough. The partnership brings together social enterprises and stakeholder organisations who share the common aspiration of creating an environment where social enterprises can thrive and grow. The Council contributes to the activities of the partnership, these deliverables are reflected in the Administrations manifesto. These include hosting an annual conference for the sector to build the social enterprise network in the borough and share</p>
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	<p>knowledge, experience and ideas; engaging with social enterprises to support them in selling to the Council and collaborating with the sector to help shape future procurement policy.</p> <p>While still in the early stages this partnership will provide the opportunity for the Council to further support the sector including the creation of opportunities for social enterprises to work with anchor institutions and businesses.</p>
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<p>Recommendation Four The Commission recommends as part of the Council's Inclusive Economy action plan the Council explores how they can encourage different modes of business ownership.</p>	<p>Response The strategy contains commitments to supporting the range of businesses that operate in Hackney - small firms, black and ethnic minority owned businesses, social enterprises and cooperatives as well as start-ups and larger companies.</p> <p>The strategy and action plan contain steps for the Council to support these businesses. For example shaping Planning policies to support business growth, business support programmes and the implementation of affordable rent policies. The pandemic and subsequent economic impact on local businesses has thrown commercial rents and the relationship between commercial tenants, commercial landlords and the Council into sharp relief.</p>
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<p>Recommendation Five The Commission suggests the Council looks at the reasons why Hackney's economy is so different from the national trends. The Commission recommends the Council develops an understanding of the trends related to Hackney's SMEs such as being able to confirm why businesses choose Hackney as their</p>	<p>Response The economic circumstances during this pandemic have had a significant impact on our local economy, particularly many of our SMEs. Work has been ongoing to ascertain the effect of the initial lockdown and of the phased reopening on our businesses.</p> <p>It has been difficult to get up-to-date data, but the Council has been</p>
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<p>start up location; the conditions that allow them to thrive and grow and the reasons for their higher than average survival rate.</p>	<p>monitoring the economic impact more widely across London. Two surveys have also taken place with businesses locally. As the national economy is currently in recession, the need for insight into our local economy has shifted to trying to anticipate the longer term impacts of the pandemic.</p> <p>Prior to the pandemic a report was commissioned in 2018 on a study of the Hackney economy, workspace and social value which provided an insight into the range of business sectors, growth areas both for businesses and employment outcomes, and socio economic change. This information has provided a useful evidence base informing the Council's business support activities; indications can also be drawn from the report and the Council's own area based knowledge of the variables contributing to business development and growth. Commissioning a similar report in future could provide valuable information on the extent that the pandemic has affected our local economy and inform a context for future business support programming.</p>
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<p>Recommendation Six The Commission recommends the Council explores how future workforce intelligence can be gathered. The Commission is of the view this could be a joint piece of work between the council and local businesses. This work should include identifying future job roles and business needs.</p>	<p>Response</p> <p>It would be valuable to explore this further and provide a definition for what the term 'workforce intelligence' actually embraces. Currently the Council has a network in place where through it's work with local businesses it is able to identify job opportunities arising with local businesses and refer these to the Employment and Skills team to coordinate and promote local employment opportunities.</p> <p>In addition the Hackney Business Toolkit promotes and articulates a range of measures and packages that businesses, small or large, can draw on</p>
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	from the Council and how the Council can reciprocate.
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<p>Recommendation Seven</p> <p>The Commission recommends the Council considers developing locally specific responsible business objectives that will encourage businesses who are employing to look at how they redesign jobs, how job roles are divided and the labour sourced.</p>	<p>Response</p> <p>Our mission is to make Hackney fairer, building a more inclusive and resilient economy, one that nurtures start-up businesses, provides continuity for established businesses, and supports growing and scaling up businesses.</p> <p>The Council's <u>business toolkit</u> sets out our offer to businesses operating in the borough and how business can work with the Council to make Hackney a fairer place for all.</p> <p>The toolkit highlights the need for businesses to adopt social values including paying the London Living Wage, employing local residents and taking on apprentices. It also provides the routes to the support available for businesses to achieve these outcomes.</p> <p>Following the current response to the pandemic the Council will actively promote the toolkit to businesses and track and monitor pledges made by businesses to support the local economy, local residents and businesses.</p> <p>The Employment, Skills and Adult Learning (ESAL) team is committed to working closely in partnership with local businesses to secure opportunities for Hackney residents within their community to ensure positive social value outcomes are secured through linking residents directly to employers/opportunities via the Hackney Works service.</p> <p>Through section 106, Unilateral Undertaking agreements and</p>
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	<p>procurement-based contracts, ESAL utilises council leverage to formalise commitments from businesses via Strategic Employment and Skills Plans (ESPs) to ensure maximum social value is secured for residents to embed inclusive employment outcomes. Our work directly aims to secure a menu of inclusive opportunities, including apprenticeships, work experience, supported internships and part-time/full-time work whilst actively encouraging the business community to pay the London Living Wage to ensure all residents within Hackney have access to an inclusive economy which supports communities to thrive.</p> <p>In a post COVID-19 labour market we recognise that the recession will have a greater impact on job seekers in Hackney with disabilities, mental health or autism. As a result, we will work closely with businesses to explore job carving and job design. Two methods for customising job duties which are proven to improve overall productivity within a workforce.</p> <p>In addition we will work closely with businesses to ensure that recruitment methods are inclusive and support residents with a range of disabilities into the workforce. For example, through the use of work trials.</p>
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<p>Recommendation Eight The Commission recommends the Council's action plan for the Inclusive Economy strategy considers exploring if specific interest forums may help inclusion for businesses particularly Black and Minority Ethnic</p>	<p>Response During the Covid-19 pandemic a substantial amount of business engagement was undertaken through surveys, online business forums, emails and in 121 exchanges as well as managing and distributing the £100m</p>
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<p>businesses (BAME) based on the key challenges these local businesses face.</p>	<p>business pandemic support package to the boroughs business community.</p> <p>The next piece of work focussed on supporting the business community is to analyse this data and develop a business support programme that addresses the medium to long term impact of Covid-19 on the borough's businesses and to establish whether or what specific support may be required for certain groups or sectors and propose the most effective way to provide this going forward.</p>
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<p>Recommendation Nine</p> <p>The Commission recommends the Council ensures the action plan for the Inclusive Economy strategy links up social and economic inclusion policies to reinforce one another. The Commission would like an update on how this has been achieved.</p>	<p>Response</p> <p>The Inclusive Economy action plan contains the objectives and commitments from the strategy and links across to other Council strategies and manifesto commitments - for example these include the Sustainable Procurement Strategy, LP33, Transport strategy, Older People Strategy, Young Futures and the Arts & Cultural strategy.</p> <p>A wide range of services across the Council participate in the Inclusive Economy steering group and this enables effective cross service programming and delivery of the inclusive economic and social outcomes the policies articulate and the Council is seeking.</p>
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<p>Recommendation Ten</p> <p>The Commission recommends the Council considers using its business forums to help influence business behaviour. We would encourage the Council to diversify its geographical focus for business forums and consider having special interests business forums. They could operate like the apprenticeship network (leading by example) to encourage</p>	<p>Response</p> <p>The Hackney Business Network (HBN) forums are currently area based and are held for businesses in Shoreditch, Dalston, Hackney Central, Hackney Wick, Clapton & Stamford Hill. Businesses and self-employed residents are encouraged to attend and notices are distributed via the HBN and through the Councils social media networks. The forums currently do not target specific</p>
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the adoption of inclusive business models that provide fairer rewards, minimum employment standards and investment in the workforce.

sectors or business types and efforts are made to ensure they are as accessible as possible and of value.

It is a priority that the forums are inclusive and are attended by a wide range of businesses to help build the relationship and a set of shared values between businesses and the Council, promoting a stronger sense of community that reaches out and engages with residents in the borough and encourage local supply chains to further enhance the resilience of the local economy.

The content of these forums is carefully structured to include local information, business promotion, local opportunities but also they act as a key route for the Council to share our inclusive economy aspirations and influence business behaviour through the promotion of the London Living Wage, apprenticeships, local employment and CSR opportunities. There is an intention to review the roles and content of the forums over the coming months as part of the Covid phase 2 work.

Underpinned by the development of co-designed Employment & Skills Plans with businesses, our approach to employer engagement is focused around sectors of local economic growth, and those with trends of growing under representation. As an example, HereEast has created a local economy housing the growth of successful SMEs, large businesses, and internationally recognised higher education institutions. We have been successfully developing a bespoke place based employment and skills approach with Here East, which has fostered direct and effective partnerships leading to a significant increase in local residents engaging with

	<p>growth sector businesses. The effects of covid-19 on businesses ability to physically engage residents has been mitigated by the creation of bespoke virtual engagement sessions, which are supported by the creation of a variety of employment opportunities beyond the traditional academic only pathways.</p>
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<p>Recommendation Eleven The Commission recommends the Council:</p> <ul style="list-style-type: none"> A) Explores how local SMEs can feel appreciated and how to champion local businesses who make available and offer the Council's recommended routes for work opportunities. B) Gathers insight work and co-designs with SMEs the low carbon infrastructure locally to reduce the use of fossil fuels and their dependence on polluting vehicles. 	<p>Response The Council actively champions businesses who have adopted our social values. The Hackney Business Toolkit itself describes and promotes local businesses and case studies, but on a larger scale hundreds of businesses following best practices have been promoted during our yearly campaigns during London Living Wage Week, Social Enterprise Day, Small Business Saturday and National Apprenticeship Week.</p> <p>As work continues to progress with the Zero Emissions Network in the Shoreditch area connecting businesses with zero carbon resources, this agenda is moving forward at some pace and spreading geographically.</p> <p>SMEs have a key role to play in transitioning to a low carbon economy, supporting a greener recovery that builds on immediate actions being delivered as a consequence of the impact of the pandemic.</p> <p>The future green recovery event scheduled for November this year will include SME representation as a key stakeholder, co-designing low carbon neighbourhoods based on the '15 minute city principles' as well as examining the role of local businesses in green skills development.</p>
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	<p>Existing engagement with SMEs is occurring in a variety of key geographical locations and is in the process of being extended as part of our award winning Zero Emission Network. We will also be working closely with SMEs as we move to the expansion of ULEZ in 2021 which will encourage a shift to less polluting vehicles, supported by an expansion of EV charging infrastructure in the borough being driven by the Council.</p>

<p>Recommendation Twelve The Commission recommends the Council looks at a way they can ensure there is local support for SMEs and examples of how they can engage with the Corporate Social Responsibility (CSR) agenda to work towards having a sustainable local business in the borough.</p>	<p>Response The different ways that advice for businesses is provided can be found on the Councils webpage: https://hackney.gov.uk/business-advice</p> <p>The Hackney Business Network (HBN) is the Councils primary engagement tool with businesses and consists of the Hackney Business Network website, twitter and newsletter. Advice, support and CSR opportunities are shared via these routes to over 6000 businesses on a daily basis.</p> <p>As noted previously the Council has produced a business toolkit which sets out the Council's offer to businesses working in the borough and how they can work with the Council to make Hackney a fairer place for all. There is also specific advice about reducing business waste, reducing the businesses environmental impact and promoting to businesses the adoption of the Fairtrade objectives.</p>
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<p>Recommendation Thirteen The Commission recommends the Council considers the ways in which SMEs can contribute to the longer-term needs of the local</p>	<p>Response The Council proposes that as part of the HBN forum review consideration is given to this recommendation, designing a potential programme and the resources</p>
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<p>economy constructively, the Commission is of the view there is a role for the Council in supporting SMEs with the space to do strategic thinking.</p>	<p>defined required to provide such support and space. It will also give an opportunity to seek the views of SME's in the borough as to what might be relevant or appropriate for them. This engagement will be informed by the Inclusive Economy strategy's objectives.</p>
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<p>Recommendation Fourteen The Commission recommends mapping the demand among SMEs for affordable workspace and from this information create a mechanism to assess need. This could be a way to harness the council's work around affordable workspaces to understand the impact it is having and if it incentivises more organisations to contribute to social value work.</p>	<p>Response Through the preparation of Hackney's new Local Plan, LP33, and the Councils Area Regeneration work across the borough it has developed an up to date baseline understanding of the demand for affordable workspace in the borough.</p> <p>As the programme of area based regeneration plans and policies are brought forward for Homerton, Clapton / Hackney Downs, Shoreditch, Dalston, Hackney Central, Hackney Wick and Stamford Hill the Council will gather more local area specific data on the demand for affordable workspace and shape policy and delivery on this.</p>
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<p>Recommendation Fifteen The Commission recommends that the Council ensures the procurement opportunities given to SMEs are dovetailed with safeguards that ensure the SME is not unduly exposed to high costs like TUPE or delays in contract transition.</p>	<p>Response This recommendation is being progressed as part of a range of activities being undertaken in the delivery of the Council's Sustainable Procurement Strategy.</p>
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<p>Recommendation Sixteen The Commission recommends, with regards to technology advances, the Council's Inclusive Economy action plan includes working with local partners to identify the support and help residents need to:</p>	<p>Response The Inclusive Economy strategy adopted in November 2019 clearly identifies the skills challenges arising from technology, for example, the move to greater automation.</p>
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<p>A) understand the change coming and</p> <p>B) have a clearer understanding of the steps they would need to take to transition following changes to their job, and or sector of employment.</p>	<p>Within the Council's Adult Learning provision, there is an increased focus in on digital skills training, particularly for entry level and ESOL learners. Programmes of study this academic year have been extended to include a short contextualised digital skills induction as a bolt on to planned curricula. A wider ICT learning offer has also been planned for learners at all levels. Face to face digital support sessions in the community are being planned for digitally excluded residents who want to access online learning opportunities.</p> <p>The Central London Forward (CLF) Skills Strategy, which encompasses Hackney as a constituent borough, recognises that London as a leading hub of economic, social and community activity has an important role in ensuring that through skills, training and high-quality employment historical inequalities and barriers to the labour market are effectively mitigated to ensure no Londoner is left behind or excluded from the economy.</p> <p>Over the next 5 years, by linking the needs of employers to the aspirations of residents through high-quality training, and skills development, CLF aims to reform the Central London skills system to ensure that it is fit for future purpose by placing renewed emphasis on securing positive learner outcomes and progression pathways in partnership with employers, and adult learning/skills providers. These changes which are due to commence in September 2020, and will create a new vision for skills across London that strengthens collaboration with employers, providers and people to effectively respond to the needs and demands of the changing labour market.</p>
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<p>Recommendation Seventeen</p> <p>The Commission recommends the communication plan for the Council's Inclusive Economy strategy outlines how it will or aims to attract the attention and engage with all residents including residents who live in the borough but who do not own a business or work locally.</p> <p>The Commission wishes to receive an update about the proposed communication plan to promote the Inclusive Economy strategy.</p>	<p>Response</p> <p>The general communications plan for the Inclusive Economy strategy is woven into the wider Council communications strategy and the Rebuilding a Better Hackney Narrative. The Council has, from its experience, recommended that this approach is the more effective approach to take in reaching out to a general audience rather than a separate comms plan for the Inclusive Economy strategy itself.</p> <p>More specific communications plans will be linked to the implementation of the strategy's objectives. These objectives are being revisited and reprioritised in the light of the Covid-19 pandemic.</p> <p>The team would welcome an opportunity to discuss this approach at a future Commission meeting as the above work stream unfolds in the coming months.</p>
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<p>Recommendation Eighteen</p> <p>The Commission recommends local education providers and training education providers work with local businesses to explore and co-design curriculums so they can better align with the jobs and skills needed in the labour market. The Commission suggests taking action like hosting events to provide information about the apprenticeship levy and T-levels to demystify the process of offering placements.</p>	<p>Response</p> <p>The Hackney Apprenticeship Network has been established by the Council to better connect businesses with high quality training education and training providers close working with training and education providers. More generally, the focus of the Hackney Apprenticeship Network is on demystifying the apprenticeship landscape and making participation as simple as possible for employers e.g. by connecting employers to quality-assured training providers.</p> <p>Our STEM commission which will be established in 2021 will put a focus on fostering links between education providers and employers to ensure curriculums are aligned with the needs of the local STEM economy, and that training can be co-designed and</p>
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	<p>co-delivered by employers, and tie into pre-employment pathways e.g. through the kickstart scheme.</p> <p>Likewise, established good practice between adult learning training providers and local employers who input into curriculum and course design, will be extended as the vocational training offer for adults expands.</p>
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<p>Recommendation Nineteen The Commission recommends the employment and skills board consider the use of social media to nudge people and get people interested in career development, so they can learn more about the labour market or industry changes and better prepare for the economic changes whether that is labour market or industry changes.</p>	<p>Response We have created an online platform (Hackney Opportunities) that gives residents a better understanding of different progression pathways and support that is available in the borough. This platform allows us to advertise all the employment and training opportunities available in Hackney and makes it easier for residents to access them. The opportunities advertised are not just focused on jobs but covers a wider range such as work placement, apprenticeship, upskilling, training.</p>
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<p>Recommendation Twenty The Commission wishes to receive regular updates as the Council develops the metrics that will underpin the Council's Inclusive Economy strategy. The Commission would like to explore this further and contribute to the Council's work developing the metrics.</p>	<p>Response A workshop with Officers took place in January 2020 to confirm the purpose of the metrics, discuss what information should be included, consider format options and, agree the domains to focus on and group metrics into.</p> <p>Since this workshop a draft set of five tables for each domain has been prepared. To date mainly publicly available data has been included.</p> <p>A full draft of the metrics is due to be completed before the end of the year and officers would welcome the opportunity to share this first complete draft with the</p>
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	<p>Commission for feedback on content and format.</p> <p>The team would be happy to provide an update by email or to present at a future meeting.</p>
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