

Economic development - approach to measurement

Background:

- Work is ongoing on bringing together various activity streams that are relevant to economic development into a single plan.
- This work is a mix of existing/long-standing activity that is considered effective, improving or increasing existing activity so that it is more effective and instigating new activity where funding permits
- There is the usual tension around the potential scope for the Economic Development Plan: affecting “how” growth is achieved is broader than “harnessing the benefits” of growth within London
- At the local level we have very few levers outside of planning regulation and use of our own relatively limited land/building assets to steer “growth” within a global city economy

Purpose and context of this presentation:

- Reminder of the primary levers for local authorities on economic development
- Introduction to metrics and measurement in the economic development context
- Highlight some challenges and where there will always be gaps in measurement
- Share our approach to developing economic development metrics to ensure they are meaningful
- Provide examples of key activity streams with example metrics

Economic Development

Council's role and levers:

- Regulatory and statutory functions
- Commissioner and purchaser
- Asset owner and developer
- Direct service delivery
- Direct employer
- Convener and influencer
- Assembling funding

Key questions:

- What's our level of ambition?
- What's our capability?
- How far do we want / are we able to go with each lever over the next three years?
- What are the key dependencies?



Property assets and infrastructure



Partnership working and collaboration



Skills, education and training



Ambition - political and corporate leadership



Planning and regulation at the local level

Procuring green
Procuring fair delivery
Procuring for a better society



Procurement and social value



Economic growth: inward investment and local businesses scaling



Economic Development Definition



Economic development is a much broader concept than economic growth.
Economic development = Economic Growth + Standard of Living.

Economic Development is considered as a Multidimensional phenomenon because it focuses on the income of the people and on the improvement of the living standards of the people of the country.

Qualitative and Quantitative Impact on the economy. Improvement in life expectancy rate, infant, literacy rate, poverty rates and mortality rate.



Economic Growth is a narrower concept than economic development.

Economic Growth is considered as a single dimensional in nature as it only focuses on the income of the people of the country.

Brings a quantitative impact on the economy. Increase in the indicators like per capita income and GDP, etc.

Introduction to measurement

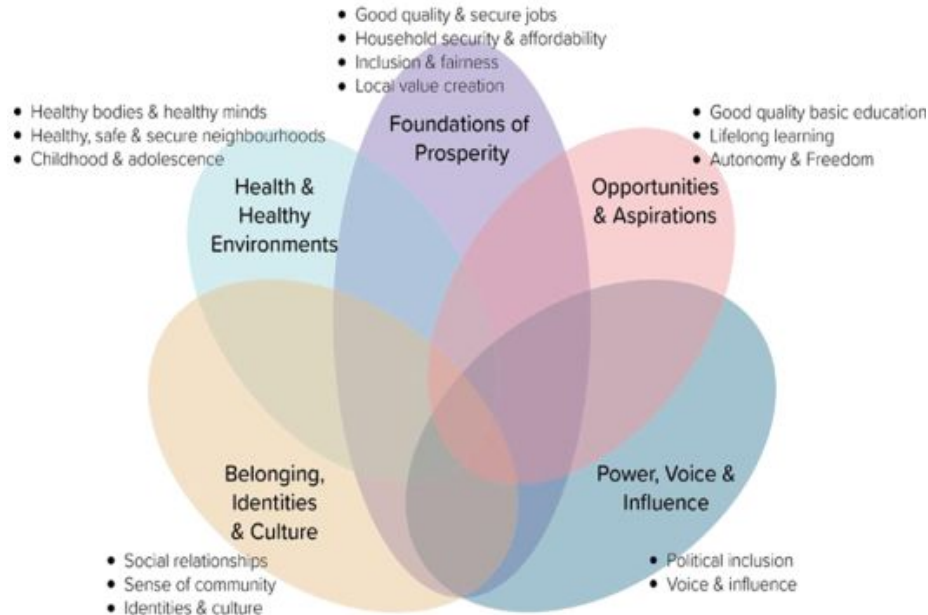
It's important to be clear on "what" we're measuring. Primarily the options are:

- Inputs - These indicators refer to the resources needed for the implementation of an activity or intervention. Policies, human resources, materials, financial resources are examples of input indicators
- Process - indicators refer to planned activities and whether they took place when expected. Examples include holding of meetings, delivering a training programme, applying for funding, etc.
- Outputs - are the direct product ("output") of the activity and are always countable. Examples include the number of meetings and attendees, the number of training sessions and attendees/positive feedback/assessment results at each, the criteria and result of the funding application, etc.
- Outcomes - are the intended and unintended results and consequences of a combination of the inputs, activities and outputs over time - often categorised into short-, medium- and longer-term outcomes.
- Longer term outcomes, sometimes called "impacts" - these are measures of changes in wider conditions such as "reduced economic inactivity amongst Hackney residents from our most deprived areas" or "higher employment amongst Hackney residents in higher occupational classifications"

Measurement of outcomes has changed

Pre-pandemic there was an increasing recognition that traditional thinking and measurement of economic factors was insufficient - it needed to become broader and multi-dimensional:

- The Institute of Global Prosperity published the Prosperity Index (2018) for use by the London Prosperity Board - the background research was based on five east London communities, including Hackney Wick
- Our Inclusive Economy Strategy (2019) recognised this and set out a more holistic approach to thinking about the local economy





Questions and discussion

Approach: theory of change / logic models

Linked to the improved way of thinking about long-term outcomes and impact, we need to be clearer on:

- What we're prioritising and why
- Which priorities and options for delivery are likely to have the most beneficial impact
- What's needed in terms of resources and the sequencing of delivery activity
- The link between delivery activity, outputs and outcomes and how to measure progress/success

A theory of change typically:

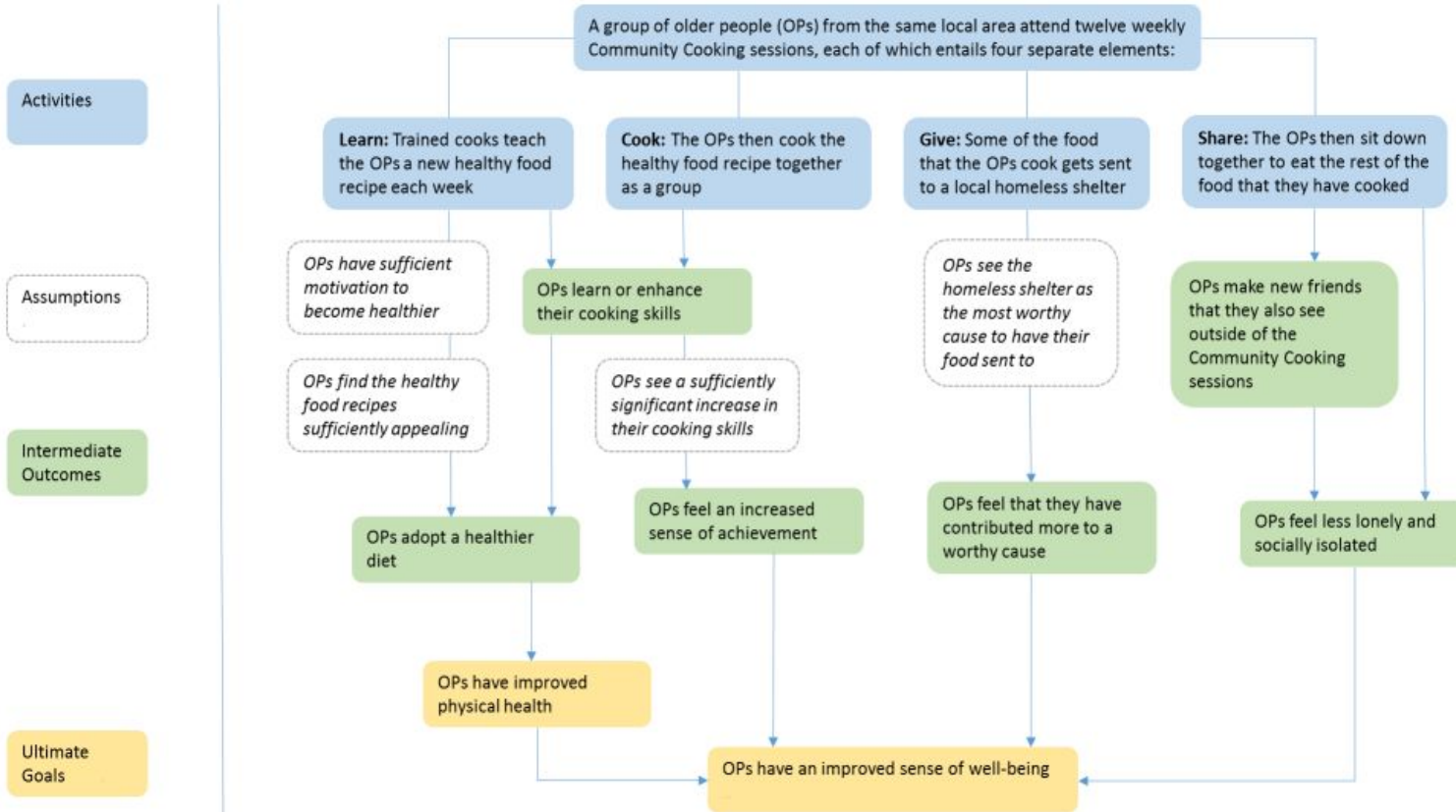
- Shows the big picture, including issues that you can't control.
- Shows the different routes that could lead to change
- Describes how and why you think change happens.
- Describes why you think one thing will lead on to another (assumptions) and the evidence to support that.
- Is used as a tool to design and evaluate programmes, including the "how" and "what".

A logic model typically:

- Demonstrates what goes in (inputs and activities), what comes out (outputs), the result (outcomes and impact) and sequencing of those
- Is used to plan or implement service delivery or projects
- Can help think through, understand or explain service delivery or a project
- Shows the intention, assumptions and logic for service delivery or a project
- Does not describe how and why you think change happens
- Provides the platform to develop all appropriate forms of measurement

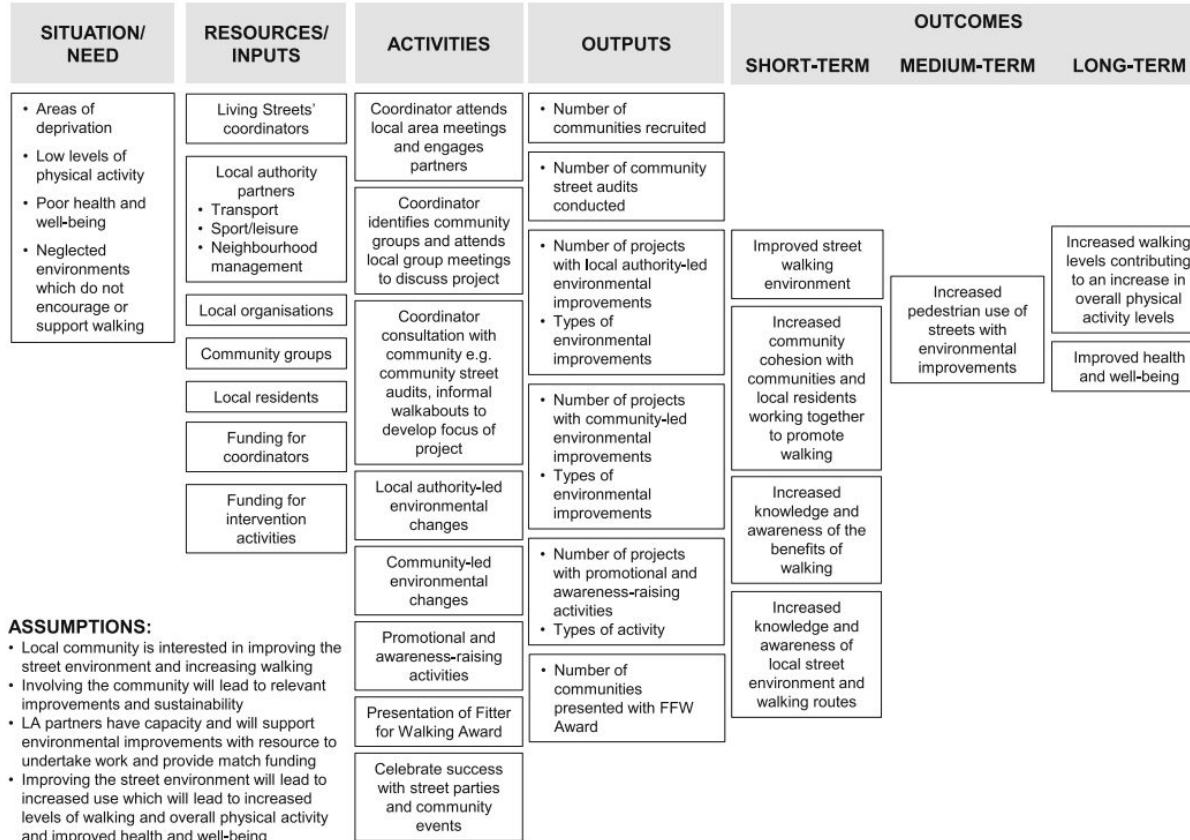
Example - Theory of Change

Community cooking to improve the well-being of older people (ref: Nesta)

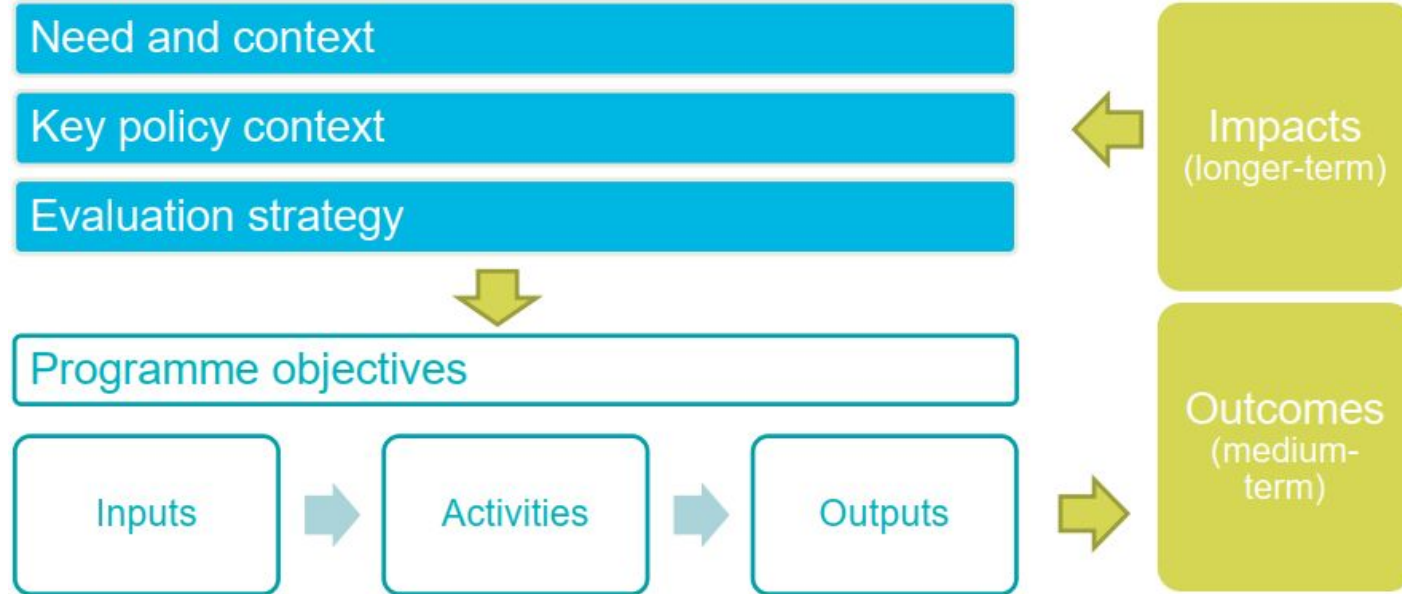


Example - Logic Model

Project to improve the environment and promote walking in deprived neighbourhoods (ref: BMC)



My preferred template





Questions and discussion

Example - Affordable Workspace

- A clear economic development challenge due to London property dynamics
- We have to acknowledge that the supply of affordable workspace will never meet demand
- Three delivery routes:
 - Planning Policy - s106 agreements on new commercial development larger than 1,000 sqm
 - Use some of the Council's own commercial property portfolio
 - Other commercial property owners' commitments
- Traditional measurement of the provision of affordable workspace sits within the Planning Service Annual Monitoring Report and is expressed as a quantum, ie the number of sqm achieved from actual s106 agreements
- Since 2020 the Area Regeneration Service has sought additional information via the Approved Affordable Workspace Provider list on broad aspects of social value they and their tenants are achieving

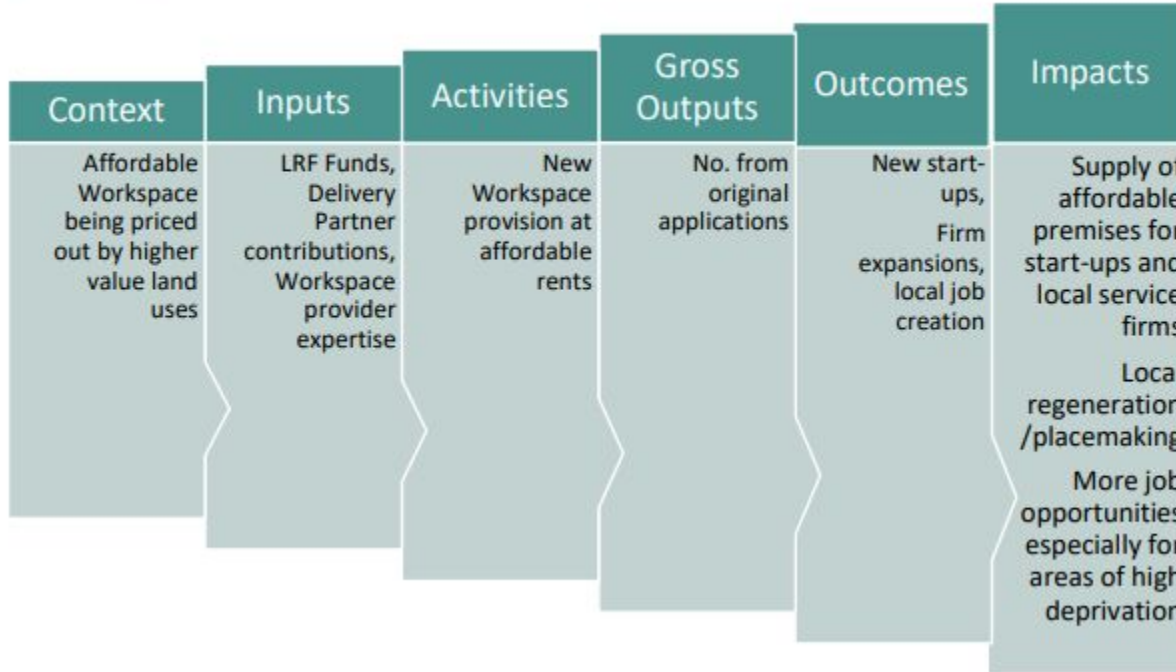
Options for improvement

- Develop clearer priorities: ie refer to target beneficiaries such as sectors/sub-sectors, business owner background/residence, business "life-stage", resident background/location for employment/skills activity
- Improve our measurement linked to the priorities
- Take a more intentional approach through earlier conversations for larger, more impactful opportunities
- Smarter use of soft and hard influence: ie better communication and platform for meaningful collaborations

Example - Affordable Workspace

- A high level logic model (London Regeneration Fund evaluation in 2020 by CAG)

Figure 2.1 Logic Model



Observations:

- Wasn't done in advance to inform the programme
- Only represents overall delivery of affordable workspace
- Not intentional enough given supply and demand pressures in London

Example - Affordable Workspace

- A more intentional logic model

Context	Inputs	Activities	Gross Outputs	Outcomes	Impacts
Affordable workspace priced out by other uses Affordable workspace beneficiaries are not always reflective of our inclusive economy aims	Planning Policy for affordable workspace Approved Affordable Workspace Provider List Developer agreements Workspace provider expertise Council property assets	Communicate more focused policy aims and rationale Promote Approved AW providers Proactive early engagement with developers Monitoring and intervention with AW providers Support developers and AW providers	S106 agreements Council social value leases Reports on economic and social value achieved via AW Providers	AW Providers generate more relevant SV More options for AW are available for target sectors / owners	Economic opportunity and the benefits of economic growth are more equitable Local regeneration is more equitable

Observations:

- Prioritisation within the challenging demand-supply context will be difficult
- Different types of measurement required for Inputs through to Impacts
- Change and transformation is a component part of this journey
- Improvement only possible over time due to Planning Policy cycle
- Have to acknowledge additional resources required

Potential measurement for this example

Based on the earlier slide these are the kind of measurements we'll investigate:

- Inputs
 - The number, quality, sector of AW providers on the approved list
 - A proportional indicator of Council assets let to Approved AW providers
- Process/activities
 - The timescale for updating key policies
 - The timescale for developing a process to promote the Approved AW Providers to developers
 - What support will be given to developer and/or AAW providers to facilitate our process and aims
- Outputs
 - A target date for the Planning Policy covering AW to be updated
 - When and how the AAW Providers will be promoted to developers
 - The number of s106 or developer agreements that are achieved under the new policy along with key details on floorspace, requirements of the AW provider etc
- Outcomes
 - A basket of indicators that represent the likely social value to be achieved by AW providers
 - A basket of indicators that cover the cumulative amount of AW provision in the borough, perhaps segmented by sectoral focus, background of businesses using the space, etc
- Longer term outcomes
 - Always a basket of indicators for this context, perhaps an index like the IGP's Prosperity Index

Current and ongoing work

This work is not new and not happening in isolation. The Economic Development Team is:

- Working with the Corporate Policy Team to link our work to their “embedding the strategic plan” and Directorate “plan on a page” activity to improve the measurement and reporting of outcomes and outputs
- Working with the Transformation Team to link our work on embedding this more intentional approach to planning then delivering Council activity to maximise impact
- Trialling this approach by developing an Outcomes Framework for Economy, Regeneration and New Homes with delivery level logic models for two of the cross-cutting economic development priorities:
 - Improving employment and skills opportunities for residents
 - Increasing local and social spend through Council procurement

We are about to procure external support to upskill relevant service and programme on this approach

- Within Area Regeneration reviewing our own approach to evaluation to try and improve practice: ie switching from post project evaluation to pre-project planning with an evaluation framework developed as the start



Questions and discussion