

## **Speech to MKSM Annual Conference**

**David Marlow  
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### **“Success in a changing climate – the ‘development company’ ingredient”**

Welcome to Luton for this year’s annual conference; and many thanks to the MKSM Secretariat for giving me the opportunity to offer a few introductory comments to this important day. “Success in a changing climate” is an appropriate and challenging theme for the issues we collectively face. I would like to take my ten minute slot to outline some of the ingredients of the success we seek; Luton Gateway’s (LG) approach to this menu/agenda; and to suggest that the LG approach is part of the wider development company or “local delivery vehicle” (LDV) contribution to growth, development and regeneration.

Prior to the current downturn, I believe there was a growing consensus about key ingredients for success, articulated in thinking like Will Hutton and the Work Foundation’s “Ideopolis” and analysed in reports like Michael Parkinson’s “State of the Cities” work. City success and “place-shaping” more generally was seen to require a mixed model with at least four strands:-

- An understanding of the place’s position in the global economy; its consequential approach to development of the knowledge economy; and resultant ability to leverage the market and investment in the area;
- A requirement to “get the basics [of the place] right” in terms of transport and infrastructure, housing, skills etc.;
- An approach to tackling deprivation, economic participation and building social capital to ensure cohesion of the community;
- A growing recognition of the importance of planning and managing change in a low carbon context, with environmental and climate change considerations adopting increasing prominence.

The four strands needed to be pulled together by community leadership/civic governance, supported by a breadth of partners/stakeholders, and changes needed to be delivered effectively and competently.

I would argue that these ingredients are as relevant and challenging today as they were prior to the downturn, but that today they play out in slightly different ways. For example, the four strands take on a different colour in managing and mitigating a recession where traditional retail-anchored town centre

developments and residential-anchored community developments cannot be financed by the market; and where a place like Luton has to seriously consider issues like the global restructuring of GM/Vauxhall. Similarly, we have to prepare for a subsequent upturn by designing smaller scale “oven ready” schemes that rely less on both private financing and public gap funding.

A couple of other comments on these ingredients of success: If we do recognize the necessity of the four strands, this is self-evidently a broad, complex agenda, way beyond the remit of a single agency, requiring a commensurate breadth of intelligence, institutional/governance, strategic planning and delivery management arrangements.

If we apply these “ingredients” to MKSM, what do we find?

I would argue that we have done a lot of work on the basics – strategic plans, the partnership’s own business plan, and have identified a range of key transport, infrastructure and housing interventions and schemes. We are all involved in ongoing work on tackling deprivation, worklessness, and mitigating recession. However, there is still much to do on our global USP and the knowledge economy (I think we recognize that the “Oxford to Cambridge Arc” theme has not progressed, but what have we replaced it with); on our low carbon agenda, and on preparing for upturn. So we are still some way short – both across MKSM and in our constituent parts – of the complete package. And I hope many of the discussions during today’s conference will begin to flesh out those parts of the package where there is still much work to do.

I would also argue, however, that development companies and LDVs are a major part of the solution of assembling and thereafter delivering that complete package.

Although precise roles and functions will always vary from area to area, the LDV/Development Company can:-

- Perhaps most importantly, create the space where issues of institutional complexity and business/market mobilisation are resolved and public/private buy-in to shared agenda is achieved;
- Work clearly on the functional economic area where administrative boundaries don’t fit;
- Assemble capacity and capability to project and programme manage and to try out new innovative models of intervention (e.g. like Local Asset Backed Vehicles, ADZ/TIFs etc).

If we look across MKSM, the rationale for the six LDVs - with our focus on delivering commitment, capacity, capability and competence in six functional economic areas – is very strong, and would not be achievable as effectively by any single partner or funder of our growth programmes. And although Luton Gateway (LG) was the last of the companies to be established, these are the roles and functions on which the company will focus and which I believe we can deliver effectively across the LG area.

As a functional economic area, Luton Gateway is the third largest conurbation in the south of the UK – that area south of a line from the Wash to the Severn – after London and Bristol. We comprise both the whole of the Luton Borough administrative district but also the three largest communities in Central Bedfordshire – Dunstable, Houghton Regis and Leighton Buzzard – albeit occupying under 1/3 of the CBC area. We have clear roles and functions in the London mega-region, East of England and MKSM. We are an international Gateway (e.g. through Luton Airport); a centre for manufacturing and high value engineering (e.g. GM, BAE etc); have the critical mass of a “regional city” with all the retail, commerce, HE, and other services that entails; and we also host a number major leisure destinations (e.g. the National Carnival Centre/Luton Carnival, RZL Whipsnade) and Areas of Outstanding Natural Beauty (e.g. Dunstable Downs).

But we are an area that has struggled to achieve enduring success. We have been through a major industrial restructuring of Vauxhall and of other engineering industries; we have a poor image/profile/brand compared to our neighbours and other London mega-region locations; we have significant skills gaps and deprived communities; and our ambitions are constrained by Green Belt and by the scepticism of neighbouring communities, especially in Hertfordshire, of the need for growth and development to adapt to new global challenges.

It is the breadth of the menu for success, together with the scale of opportunities and challenges I have outlined that, I think, makes the case for a LG development company persuasively. I also recognize, though, that, as a company, we too need to be adaptive and developmental if we are to play an optimum role over the coming period.

We need to be “lean and mean”, continuing to cost only £500,000 p.a. in core funding. And for that investment we need to maintain excellent relations with our funders (LAs, HCA, RDA) and other public sector partners; we need to mobilize

business and leverage the market in terms of attracting investment; raise LGs profile and build our image; and develop and test new models of intervention in the current changing and challenging context.

I see my position as Chair of the company as very much championing this agenda, but also about helping the company and our founding partners look outwards. The company needs to be part of the solution not only for our area, but for Bedfordshire and Hertfordshire more broadly; for the East of England and our colleague regional cities; for MKSM; and as a significant contributor to the future international competitiveness of the Greater South East and the London mega-region.

In summary, MKSM and our six major functional economic areas will only achieve the complex challenging ingredients of success I have outlined, if LG and our colleague development companies and LDVs do play our own roles effectively.

I am delighted to co-host today's Annual Conference, and I hope it does provide a further milestone for all of us achieving the "success in a changing climate" to which the conference theme aspires.