

## **Cabinet Member Delegated Decision 28 March 2019**

**Report title:** South London Innovation Corridor Programme

**Wards:** All

**Report authorised by:** Emma Peters, Interim Strategic Director, Sustainable Growth and Opportunity

**Portfolio:** Cllr Matthew Bennett, Cabinet Member for Planning, Investment and New Homes

**Contact for enquiries:** Matt Blades, Head of Business, Culture and Investment, [mblades@lambeth.gov.uk](mailto:mblades@lambeth.gov.uk)

### **Report summary**

Lambeth Council has led a successful partnership bid with Lewisham, Southwark and Wandsworth councils to the City of London Corporation to secure £8,000,000 from the Strategic Investment Pot for a cross-borough programme called the 'South London Innovation Corridor'.

The purpose of the programme is to catalyse inclusive growth of the creative and digital industries across shared economic geographies. Through the programme, strategic investments will be made in the following areas:

- *Workspace:* Capital investment into workspace and incubators projects, delivering substantial new and improved commercial floor space;
- *Business support:* Cross-borough networking, accelerators and support for creative and digital start-ups and scale-up businesses supporting substantial job creation
- *Talent development:* Cross-borough creative and digital employment initiatives focussed on enabling disadvantaged groups to access employment and support career progression.

Outcomes of the programme include new workspace, increase in rateable value, new jobs, businesses supported, work experience, job brokerage opportunities and in-work progression support and gross value added generation. At least 50% of the beneficiaries will be BAME.

The purpose of this report is to seek approval to enter into contract with the City of London Corporation and to commence the establishment of the project. To provide context, the report sets out details on the Strategic Investment Pot, funding application, strategic bid partners, policy alignment, proposal, reasons to implement the proposal, financial and legal considerations.

### **Finance summary**

The grant award for the four borough Partnership bid is £8m for which Lambeth Council has been appointed as the Accountable Body.

The funding is proposed to be allocated into 3 work streams; Workspace Projects (£5.2m), Business Support and Talent Development (£1.8m) and Programme Management and Technical Support (£1m).

This report seeks to implement the recommendations below. In accordance with the council's constitution further decision reports will be required to confirm project budget allocations.

### **Recommendations**

1. To enter into contract with the City of London Corporation to secure the £8,000,000 Strategic Investment Pot grant funding and enable delivery of the outputs and outcomes listed in the bid document.
2. To establish the programme governance, programme management and staffing arrangements outlined in this report.

### **Reason for Exemption from Disclosure**

The accompanying part II report is exempt from disclosure by virtue of the following paragraphs of Schedule 12A to the Local Government Act 1972:

Paragraph Three: Information relating to the financial or business affairs of a particular person. (Including the authority holding that information).

## **1. Context**

### **1.1. Strategic Investment Pot**

- 1.1.1. Under the agreed terms of the 2018/19 London business rates retention pilot, 15% of the net financial benefit of pooling – currently estimated at approximately £52m – is reserved for the Strategic Investment Pot (“SIP”), to be spent on projects that contribute to the sustainable growth of London’s economy and business rates income, and which leverage additional investment.
- 1.1.2. The City of London Corporation (“COL”) is the Lead Authority for the London Pilot and administers the SIP. Following a bidding and evaluation process, a consultation was carried out to ensure broad support across London Government for the projects supported.
- 1.1.3. Following the consultation, the Policy & Resources Committee made the formal decision to allocate SIP funds to a number of projects. This included an £8,000,000 allocation to the South London Innovation Corridor bid, led by Lambeth in partnership with Lewisham, Southwark and Wandsworth councils. Lambeth is named as Accountable Body in the bid.

### **1.2. South London Innovation Corridor Application**

- 1.2.1. The creative and digital industries are high growth, high value sectors. The creative industries account for two million jobs and are growing twice as fast as the economy as a whole at a UK level. There were over 7,500 digital start-ups in London in 2016.
- 1.2.2. The creative and digital industries (“CDI”) have benefited from supportive industrial strategy at a national level allied to sub-regional and local level interventions. Joint action by industry and the public sector can unlock further growth and ensure the benefits of growth are spread evenly.
- 1.2.3. The South London Innovation Corridor Programme brings together four boroughs (Lambeth, Lewisham, Southwark and Wandsworth) and a world-class partnership of higher education and entrepreneur support agencies. All partners are committed to working collaboratively to catalyse inclusive CDI growth across shared economic geographies.
- 1.2.4. Through the programme, strategic investments will be made into contiguous central (South Bank; Vauxhall Nine Elms Battersea) and local growth clusters (Brixton; New Cross; Old Kent Road; Peckham; Camberwell; and Wandsworth). The core programme themes include:
  - a. *Workspace*: capital investment into workspace and incubators projects, delivering substantial new and improved business space.
  - b. *Business support*: cross borough networking, accelerators and support for creative and digital start-ups supporting substantial job creation.
  - c. *Talent development*: cross borough creative and digital employment initiatives focussed primarily on enabling disadvantaged groups to access employment and support career progression.
- 1.2.5. This integrated programme of investment will help CDI growth across a wide area of inner south London, supporting business development, local regeneration strategies and meeting the needs of disadvantaged communities. By working across this geographic scale, a powerful innovation and enterprise ecosystem can be developed, helping to maximise the economic potential of the area and generate London scale impact.

- 1.2.6. Projects within the South London Innovation Corridor programme have been identified to secure short term impact and long term benefits, catalysing wider economic development and cluster effects. The programme is formed of projects deliverable between 2018/19 to 2020/21.
- 1.2.7. The recent development of central London's South Bank into a successful location for the CDI will be extended, creating critical mass in the central area and developing local growth clusters further out. This will help to underpin local property markets and provide the space to support businesses at all stages of development. By working with higher education institutions and skills providers, we can ensure that the talent pool to serve these increasingly important sectors is developed and local people can benefit.
- 1.2.8. The programme application was formed with support from partners who have successfully collaborated before, delivering recent award-winning and high impact workspace, business support and employability initiatives. Strategic and delivery partners for our joint submission include Capital Enterprise, Goldsmiths University of London, London South Bank University, and Royal College of Art.
- 1.2.9. The South London Innovation Corridor application was submitted by the Leader and Chief Executive of Lambeth Council, with letters of support from the Leaders or Mayors in partner local authorities.

## **2. Proposal and Reasons**

### **2.1. Proposal**

- 2.1.1. To progress delivery of the South London Innovation Corridor Programme the council must enter into contract with COL. Governance and programme management arrangements must also be set up to manage the proposed cross-borough programme.

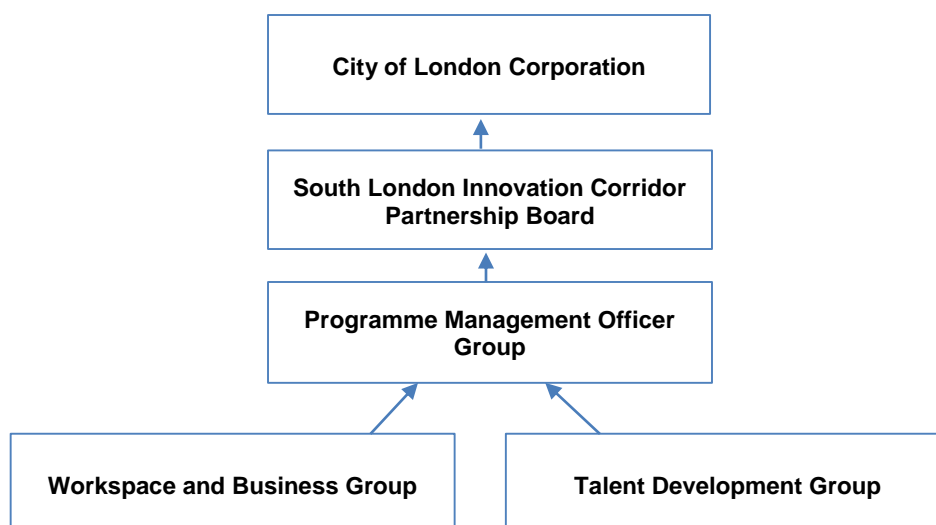
#### Contracting with COL

- 2.1.2. COL have issued a draft contract for a value of £8,000,000 (provided as Appendix 1).
- 2.1.3. The original South London Innovation Corridor bid was for £11,300,000. The reduced funding allocation of £8,000,000 has required the application document, budget and output schedules to be revised appropriately and are detailed in the Part II report.
- 2.1.4. As set out by COL, the revised South London Innovation Corridor application will be the document against which the council as Accountable Body is monitored. As Accountable Body, the council will be responsible for:
  - Ensuring that the delivery of the programme is compliant, auditable and transparent
  - The coordination and collection of monitoring returns and relevant evidence across the programme
  - Ensure overall financial arrangements are managed and accounted for through the council's financial systems and subject to the council's Financial Procedure Rules
  - Leading on the procurement and contracting of contractors, partners and suppliers
  - Ensure that State Aid regulations are adhered to throughout the programme
- 2.1.5. With the Accountable Body role, the council will maintain a programme management 'screen' within the council, preventing exchanges or communication that could lead to conflicts of interest.

- 2.1.6. There is a relatively light touch monitoring approach being taken by COL. The contract with COL will require the council to submit quarterly monitoring returns on behalf of the partnership. These monitoring returns will need to provide a narrative update detailing how the activities and commitments within the application document are being met. The council will need to submit financial claims alongside quarterly monitoring information to trigger payments up to a ceiling of 95% of the contract value. A final 5% payment will be subject to a final report confirming commitments have been fulfilled and funds appropriately spent.
- 2.1.7. There is no fixed end date to the programme period although it is envisaged that the outputs within the bid document can be delivered between 2018/19 - 2020/21.
- 2.1.8. COL have communicated that there is the potential for the overall programme budget allocation to be increased without further bidding, if the overall SIP budget increases. The overall value of the SIP funding available will be known later in 2019.
- 2.1.9. In order to commence delivery as quickly as possible it is recommended that the council seeks to complete the contract with COL during March-April 2019, followed by contacting with Partner Boroughs.

#### Programme Governance and Management

- 2.1.10. As set out in the diagram below, the planned governance structure is for a *South London Innovation Corridor Partnership Board* to be established with overall responsibility for success of the programme. This will be supported by a *Programme Management Officer Group*, and two sub-groups: *Workspace & Business Support Group* and a *Talent Development Group*.



- 2.1.11. Whilst Terms of Reference for the Board and Groups are in draft form, the envisaged guiding governance principles are as follows:

- 2.1.12. The **South London Innovation Corridor Partnership Board** would have the following high-level remit:

- overall responsibility for success of the programme;
- sign off new elements of the programme
- champion the programme and help build a wider group of advocates;
- provide confidence to funders and credibility and connectivity to the creative and technology industries;
- challenge the delivery team to ensure the programme becomes the best it can be; and

- contribute to planning for future years and follow-on fundraising efforts.
- 2.1.13. The membership of the Partnership Board is proposed to provide representation as follows: *Cabinet Member* representation from the four programme partner boroughs; *Private sector* - it is considered important to have representation from large scale employers, and SME and start-up business representation also (Director or similar level representation); *Higher education* – Goldsmiths University of London, London South Bank University and Royal College of Art could provide higher education representation on the Programme Board.
- 2.1.14. The inclusion of private sector and higher education stakeholders on the Partnership Board will bring substantial benefits. For example, it will help to embed the programme in the needs of industry; provide connectivity with the wider innovation support ecosystem; and increase the prospects of securing additional funding opportunities.
- 2.1.15. This report recommends that the South London Innovation Corridor Partnership Board is co-chaired by Lambeth’s Cabinet Member for Planning, Investment and New Homes and a private sector representative from the CDIs.
- 2.1.16. The **Programme Management Officer Group** will be tasked with officer-level oversight of the overall programme. Membership of the Group will be formed of representatives from the 4 boroughs. Responsibilities of this group will include:
- The administration and smooth running of the SLIC Partnership Board
  - Oversight of quarterly reports to the Corporation of London
  - Oversight of reports to the SLIC Partnership Board
  - Ensuring programme join-up with existing borough and strategic partner projects
  - Maintaining a dynamic risk register, frequently reviewed with mitigation strategies from the outset
  - Support the SLIC Partnership Board to identify and form delivery partnerships and collaborators
  - Developing a fundraising strategy for additional external funding sources
- 2.1.17. The **Workspace & Business Support Group** will be tasked with officer level oversight on the Workspace and Business Support programme themes. This group would also be responsible for:
- Agreeing specifications and commissioning delivery activity
  - Identifying additional fundraising and opportunities for collaboration on the Workspace and Business Support programme themes
  - Ensuring the programme involves and complements existing workspace and business support (particularly innovation focussed provision) across the SLIC area
  - Taking a steer on programme direction from relevant agencies including Capital Enterprise and other innovation support organisations e.g. Tech UK; Creative Industries Federation; UK Catapult Centre programme.
  - Identifying opportunities for joint research and knowledge exchange activities
- 2.1.18. The **Talent Development Group** would be tasked with officer level oversight on the Employment & Skills programme themes. This group would also be responsible for:
- Agreeing specifications and commissioning delivery activity
  - Identifying additional fundraising and opportunities for collaboration with external stakeholders on the Employment & Skills theme
  - Ensuring the programme builds on existing council and non-council led employment and skills programmes supporting the creative and digital economy
  - Taking a steer on programme direction from relevant agencies including UK

- Sector Skills Councils and relevant education and skills providers
- Identifying opportunities for joint research and knowledge exchange activities

2.1.19. Partner boroughs will nominate an officer to be a first point of contact on programme management matters and monitoring reporting. In addition, partner boroughs will nominate up to two officers for both the Programme Management Officer Group and Sub-Groups.

#### Project allocations

2.1.20. Project funding allocations will be made in line with the revised programme budget allocations agreed by COL and detailed in the Part II report, with any further changes subject to authorisation by the South London Innovation Corridor Partnership Board. All project funding allocations will be subject to the approval of additional decision reports in line with the council's constitution and supported by business cases.

2.1.21. The programme application was developed on the basis of an equitable division of budget across the four boroughs. This includes an equal borough allocation for workspace projects and budgets for Business Support and Talent Development activities being used primarily for commissioning projects acting across all four boroughs.

2.1.22. A reserved list of workspace projects will be developed to ensure deliverability of the programme in the event that any current projects do not progress. Reserve projects will be prioritised on the basis of their ability to deliver the highest number of outputs and within the programme timescales. The South London Innovation Corridor Partnership Board will be responsible for authorising the funding of any reserve projects and subject to the approval of further decision reports in line with the council's constitution.

## **2.2. Reasons**

2.2.1. The South London Innovation Corridor programme brings together four boroughs and a world class partnership of higher education, entrepreneur support agencies and employers - aligned around a vision to catalyse inclusive CDI growth. The programme includes priorities, actions and projects included within and aligned to 'Creative ways to grow' - Lambeth's Creative and Digital Industries Strategy for Growth.

2.2.2. The following outcomes will be delivered across the programme area:

- 20,000 sq ft of new or refurbished commercial space
- 1,200 new CDI jobs
- 530 businesses supported
- 525 talent development opportunities created through pre-apprenticeship training, apprenticeships, paid work experience and in-work progression

2.2.3. The South London Innovation Corridor programme strives to deliver significant outcomes across the programme area, including: joint inward investment promotion across shared economic areas; a greater clustering of CDI organisations; and new and strengthened relationships with CDI employers and employment and skills and CSR programmes.

2.2.4. The programme responds to strategic issues set out in policy and strategy documents at a national, regional and local scale:

- UK 'Creative Industries Sector Deal' 2018
- Tech Nation 2018

- c) Mayor’s Economic Development Strategy 2018 and related initiatives including Creative Enterprise Zones and London Borough of Culture
- d) London Plan (including Opportunity Area Frameworks and Affordable Workspace Policy ED3)
- e) Central London Forward Skills Strategy
- f) Thames Estuary Production Corridor
- g) Borough Plans and other related documents and initiatives (e.g. Lambeth Equalities Waterloo Opportunity Area; Vauxhall Nine Elms Battersea Opportunity Area; Framework; Lewisham CDI Strategy, Wandsworth Employment Land Review; Southwark Workspace Strategy; New Cross & Deptford Creative Enterprise Zone; Brixton Creative Enterprise Zone).

2.2.5. At a local-level, the South London Innovation Corridor programme responds to a key Lambeth Labour administration manifesto commitment to create more affordable workspace across the borough.

### 3. Finance

3.1. The total SIP funding amount for the programme is £8m. Table 1 below shows the notional funding per work stream.

**Table1: Funding per Work stream**

Work Stream	Funding (£'m)
Workspace Projects	5.2
Business Support and Talent Development	1.8
Programme Management and Technical Support	1.0
<b>Total</b>	<b>8.0</b>

3.2. Part II of the report provides a detailed breakdown of the notional budget allocations between each work stream and partnership borough.

3.3. In accordance with the council’s constitution, further decision reports will be required to confirm the project budget allocations.

3.4. The draft contract (5.1) with COL states that the *‘The Grant is a revenue grant, though may be applied to capital spend if this is appropriate to the nature of the Strategic Investment Project’*.

3.5. Lambeth Council has been appointed as the Accountable Body.

3.6. On commencement of contract, COL will make a 25% payment up front (corresponding to £2m) and thereafter quarterly draw downs will be made according to spend and delivery in arrears. Concurrently, Lambeth Council will contract with partner boroughs.

### 4. Legal and Democracy

4.1. Section 1 of the Localism Act 2011 enables the council to do anything that an individual may do.

4.2. Section 137 of the Local Government Act 1972 permits the council to incur expenditure which in their opinion is in the interests of, and will direct benefit to, their area or any part of it or all or some of its inhabitants. However the council is not permitted to incur expenditure under this power, unless the direct benefit accruing to their area or any part of it or to all or some of its inhabitants will be commensurate with the expenditure incurred. This provision includes power to do so by contributing



towards the defraying of expenditure by another local authority in or in connection with the exercise of that other authority's functions.

- 4.4 This proposed key decision was entered in the Forward Plan on 14 September 2018 and the necessary 28 clear days' notice has been given. In addition, the Council's Constitution requires the report to be published on the website for five clear days before the proposed decision is approved by the Cabinet Member. Any representations received during this period must be considered by the decision-maker before the decision is taken. The Monitoring Officer has agreed to waive the five-day call-in period as any delay caused by the call-in process would substantially prejudice the Council's interests.

## **5. Consultation and co-production**

- 5.1. The South London Innovation Corridor application (both original and revised) has been developed in partnership with the three other partner boroughs and strategic partners (including Capital Enterprise, Goldsmiths University of London, London South Bank University, and Royal College of Art).
- 5.2. The South London Innovation Corridor programme has been closely guided by '*Creative ways to grow*' - Lambeth's Creative and Digital Industries Strategy for Growth. This strategy was produced in partnership with over 200 organisations across the borough, including large and small scale creative and digital businesses and support organisations.

## **6. Risk management**

- 6.1 A risk register will be prepared as part of the programme set-up. The South London Innovation Corridor Partnership Board will be responsible for monitoring the programme risk register.

## **7. Equalities impact assessment**

- 7.1 Within Lambeth, the South London Innovation Corridor programme includes priorities, actions and projects included within '*Creative ways to grow*' - Lambeth's Creative and Digital Industries Strategy for Growth. This strategy benefited from an Equalities Impact Assessment and Equalities Impact Assessment Panel which informed the final version of the strategy. Consequently a new Equalities Impact Assessment is not required at this stage.

## **8. Community safety**

- 8.1 There are no community safety implications.

## **9. Organisational implications**

### **9.1 Environmental**

- 9.1.1 None.

### **9.2 Staffing and accommodation**

- 9.2.1 The South London Innovation Corridor programme will require the recruitment of up to three members of staff to help drive and manage the effective delivery of the programme.
- 9.2.2 New posts will be appointed on a fixed term basis and will be fully funded by the SIP grant funding. The posts will be accommodated by the council within the Lambeth Civic Centre and sit within the Business, Culture and Investment team. Close linkages will be maintained with the Area Regeneration and Economic Inclusion teams in particular.

9.2.3 Due to the cross-borough nature of the programme, it will be important for the staff working on the programme to occasionally work from partner local authority (Lewisham; Southwark and Wandsworth) offices. Partner authorities have agreed to provide desk space for officers appointed to work on the programme.

### 9.3 Procurement timelines

9.3.1 None.

### 9.4 Health

9.4.1 None.

## 10. Timetable for implementation

Item	Date
Report circulated to Finance, Legal and Democratic Services & Strategic Director for review.	Thursday 24th January (deadline for comments 30th Jan)
Report cleared by Strategic Director.	Thursday 31st Jan
Papers due for CE Management Board	Friday 1st February
CE Management Board	Tuesday 5th February
Papers due for CMB	Wednesday 6th February (midday)
Cllr Bennett CMB	Monday 11th February
Report published online	Wednesday 20 <sup>th</sup> March
Decision made	Thursday 28 <sup>th</sup> March
Contract signed with COL	Friday 29 <sup>th</sup> March
Establishment of Partnership Board	April 2019

Audit trail				
Consultation				
Name/Position	Lambeth directorate/division or partner	Date Sent	Date Received	Comments in para
Cllr Matthew Bennett	Cabinet Member for Planning, Investment and New Homes	07.02.19	11.02.19	
Andrew Travers	Chief Executive	01.02.19	05.02.19	
Emma Peters	Interim Strategic Director, Sustainable Growth and Opportunity	07.02.19	11.02.19	

Sandra Roebuck	Director Development, Planning and Housing Growth	24.01.19	25.01.19	Throughout
Legal Services: Greg Carson	Governance and Democracy	24.01.19	29.01.19	4.1 – 4.3
Democratic Services: Maria Burton	Governance and Democracy	24.01.19	31.01.19	4.4
Finance: Andrew Ramsden	Assistant Director, Corporate Resources	24.01.19	29.01.19	3

<b>Report history</b>	
<b>Original discussion with Cabinet Member</b>	May 2018
<b>Report deadline</b>	N/A
<b>Date final report sent</b>	N/A
<b>Part II Exempt from Disclosure/confidential accompanying report?</b>	Yes
<b>Key decision report</b>	Yes
<b>Date first appeared on forward plan</b>	14/09/2018
<b>Key decision reasons</b>	Expenditure, income or savings in excess of £500,000
<b>Background information</b>	<a href="#">Creative Ways to Grow</a> <a href="#">Future Lambeth</a> <a href="#">Equalities Commission</a>
<b>Appendices</b>	Appendix 1 - COL Draft Contract

**APPROVAL BY OFFICER IN ACCORDANCE WITH SCHEME OF DELEGATION**

**I confirm I have consulted Finance, Legal, Democratic Services and the Procurement Board, and taken account of their advice and comments in completing the report for approval:**

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

**Post**            Matthew Blades  
                      Head of Business, Culture and Investment

**I confirm I have consulted the relevant Cabinet Members, including the Leader of the Council (if required), and approve the above recommendations:**

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

**Post**            Cllr Matthew Bennett  
                      Cabinet Member for Planning, Investment and New Homes