

Cabinet Member Delegated Decision 12 November 2019

Report title: South London Innovation Corridor - Borough Agreements

Wards: All

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

Report authorised by: Eleanor Purser and Sara Waller - Strategic Directors for Sustainable Growth and Opportunity

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Report summary

Lambeth Council led a successful partnership bid with Lewisham, Southwark and Wandsworth councils to the City of London Corporation to secure £8,000,000 Strategic Investment Pot resources for a cross-borough programme called South London Innovation Corridor. The purpose of the programme is to catalyse inclusive growth of the creative and digital industries across inner south London through investments in workspace, business support, and talent development. The 28 March 2019 Cabinet Member Delegated Decision report (CMDDR) entitled 'South London Innovation Corridor Programme' sought approval to enter into contract with the City of London Corporation and to commence the establishment of the programme. The purpose of this CMDDR is to seek approval to fulfil the obligations made to the City of London Corporation and enter into contract with the partner boroughs to enable their delivery of outputs within the programme.

Finance summary

Lambeth Council in partnership with Lewisham, Southwark and Wandsworth councils have secured £8,000,000 of funding from the City of London Corporation for the South London Innovation Corridor Programme

As Lambeth council is the nominated as the accountable body, they have responsibility for both receiving and administering the grant payments.

This report seeks approval to allocate funding of £1,433,333 each to Lewisham, Southwark and Wandsworth councils.

Recommendations

1. To enter into grant agreements at a total value of £1,433,333 with Lewisham, Southwark and Wandsworth councils to enable delivery of corresponding outputs within the South London Innovation Corridor Programme.

Reason for Exemption from Disclosure

The accompanying part II report is exempt from disclosure by virtue of the following paragraph 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

Strategic Investment Pot

- 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 £52,000,000 – 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.
- 1.2 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.
- 1.3 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 Council is the Accountable Body.

South London Innovation Corridor

- 1.4 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.
- 1.5 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.
- 1.6 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.
- 1.7 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.

- 1.8 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 from 2018/19 to 2021/22.
- 1.9 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.
- 1.10 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

Proposal

- 2.1 To progress delivery of the South London Innovation Corridor Programme, Lambeth Council (as the accountable body for the programme) must enter into grant agreements with Lewisham, Southwark and Wandsworth councils.
- 2.2 Project funding allocations have been made for the Workspace Projects stream of activities and Partner Borough Programme and Technical Support budgets in line with the revised programme budget allocations agreed by the City of London Corporation and detailed in the 28 March 2019 CMDDR. All project funding allocations are subject to the approval of decision reports in line with the Council's Constitution.
- 2.3 The programme funding application to the City of London Corporation was developed on the basis of an equitable division of the budget across the four boroughs. This includes an equal borough allocation for workspace, business support and talent development activities. The business support and talent development activities are being commissioned collectively by the boroughs directly from Lambeth Council, as the accountable body. As such £1,300,000 for workspace projects and £133,333 for partner borough programme and technical support (management) is allocated for each partner borough.
- 2.4 Summary of workspace projects for Partner Boroughs are included below and further information is enclosed in Part II of this report.

Lewisham workspace project



Goldsmith's Enterprise and Innovation Hub - creation of a new space for information, acceleration, knowledge transfer/spillovers and innovation collaboration, incubator desk space, managed low cost meeting space and office-space for student entrepreneurs, graduates, local SMEs and entrepreneurs.

Southwark workspace projects



Peckham Rye Station – providing co-working and community space by refurbishing an existing building on Blenheim Grove and Rye Lane. It will be part of a major strategic investment to create a new “Gateway to Peckham” at Peckham Rye Station.



Peckham Palms - new hub for Afro-Caribbean hair and beauty, providing dedicated facilities with specialist business support services on the former site of a series of vacant garages.



Wilson Road Camberwell Creative Hub – redevelopment of the former South London Science and Technology Centre to provide a new creative hub.



Peckham Square Co-Work – fit out of a new co-working space as part of major redevelopment work at Peckham Square.



Livesy Exchange Old Kent Road - construction of a key community and creative hub at the centre of the Old Kent Road Opportunity Area with new makerspace and co-working areas.

Wandsworth workspace project/s



Battersea Design Quarter –funding to enable occupation of space by a CDI focussed provider to deliver production space in new development/s in the area.

Reasons

- 2.5 The grant agreement with COL requires Lambeth Council as the accountable body to enter into funding agreements with partner boroughs.
- 2.6 CDI businesses are extremely concerned about the effect of Brexit on access to talent and will increasingly need to recruit locally and support efforts to up-skill and enable more people from diverse backgrounds to access these industries.
- 2.7 The CDI sectors can provide well-paid, secure employment for people from a wide range of educational and social backgrounds, but the lack of diversity and equality in the creative industries is under the spotlight. Recent reports from the Creative Industries Federation, Tech Nation, Arts Council England, the Warwick Commission, and the GLA all emphasise the need for action.
- 2.8 Inner south London is highly diverse, with high proportions of residents from BAME backgrounds. But like other high value sectors, the UK’s creative and technology workforce does not reflect this diversity. Tackling this issue and ensuring that any growth in the CDI benefits local people is a

priority for all four boroughs of the South London Innovation Corridor, and therefore targeted activity is needed, and forms a key strand of our programme.

- 2.9 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.

- 2.10 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.

- 2.11 Specifically, the grant agreements will enable the following outputs to be delivered in Lewisham, Southwark and Wandsworth:
 - 38,455 sq ft of new or refurbished commercial space;
 - 427 new CDI jobs;
 - 142 businesses supported; and,
 - programme and technical support activities.

- 2.12 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;
 - Mayor’s Economic Development Strategy 2018 and related initiatives including Creative Enterprise Zones and London Borough of Culture;
 - London Plan (including Opportunity Area Frameworks and Affordable Workspace Policy ED3);
 - Central London Forward Skills Strategy;
 - Thames Estuary Production Corridor; and,
 - 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).

- 2.13 At a local-level, the South London Innovation Corridor programme responds to a key Borough Plan commitment to create more affordable workspace across the borough.

3. FINANCE

3.1 The total SIP funding amount for the programme is £8,000,000. The funding allocated to partner boroughs is £4,299,999, with each of the three partner boroughs equally receiving £1,433,333 as set out in Table 1 below.

Table 1: Funding by borough

Partner Borough	Funding (£)
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	Workspace Projects	Programme Management and Technical Support	Total
Lewisham	1,300,000	133,333	1,433,333
Southwark	1,300,000	133,333	1,433,333
Wandsworth	1,300,000	133,333	1,433,333
Total	3,900,000	399,999	4,299,999

- 3.2 Part II of the report provides a detailed breakdown of the budget allocations between each work stream, workspace project and partnership borough.
- 3.3 The 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'*.
- 3.4 Lambeth Council has been appointed as the Accountable Body.
- 3.5 On commencement of contract, Lambeth Council drew down a 25% payment up front (corresponding to £2,000,000) from COL and thereafter will make quarterly drawdowns according to spend and delivery in arrears.
- 3.6 Concurrently, Lambeth Council will request funds from COL (when needed after the use of the initial 25% payment) and transfer funds to boroughs as follows:
- in arrears upon receipt of quarterly reports and evidence from boroughs for completion of capital works milestones by the boroughs' workspace projects; and,
 - in single payments of £66,666.50 during 2019-20 for borough management and technical support delivery in 2019-20 and £66,666.50 during 2020-21 for borough management and technical support delivery in 2020-21. Partner boroughs will need to provide evidence of expenditure, and if they fail to do this, Lambeth Council can claw back the funding.
- 3.7 A relatively light touch monitoring approach is being taken by COL. The contract with COL requires the council to submit quarterly monitoring returns on behalf of the partnership. These monitoring returns provide an update on how activities and commitments within the programme are being met. Following usage of the £2,000,000 initial drawdown of the funding from COL at the programme's inception, Lambeth Council will submit financial claims to COL 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.
- 3.8 In addition, the grant agreements with boroughs will have a clause to manage underperformance such that if they can't demonstrate capacity to spend within a reasonable period of time, the funding can be reallocated to other projects within the South London Innovation Corridor.

4. LEGAL AND DEMOCRACY

- 4.1 The Council has delegated the authority to enact this report's recommendations to the Cabinet Member for Planning, Investment and New Homes in consultation with the Leader.

- 4.2 As the lead borough in the bidding partnership, Lambeth holds all of the funds but is under a duty to apportion the funds in accordance with the terms of its agreement with the City of London Corporation.
- 4.3 When entering into contracts the Council must be cognisant of, and compliant with, its own procurement rules and, where applicable, the Public Contracts Regulations 2015, and when awarding grants it must comply with any restrictions on its powers including, but not limited to, state aid rules.
- 4.4 This proposed key decision was entered in the Forward Plan on 03 June 2019 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 both that the decision in question is reasonable in all the circumstances and to it being treated as a matter of urgency. This decision is therefore not subject to the call-in process.

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. This will be run on the standard RAG rating. The South London Innovation Corridor Officer Group will be responsible for monitoring the programme risk register. This will be updated quarterly as part of the monitoring of the programme.

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

Environmental

- 9.1 None.

Staffing and accommodation

9.2 None.

Procurement timelines

9.3 None.

Health

9.4 None.

10. TIMETABLE FOR IMPLEMENTATION

Item	Date
Report circulated to Finance, Legal and Democratic Services & Strategic Director for review.	17 – 24 October
Report cleared by Strategic Director.	24-31 October
Report published online	4 November
Decision made	12 November

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	24.10.19	01.11.19	
Eleanor Purser and Sara Waller	Strategic Directors - Sustainable Growth and Opportunity	24.10.19	01.11.19	
Matt Blades	Interim Director, Enterprise, Jobs and Skills	18.10.19	24.10.19	
Legal Services – Michael O’Hora	Legal and Governance	18.10.19	18.10.19	4
David Rose, Democratic Services	Legal and Governance	18.10.19	31.10.19	4
Finance – Paul Badiani	Finance and Investment	18.10.19	24.10.19	3

Report history	
Original discussion with Cabinet Member	June 2019
Report deadline	N/A
Date final report sent	N/A
Part II Exempt from Disclosure/confidential accompanying report?	Yes
Key decision report	Yes
Date first appeared on forward plan	03 June 2019
Key decision reasons	Expenditure, income or savings in excess of £500,000
Background information	Creative Ways to Grow Future Lambeth Equalities Commission Programme CMDDR
Appendices	None

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 Nicola Whyte
Economic Development Programme Manager, South London Innovation Corridor

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