

Item No.	Classification: Open	Date: 23 July 2019	Meeting Name: Cabinet Member for Jobs, Business and Innovation
Report title:		South London Innovation Corridor programme funding agreement	
Ward(s) or groups affected:		All	
From:		Head of Chief Executive's Office	

RECOMMENDATIONS

That the Cabinet Member for Jobs, Business and Innovation:

1. Approves the council's entry into an agreement with Lambeth Council for £1,433,333 in Strategic Investment Pot grant funding to deliver workspace projects under the cross-borough South London Innovation Corridor programme.
2. Notes the additional support for talent development and entrepreneurship in the creative digital industries for Southwark residents that will also be available under the programme.

BACKGROUND INFORMATION

The South London Innovation Corridor Programme

3. In October 2018, a joint bid from Lambeth, Lewisham, Southwark and Wandsworth councils was awarded £8m from the London Strategic Investment Pot, to establish and deliver the South London Innovation Corridor, a new inclusive growth programme for Creative and Digital Industries. The programme will support the creative and digital business clusters in Camberwell and Peckham in addition to Battersea, Nine Elms, Vauxhall, Brixton, Deptford and New Cross. For 2018-19, all 33 London billing authorities and the GLA have come together to pilot 100% retention, reaching agreement with Government at the Autumn Budget 2017. The operating principles of the pilot pool were subsequently agreed, via a Memorandum of Understanding (MoU), by the 32 London Boroughs, the City of London Corporation and the GLA in January 2018.
4. Lambeth Council, as the lead authority for the South London Innovation Corridor programme, has entered into a funding agreement with the City of London Corporation, which is the lead authority for the pooling arrangement. Lambeth Council is now seeking to enter into a separate grant funding agreement with Southwark Council for the delivery of individual projects under the programme.
5. The programme is structured so that responsibility for overall programme management and performance sits with Lambeth Council, along with the commissioning of the talent development and entrepreneurship strands of the programme. Southwark will be directly responsible for the delivery of a series of workspace projects for which programme funds have been allocated. The council is therefore required to enter into a grant funding agreement with

Lambeth Council to govern the delivery and funding of these projects.

6. The maximum value of the grant to Southwark is £1,433,333.

Background to the Strategic Investment Pot

7. The Strategic Investment Pot (“SIP”) was established for 2018-19 as a result of the 100% business rates retention pilot for London. The pilot allowed London to retain an estimated £349m of extra funding in 2018-19. Of this, approximately 50% was to be used for strategic investment: 15% (c£52m, Strategic Investment Pot) to be allocated by the agreement of London government, and the balance (the GLA share of total benefit) for allocation by the Mayor of London. The South London Innovation Corridor programme award of £8m was the second largest award in the first SIP funding round.
8. A second funding round, known as SIP2, has been opened and will make awards in late 2019 from the 2019-20 Strategic Investment Pot. The council is exploring opportunities with our borough partners to bid for this funding.

KEY ISSUES FOR CONSIDERATION

9. The South London Innovation Corridor is a new partnership initiative that aims to drive inclusive creative and tech sector growth across the boroughs of Lambeth, Lewisham, Southwark and Wandsworth. The partnership comprises Lambeth (the accountable body), Lewisham, Southwark and Wandsworth councils alongside representatives from the private, education and not-for-profit sectors.
10. The first programme of activity for the South London Innovation Corridor is an £8m programme with the following elements:
 - **Workspace:** £5.2m capital and revenue investment into 12 affordable workspace and incubators projects, delivering 120,000 square foot of new or improved commercial floor space, supporting at least 390 businesses and attracting and retaining 1,200 new jobs. The budget is divided equally between the boroughs, with £1.3m for each borough, including Southwark Council
 - **Business Support:** £0.8m revenue investment in at least two cross borough businesses support projects to support at least 140 businesses.
 - **Talent Development:** £1m revenue investment in at least one cross borough creative and digital employment project focused on enabling disadvantaged groups with 525 talent development opportunities.
 - **Management:** £1m revenue allocated as follows: £0.4m Lambeth (as accountable body) for programme management; £0.4m partner borough programme and technical support (£133,333 per borough); £0.2m for research and development, knowledge exchange, fundraising and promotion.
11. The grant agreement between Lambeth and Southwark councils therefore includes the following elements:
 - *Workspace:* £1,300,000 transfer for allocating to 5 affordable workspace and

incubator projects delivering 27,400 square feet of new or improved commercial floor space, supporting 101 businesses and attracting and retaining 304 new jobs.

- *Management:* £133,333 transfer for partner borough programme and technical support to support the delivery of the programme in Southwark.
12. The use of the funding is anticipated to be spread between 1 April 2019 and 31 March 2021, although expenditure can take place until 31 March 2022.
 13. The five projects identified for funding are detailed in the table below.

Project	Funds
Peckham Rye Station Co-Work & Commercial Space	£255,000
Peckham Palms Fashion & Beauty Hub	£395,000
Wilson Road Camberwell Creative Hub	£150,000
Peckham Square Co-Work	£250,000
Livesey Exchange Old Kent Road	£250,000

Governance

14. The programme will be governed by a Partnership Board and managed through officer groups. The Cabinet Member for Business, Jobs and Innovation will sit on the Partnership Board, which is to be made up of cabinet members from the councils along with private sector and higher education representatives. This will meet quarterly and will take overall responsibility for the success of the programme. An Officer Group of officers from each of the four boroughs currently meets monthly and will move to meeting quarterly, with a task of driving the programme forward from an operational perspective. This group will have two sub-groups - a Workspace and Business Support Group and an Employment and Skills Group, who will play a more involved role in the commissioning and contract management of the respective projects.
15. A Programme Manager and Project Manager will be employed by Lambeth Council to manage the delivery of the cross-borough programme. Both officers will report to the Officer Group and Partnership Board and be expected to be physically based across the four boroughs in their day to day work.

Policy implications

16. The South London Innovation Corridor programme will directly support the Council Plan commitment to deliver 500 new affordable workspaces, the development of a Creative Enterprise Zone in Southwark and the delivery of the Southwark Skills Strategy.
17. The programme will benefit from existing cross-borough working arrangements developed through the successful Better Placed partnership between Lambeth, Southwark and Lewisham.
18. 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)
- CLF Skills Strategy
- Borough Plans and related documents (e.g. Lambeth CDI Study; Lewisham
- CDI Baseline, Wandsworth Employment Land Review) and action plans (e.g.
- Southwark Workspace Strategy; Old Kent Road Area Action Plan).

Community impact statement

19. Due regard has been paid to the Public Sector Equality Duty (PSED) in section 149 of the Equality Act 2010 specifically; to have due regard to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct; advance equality of opportunity; and foster good relations between people with protected characteristics and those who do not. Alongside the headline outputs to deliver more workspace, provide business support and get more people into employment, the Programme has been designed to support the following outcomes:

- Deliver inclusive 'good growth', through an innovative approach to entrepreneurship and employment support, tackling underrepresentation of BAME residents in the creative sectors and female underrepresentation in the digital economy
- Career progression, addressing underrepresentation of BAME residents in more senior roles
- A grassroots CDI programme will be targeted at residents facing significant barriers to starting a CDI business

Resource implications

20. A budget of £133,333 is included in the grant award for programme and technical support to support the delivery of the programme in Southwark.

Legal implications

21. The grant award will be made by way of a Grant Agreement between Lambeth Council and Southwark Council, which will pass on the conditions of grant as laid down in the agreement between the City of London Corporation and Lambeth Council.

Financial implications

22. The maximum value of the grant is £1,433,333. Any unspent funds at 31 March 2022 may be at risk of clawback from the City of London Corporation.

23. The grant award carries a match funding commitment of £5,057,000 across the five workspace projects. These funds have been secured and are committed to the relevant projects.

Consultation

24. The award of funds to the South London Innovation Corridor programme was made subject to agreement of two-thirds of London local authorities and the Mayor of London following consultation in July and August of 2018.
25. The individual workspace projects to be funded within Southwark have been subject to extensive local consultation during their development and through the statutory planning process. The focus on creative workspaces in Camberwell and Peckham in particular responds to the findings of the widespread consultation exercise with local businesses, creatives, residents and organisations in the development of Southwark's 2018 bid to establish a Creative Enterprise Zone.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

26. This report seeks approval to enter into a funding agreement with Lambeth Council for the sum of £1,433,333 in respect of the Strategic Investment Pot grant funding for the delivery of workspace projects under the cross borough South London Innovation Corridor programme.
27. Under the provisions of Part 3D of the council's constitution, the decision to approve the recommendations set out in this report is reserved to the cabinet member for jobs, business and innovation.
28. The cabinet member's attention is drawn to the public sector equality duty (PSED) under the Equality Act 2010, and when making decisions to have regard to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct, and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The relevant characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The duty also applies to marriage and civil partnership but only in relation to the elimination of discrimination. The cabinet member is specifically referred to the community impact statement at paragraph 19 of this report setting out the consideration that has been given to equalities issues which should be considered when approving this report.
29. The cabinet member is also referred to paragraphs 24-25 of this report which set out the consultation that has taken place. The cabinet member should take into account the outcome of consultation when taking a decision on the recommendation in this report.

Strategic Director of Finance and Governance (CE19/003)

30. This report is requesting cabinet member for jobs, business and innovation to approve the council's entry into an agreement with Lambeth Council for £1,433,333 in Strategic Investment Pot grant funding to deliver workspace

projects under the cross-borough South London Innovation Corridor programme, Details are shown in the report above.

31. This report is also requesting cabinet member for jobs, business and innovation to note the additional support for talent development and entrepreneurship into creative digital industries for Southwark residents that will also be available under the programme.
32. The strategic director of finance and governance notes the grant receivable from Lambeth Council and notes the comments in the financial implications.
33. Staffing and any other costs connected with this report are to be contained within existing business unit revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Draft grant agreement and appendices	Local Economy Team 160 Tooley Street	Nick Wolff 020 7525 5676

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Stephen Gaskell, Head of Chief Executive's Office	
Report Author	Nick Wolff, Principal Strategy Officer	
Version	Final	
Dated	22 July 2019	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		23 July 2019