

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD1561

**Title: LEP Revenue Funded Projects**

### Executive Summary:

This decision form seeks approval of a series of revenue expenditure proposals to support delivery of London Enterprise Panel (LEP) priorities. The £1.433m package of proposals can be funded from LEP Core funds (£45,000), LEP Strategies EU fund (£290,000) and projected headroom in the GPF revenue budget (£1,098m). Approval is already in place for some of these proposals. This MD seeks approval for £1.005m. The LEP recommended approval of these costs at its meeting on 2<sup>nd</sup> June 2015 and the Investment and Performance Board subsequently endorsed this decision at its meeting on 16 July 2015.

### Decision:

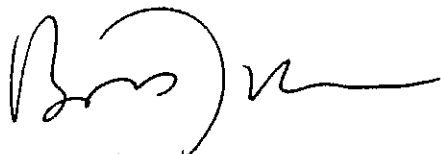
The Mayor approves £1.005m of revenue expenditure on a number of project and research strands (set out in section 1.6) to deliver the LEP priorities.

### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

**Signature:**



**Date:**

3. 11. 2015

## PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

### Decision required – supporting report

#### 1. Introduction and background

- 1.1 The LEP's funding streams are largely allocated or earmarked through the Growing Places Fund, the FE Capital Fund and LEP core funding. However, some revenue (£1.433m approx.) has been identified across the Growing Places Fund and LEP core funding as a result of funding carried forward from previous years, changes in project scope and new 2015/16 allocations.
- 1.2 This paper presents proposals for allocating the remaining funding. It draws firstly on a process to gather proposals across the LEP's priority themes from officers supporting the LEP (both GLA and London Councils). Submissions were scored by officers supporting the LEP and senior GLA finance and performance managers against the following criteria.

Weighting	Criteria
33.3%	Demonstrable strategic fit with the LEP Jobs & Growth plan priorities.
33.3%	Demonstration of deliverability within budget and timescales.
33.3%	Level, strength and validity of benefits, outputs and outcomes.

- 1.3 Shortlisted bids were presented to the LEP Delivery Board, an internal officer group chaired by the Executive Director of Development, Enterprise and Environment, which is tasked with overseeing the day to day running of LEP projects and finances.
- 1.4 Secondly, the proposals reflect recent developments, notably the allocation of £20m capital funding through Growth Deal 2 to support High Streets and Places of Work (London Regeneration Fund – LRF). Experience across the Mayor's previous and current funds targeted at High Streets has demonstrated that a strong revenue funded support offer is highly valued and results in the delivery of better outcomes. Further developments reflected in the funding proposals included the extension of the Super Connected Cities programme and a notional budget allocation to support delivery of the LEP's Economic Development Agenda ('London 2026 – an agenda for jobs and growth').
- 1.5 The proposals have been considered and endorsed by the relevant sub-groups of the LEP (excluding Access Europe), the LEP at its meeting on 2 June and the Investment and Performance Board on 16 July. The relatively large number and small scale of proposals was questioned by some LEP members, however these projects have been specifically proposed and selected to provide targeted support to wider LEP programmes and leverage greater match funding – supporting outcomes on a significant scale for example through the £20m LRF. The LEP therefore agreed that the mix and scale of proposals was appropriate.

- 1.6 A list of the spend proposals is set out below; more detail is provided in Appendix 1 and confidential information is contained in Part 2 of this Mayoral Decision.

Project	Funding (£000)	Project End dates
Market Demand for Science & Technology working space	40	March 2016
Access Europe Network	50	March 2016
Understanding London's Markets	In Part 2 confidential until procured	March 2017
Follow-on spaces for London's growing small businesses		March 2017
Med Tech Innovation network		March 2017
Industrial Estate Teams		March 2017
Emerging priorities		
LRF Support Programme:		
- Revenue to support crowdfunding	140	March 2018
- Specialist Assistance Team	In Part 2 confidential until procured	March 2018
- Commissioning Fund		March 2018
- Communications/engagement		March 2018
- Evaluation		September 2018
- Research/evidence base – the case for high streets		March 2017
BIDs support programme	230	March 2018
Total	1,005	

- 1.7 In addition, the following expenditure has already been agreed under separate decision forms:

Project	Funding £000
London & Core Cities: the impact of devolution on growth (AD316)	20
London & Partners Tourism Strategy (DD1364)	90
Third party visa sponsorship (ADD338)	50
Digital Careers Roadshow (DD1370)	50
Indie Camp – TV Business Accelerator (DD1369)	50
London's Science and Technology Cluster map (DD1357)	40
Med Tech Innovation network (Approved by DAR)	10
Super Connected Cities – programme administration (MD1479)	38
London Stansted Cambridge Consortium Growth Commission (ADD354)	20
<b>Total</b>	<b>368</b>

- 1.8 A further £60,000 has been reserved to support emerging proposals from the LEP's work to deliver its Economic Development Agenda ('London 2036: an agenda for jobs and growth'). One other bid (Export Plan for London) was also withdrawn following consideration by the LEP.

## **2. Objectives and expected outcomes**

- 2.1 The objectives and expected outcomes of each project are set out at Appendix 1.

## **3. Equality comments**

- 3.1 Due regard will be given to the public sector equality duty through the fair and open procurement of services.
- 3.2 As a condition of funding agreements, projects awarded funding will be required to meet the Public Sector Equality Duty and demonstrate this through reporting of progress.

## **4. Other considerations**

- 4.1 Following the 2015/16 financial year there are currently no plans for local enterprise partnerships to receive further revenue funding allocations. Negotiating a revenue settlement that will ensure LEPs are adequately resource will now be a priority request.

## **5. Financial comments**

- 5.1 Mayoral Approval is sought for revenue expenditure up to £1.433m as set out at sections 1.6 and 1.7 on projects to support delivery of the LEP's priorities.
- 5.2 This expenditure will be funded by LEP 2015-16 Core funds (£45,000), LEP 2015-16 Strategies EU fund (£290,000) and projected headroom in the GPF revenue budget (£1,098m) as agreed at IPB on 16 July.
- 5.3 Should this decision relate to a contract at any stage, officers have to ensure that the requirements of the Authority's Contracts and Funding Code are adhered to.
- 5.4 Any changes to this proposal must be subject to further approval via the Authority's decision-making process. All requisite budget adjustments will be made.
- 5.5 The LEP Board secretariat team and Regeneration Unit will be responsible for managing these projects.

## **6. Legal comments**

- 6.1 The foregoing sections of this report indicate that:
- 6.1.1 the decisions requested of the Mayor fall within the powers of the GLA to do anything which promotes or which may be considered facilitative of or conducive or incidental to the promotion of economic development and wealth creation in Greater London; and
- 6.1.2 in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:
- (a) pay due regard to the principle that there should be equality of opportunity for all people;
  - (b) consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
  - (c) consult with appropriate bodies.

- 6.2 Supplies and services required for delivery of the proposals must be procured by Transport for London Procurement who will determine the detail of the procurement strategy to be adopted in accordance with the GLA's Contracts and Funding Code. Officers must ensure that appropriate contract documentation is put in place and executed by the successful bidder(s) and the GLA before the commencement of the supplies and services.
- 6.3 Where officers have indicated that elements of the expenditure proposed will be made as a contribution to the costs of third party project then this will amount to the award of grant funding and not payment for works, supplies or services. In such instances officers must ensure that: (a) the funding is distributed fairly, transparently, in accordance with the GLA's equalities policies and in manner which affords value for money in accordance with the GLA's Contracts and Funding Code; and (b) appropriate funding agreements are put in place between and executed by the GLA and the recipients before any commitment to fund is made.

## 7. Investment & Performance Board

- 7.1 The IPB took place 16<sup>th</sup> July 2015. The Paper was titled: LEP Revenue Funded Projects to which this MD paper takes its name. The recommendation stipulated that the IPB approve in principle expenditure for the following projects: Specialist Assistance Team £180,000; and BIDs support programme £230,000. All the projects listed here for approval were included in the IPB paper.

## 8. Planned delivery approach and next steps

- 8.1 The next steps (according to different funding programme procedures) will include the tendering of services (if applicable), with projects entering into contracts, or projects entering into a grant agreements as per below.

Project	Recipient if grant funding basis?	If TBC through what means grant recipient to be awarded?	Services to be procured?
Market Demand for Science & Technology working space	MedCity	N/A	N/A
Access Europe Network	Access Europe	N/A	N/A
Understanding London's Markets	N/A	N/A	Yes
Follow-on spaces for London's growing small businesses	N/A	N/A	Yes
Med Tech Innovation network	N/A	N/A	Yes
Industrial Estate Teams	N/A	N/A	Yes
LRF Support Programme:			
- Revenue to support crowdfunding	TBC	Competitive bidding process	N/A
- Specialist Assistance Team	N/A	N/A	Yes
- Commissioning Fund	TBC	Identified through discussions with potential grant recipients	Yes (some services procured)
- Communications/engagement	N/A	N/A	Yes
- Evaluation	N/A	N/A	Yes
- Research/evidence base – the case for high streets	N/A	N/A	Yes

BIDs support programme	TBC	Competitive bidding process	N/A
<b>Total</b>			

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

**Part 1 Deferral:**

**Is the publication of Part 1 of this approval to be deferred? No**

If YES, for what reason:

Until what date:

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – Yes**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

Debbie Jackson has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

**Assistant Director/Head of Service:**

Debbie Jackson has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

**Sponsoring Director:**

Fiona Fletcher-Smith has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Sir Edward Lister has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

*M. D. Blag*

Date

28.10.15

**CHIEF OF STAFF:**

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

*Edmund Lister*

Date

29.10.2015

## **Appendix 1**

### **Detail on each project:**

#### **Market Demand for Science & Technology working space**

Robust evidence based required for Life Science business space, understanding of the scale demand for workspace and how it defers in key sub-sectors. Will be used to inform planning policy, university and developer investment plans; and European funding bids where market failure has occurred. Emerging clusters will be asked to contribute to the pilot study.

Proposal key to DCST deliverable - action 31 link expansion opportunities to international businesses, investors, and other global partners to maximise growth potential. Also critical to delivering LEP Jobs & Growth Plan commitment along the east to west ribbon, building on London's existing clusters.

The funding is being granted to MedCity, who are conducting a competitive tender for the project. This is because MedCity have the capacity and requisite knowledge on life sciences workspace to project-manage the study. GLA officers will be closely involved with the project, including marking bids and participating on the project steering group.

**Outputs:** a published report will set out investment and growth opportunities of London's key science and technology clusters.

**Outcomes:** increased awareness of investment opportunities domestically & internationally; relevant private sector investment into London growth areas (e.g. R&D, Work & Business Space above residential dwellings); and increased collaboration between research, teaching, clinician and business base; affordable workspace of varied specifications.

Ernst & Young (EY) have benchmark study.

#### **Access Europe Network**

The project is a Community Interest Company, operational from July 2014, providing a one-stop shop for London organisations – including local authorities and the third sector – to win, manage and evaluate European funding. Access to Europe provides free services to ensure London organisations are well equipped to win and to manage EU funding.

First 6 months: launched website; organised five programme seminars with a further six scheduled to take place in June 2015; two application workshops (two more planned for April/May); helped one local authority win £600,000 etc.

EU funds key part of LEP's Jobs and Growth implementation plan.

**Outputs/Outcomes:** a least 5 Officers from each borough and 200 VCS organisations will be registered; email alerts despatched within 24hrs of publication of relevant calls for proposals; 10 seminars per year; at least 20 people to attend each seminar with 25 boroughs and 50 VCS organisations attending at least one seminar, 5 intensive application workshops, 10 proposals for EU funding of which 3 will be successful.

#### **Understanding London's Markets**

The proposals is the first step toward better understanding of diverse street market stall sector and establishing a city-wide strategic forum to steer growth and improvement. Remains a lack of understanding about the collective benefit of markets in London, challenges they face, and opportunities for growth and improvement.



The project will commission specialist consultants to undertake research to inform strategic decisions, will capture data about the wider economic value and social impact of London's markets and quantify and qualify their GVA, create online 'knowledge hub' to provide and sign-post advice and support.

The project will complement recent IAC and Artist Workspace study.

**Outputs/Outcomes:** Report collating knowledge of London's street markets providing greater understanding of start-up and incubation space and impact they have on the local economy; overview of operational parameters and spatial distribution of London's markets; agreed set of economic and social 'value measures' to inform strategic policy and planning; comprehensive database and interactive map; online knowledge and advice hub hosted at London.gov.uk.

### **Follow-on spaces for London's growing small businesses**

This project aims to understand concerns and explore the factors that contribute to the limited availability and affordability of commercial premises for "teenage businesses", or SME's with 10-20 employees in London, sometimes referred to as "follow-on space". The project will make practical recommendations to address these issues. Support and inform the London Regeneration Fund and Places of Work projects, which focuses on intensifying and increasing the productivity of commercial areas.

It builds on research on Incubators Accelerators and Coworking (IACs), and dialogue with the Open Workspace Providers Group, formed following this work, who have raised concerns about the need for follow-on / grow-on / move-on space, to ensure IACs continue to serve very small and start-up businesses. The project also builds on the identification of existing Low Threshold Enterprise Space, identified in the Accommodating Growth in Town Centres study, and explores how these spaces can best be utilised and valued for their role in supporting the wider economy and ecosystem of small businesses. The research would also be informed by the supply study in industrial areas currently being undertaken by GLA Planning.

**Outputs/Outcomes:** The project will produce a research report making recommendations on future capital funding and planning policy, and giving confidence to developers and planning authorities of a viable model.

### **Med Tech Innovation Network**

London's med tech community is diverse and disparate. With few visible points of support, there is less networking relative to other sectors, and SMEs can find it hard to access clinicians, patients or corporates with whom they can collaborate to further develop their products. We propose the creation of a med tech network that will generate a stronger sense of community amongst med tech firms, raise the visibility of the sector and wider supporting ecosystem, increase collaboration and innovation. An initial £10k will support the establishment of demand evidence and development of a business case. Further approval for spend of the remaining £40k will be required once the business case/demand is established.

### **Industrial Estate Teams**

The proposal is an early step in developing an 'Industrial Areas' programme as part of 'Places for Work'. In-house research demonstrated important to build capacity and support businesses to organise into an 'Estate Team'.

Project will allow specialist consultants to: understand level of existing business industrial networks, identify list of industrial areas that stand to gain the most from organising an 'Estate Team', identify support estate champions.

The proposal is related to IAC study and GLA's work on Bids and an early step in developing 'Industrial Areas' as 'Places of Work'.

**Outputs/Outcomes:** At least 3 'Estate Teams' established and supported to become BIDs; better understanding of Business Networks in Industrial Areas; improved wider network of active industrial areas.

### **London Regeneration Fund support programme:**

#### **Revenue to support crowdfunding**

The £20m fund is capital and the 'large' project fund is wholly capital. However, given the nature of the smaller (less than £20k) projects and the inevitable need for delivery partners to build capacity, it is proposed to set aside a small revenue provision that enables 20% of the two funding rounds to be made available as revenue funding.

#### **Specialist Assistance Team**

The Specialist Assistance Team (SAT) is a pre-procured and funded panel of experts available to delivery partners to support them in the scoping, development and delivery of their proposals. Support has been available across 19 categories including business training, community engagement, meanwhile uses and shop fronts. The proposed SAT programme will also provide a range of business support elements to SMEs and workspace providers.

The Specialist Assistance Team is needed to provide support to delivery partners and the GLA regeneration team in the development, design and delivery of regeneration projects relating to high streets and places of work, funded through the new £20m London Regeneration Fund.

SAT was introduced in 2011/12 to support the Outer London Fund (OLF). It has since been continued on a yearly basis and expanded in the number of consultants, fields of expertise, and budget allocated in response to demand to support delivery of the Mayor's Regeneration Fund (MRF), High Street Fund (HSF) and the New Homes Bonus (NHB).

A key benefit of SAT is that it will extend the reach of the LEP programmes for relatively limited investment. The intention is to bring the SAT together as a 'team' to ensure learning and experiences are being shared and brought back into City Hall to help the Regeneration Team develop further thinking and programmes. An evaluation of the SAT conducted in 2013/14 showed a high level of satisfaction amongst partners with the support.

#### **Commissioning Fund**

The existing High Street Fund includes a 'Commissioning Fund' in 2015/16 to develop a pipeline of projects in areas of London where there is strong growth potential. This model puts the Regeneration Team in a strong position to identify strategic opportunities for investment in areas with less capacity to develop bids. The type of support that would be provided through the commissioning fund will vary depending on the degree to which development work has already been progressed, from town centre strategies to more focussed place specific development projects.

It is proposed that the Commissioning Fund is continued for 2016/17. This will ensure a strong pipeline of ready-to-deliver projects for future funding rounds, unlocking additional capacity for homes and jobs in areas with strong growth potential.

#### **Communications/engagement**

The LRF, and the Mayor's Funds before it, result in a rich body of local projects across London. These are high profile and well regarded in their localities but experience suggests that there is a role for the GLA to facilitate networks between delivery partners and to aggregate and share the outcomes and benefits from the investment.

## **Evaluation**

There have been a number of good examples of delivery of high street investment across earlier rounds of the Outer London Fund and the Mayor's Regeneration Fund programmes. Independent interim evaluations have indicated many positive signs regarding programme strengths. It has been widely found that there is strong support for high street investment and that it can lead to some significant results.

All the lessons learned via the programme and its evaluations have been incorporated into a publication 'Learning from London's High Streets' and widely disseminated via the GLA administered High Street Network. A second round of sharing of the findings from evaluation is currently being planned.

It is therefore proposed that the GLA continues to evaluation and share knowledge in this way. In particular, there is a need to ensure that the Project Managers and delivery partners have a strong understanding of the GLA's Economic Uplift Framework.

## **Research/evidence base – the case for high streets**

The focus on 'High Streets' has been an important part of the Mayor's jobs and growth agenda over the last few years. There has been significant investment through the Outer London Fund, Mayor's Regeneration Fund, the High Street Fund, and the LEP Growth Deal (New Homes Bonus top slice).

Much of this work can be traced back to the influential '*High Street London*' report commissioned by the LDA in 2010, and carried out by UCL's Centre for Advanced Spatial Analysis (CASA) and Gort Scott Architects. This included a new spatial definition of High Streets, and frequently quoted statistics about the number of High Streets in London, and the numbers of jobs taking place in High Streets.

To support the latest High Street Fund, the GLA Regeneration commissioned the '*Accommodating Growth in Town Centres*' research with Planning and EBPU on the potential for High Streets to diversify as well as accommodate housing intensification. This report identified the importance of 'Low Threshold' Enterprise Space in existing old building stock where many of London's SME's find reasonably priced space to continue to thrive. This work was summarised in the public facing, '*Mayors Action for High Streets*', which set the direction and ambition for investment in High Streets, with a particular focus on Places of Work.

The GLA *Town Centre Health Check*, provides a general comparative overview, but has a limited focus on employment and businesses. It also lacks detail on the changing types of non-residential uses in High Streets, and partly overlooks more peripheral and emerging uses.

The original analysis and economic estimates in '*High Street London*' were quite broad and have not been revisited since 2010. As the GLA embarks on a new tranche of investment in High Streets, and the LEP adopts this work, officers are keenly aware that case for intervention relies on dated analysis and that the landscape has significantly changed in that time. The hypothesis to be tested is that the case for investment is stronger than ever, not just to support economies rooted in town centres, but also to enable London's liveability and therefore support growth.

This project would close a gap in knowledge and allow the new programme of investment to be benchmarked against a common set of evidence, which looks through the same lens.

The outcomes of the study include:

- Providing a baseline to benchmark change in town centres over a number of years
- Providing summary data that expresses the importance of town centres to London both spatially and in economic terms.
- Identifying structural trends and patterns in town centres, spatially as well as economically.

## **BIDs support programme**

The Mayor has a target to support the creation of 50 BIDs across London during the current mayoral term. There are currently 42 Business Improvement Districts (BIDs) funded from the LEP SME budget of

£440,000. In addition the allocation has also funded small projects that support the development of existing BIDs.

Since the BID programme was launched: fourteen have been funded of which five have successful gone to ballot, and the remaining nine will go through ballot in the next eight to ten months. Local Authorities and businesses, have monitored the success BIDs can achieve in their areas generating interest to set-up BIDs on their High Streets, Town Centres, and/or Industrial Estates.