GREATER**LONDON**AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD1214

Title: **Smart London Innovation Network**

Executive Summary:

The Mayor published his Smart London Plan in December 2013 setting out a targeted programme of activity. Building upon their previous work connecting innovators with market demand, the Institute for Sustainability would like to develop a *'Smart London Innovation Network'* programme to help meet the aspirations set out in the Mayor's Plan. The *'Smart London Innovation Network'* will bring innovators and technologists together with those with the budgets to deliver (smart) infrastructure, in opportunity areas with future growth potential (such as the Olympic Park). This project will **pilot 2 smart city innovations** within the first year, reaching out to at least **100 London based SMEs/entrepreneurs by Q1 2015**, supporting business start-up and growth, and will act as a **demonstrator** for new smart technologies that can be showcased to global markets. Supporting this programme through grant funding will ensure the Mayor is able to deliver on the **commitment** made in the Smart London Plan to "**Establish a Smart London Innovation Network by 2014".**

Decision:

The director approves expenditure of £80k (via the award of grant funding) as a contribution to the Institute for Sustainability's cost of developing a Smart London Innovation Network programme. The £80k will be drawn from the £105k of approved Smart London Central Programme Budget funding.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities. It has my approval.

Name: Fiona Fletcher-Smith   **Position:** Executive Director of Development, Enterprise and Environment

Signature: **Date: 15 May 2014**

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

1.1 London presents a highly sophisticated innovation ecosystem, partly due to its scale, the number and types of organisations involved. The Mayor has a critical leadership role to play – both globally, and in harnessing London's vast amount of existing activity. A more transformative impact can be brought about for London from realising these opportunities at scale through more strategic collaboration.

1.2 In the Smart London Plan, the Mayor committed to establishing a Smart London Innovation Network, to identify and bring together the huge amount of existing and emerging smart city activity across the capital. The Network will support SMEs and London's innovation community to seize market opportunities and scale them up.

1.3 The **Institute for Sustainability** is an independent charity established in 2009 to support cross sector collaboration and innovation. Their mission is to significantly accelerate the delivery of economically, environmentally and socially sustainable cities and communities. They do this by driving innovative demonstration projects and developing programmes to actively capture and share learning and best practice.

1.4 Building on discussions with the GLA through the Smart London Board, and in support of the objectives set out in the emerging Smart London Delivery Plan, the Institute for Sustainability has developed a grant funding proposal concerning the development of a Smart London Districts Network and a Smart Infrastructure Network programme. The Smart London Innovation Network will be the demonstration and implementation vehicle for the Smart London Board. It will establish a broad network of organisations and individuals involved in delivering smart city projects, both those supported by the Smart London Board and instigated by others.

1.5 The Network will bring together entrepreneurs, infrastructure providers, IT/software providers, property developers, corporates, London boroughs, universities, investors, and experts to examine Smart London challenges and articulate market opportunities. The Network will support SMEs and the wider ecosystem to seize these market opportunities and importantly to scale them up. The first Network programme will be the Districts Network Programme. This will create a platform for the organisations delivering London's smart district exemplars enabling collaboration, sharing of best practice and bringing new innovation to market. It will provide practical support to the districts, showcase many of London's world leading initiatives happening across all of London's boroughs, and help improve the understanding of how to deliver smart cities.

1.6 The Network will support entrepreneurship and innovation, helping to solve city future challenges while generating jobs and growth. It will:
- Help clarify and shape the market opportunities arising from London's emergence as a smart and sustainable city
- Support SMEs and the wider innovation community to seize these market opportunities
- Shorten the time to market for new innovative products and services
- Provide a pipeline of targeted solutions to partners investing in London's smart infrastructure and services
- Measure impact, capture learning and support active dissemination
- Help position London globally as a world leading smart and sustainable city

1.7 Institute for Sustainability are currently seeking to match and exceed GLA funding with match funding to be obtained from Climate-KIC and ICT-Labs/Imperial. The IfS have stated that there is a 90% chance that this funding will be matched by either one or both of the KICs – based on numerous discussions that have taken and continue to take place. Climate-KIC is Europe's largest public-private innovation partnership focused on mitigating and adapting to climate change. EIT ICT Labs is one of the first three Knowledge and Innovation Communities selected by the European Institute of Innovation & Technology (EIT) to help spark greater innovation in Europe. Seven EIT ICT Lab nodes have been created, including in London, which launched on 18th March 2014.

1.8 Specific activities, and associated costs, are as follows: -

Activity by key component	Cost breakdown
Overarching management of the Districts and Infrastructure Networks • Interface with Smart London Board • Manage external organisation requests for participation • Map and maintain relevant existing and planned activities across London • Determine project funding sources for collaborative bidding	£10k
Set up and 12 mth management of Delivery Groups • Agree terms of reference; confirm SLB member as chair; align to initial SLB thought pieces • Recruit Delivery Group members for Districts and Infrastructure networks • Provide secretariat support for inception meetings and follow on workshops • Agree forward programme of work including sharing learning, joint project bids and challenge led competitions	Establish two networks at £10k each: 1. Smart districts 2. Smart Infrastructure
Delivery 2 challenge led competitions • Define competition based on delivery group 'needs' • Outline offer and ask for close to market /market ready solution providers • Enhance generic competition response platform • Publicise completion through agreed 'routes to market' (e.g. SME networks, innovation fora) • Detailed technical and market assessment of responses to competition call • Arrange pitch sessions/event of short-listed solutions to Delivery Group	Two competitions proposed run at 10k each: 1. Smart districts (first one launched on the Olympic Park) 2. Smart Infrastructure
Digital platform Source and establish presence on interactive digital brokerage platform for engagement and dissemination of best practice	£30k (The establishment of the platform reduces the cost of challenges both this year and any future years)

Breakdown of Costs		Management	10k
		Delivery	20k
		Competitions	20k
		Digital Platform	30k
		Total:	**£80k**

1.9 It is acknowledged that Isabel Dedring, the Deputy Mayor of Transport, is a board member of the Institute for Sustainability. Accordingly she will absent herself from decision making where this involves the Smart London Innovation Network to ensure conflicts of interest do not arise.

2   Objectives and expected outcomes

2.1 The **Smart London Districts Network** will create a platform for public and private development organisations delivering London's smart district exemplars - enabling collaboration, sharing of best practice and bringing new innovation to market. It will provide practical support to the districts, showcase many of London's world leading initiatives and help improve the understanding of how to deliver smart cities.

2.2 The **Smart Infrastructure Network** will create a platform for organisations delivering London's infrastructure services, primarily utilities responsible for water, energy, telecommunications and waste management. This Network will promote collaboration, new ideas, sharing of best practice and bringing new innovation to market.

2.3 By stimulating SME innovation and competitiveness through activity and competitions, the Networks will likely be contributing to stimulating further growth and jobs amongst London's SMEs.

2.4 The Networks will: -

- Help identify the current and potential needs, initiatives and investments around specific aspects of smart city delivery
- Help clarify and shape market opportunities arising from London's emergence as a smart and sustainable city
- Support SMEs and the wider innovation community to seize these market opportunities
- Provide a pipeline of targeted solutions to partners investing in London's smart infrastructure and services
- Shape and pursue wider research and demonstration opportunities
- Measure impact, capture learning and support active dissemination

2.5 Through the Districts and Infrastructure Networks, by 2015 the Institute for Sustainability will engage with approximately **100** innovative London based SMEs through a variety of media, including the website. Of these, it is expected that up to **30%** will go on to be supported through workshops and the challenge-led competitions to seize market opportunities presented by the needs and opportunities articulated by the Networks.

2.6 An initial **2** successful pilot activities are anticipated (one per competition) in the first instance. Beyond the lifetime of this first phase project, it is estimated that a minimum of 5 pilot activities will be taken forward by Q2 2016 as the Networks and their activities grow, and are complemented by additional networks such as the MedTech network currently being scoped out.

Outputs from 2014 investment	Q1 2015
Number of SMEs engaged in network activity	100
Number of SMEs supported by networks	33
Number of pilot activities taken forward	2
New funding secured for innovation activity	Post Q1 2015
Match funding generated	£100k

2.7 Significant outputs in terms of funding are expected to be generated by Quarter 1 2015, in two parts. Firstly, close collaboration with the ICT Labs KIC is expected to **lever in the region of €100,000 of match funding**, to define and deliver challenge-led competitions through the Infrastructure Network. They anticipate that additional match funding may become available through other channels, e.g. Climate-KIC, Catapults and from business. The IfS have stated that there is a 90% chance that this funding will be matched by either one or both of the KICs – based on numerous discussions that have taken and continue to take place

2.8 Secondly and more long-term, the Institute for Sustainability expect new funding for further innovation activity. This will partly be in the form of investment by business in successful innovation pilots. Also, the identification and shaping of wider research and innovation opportunities is expected to be taken forward through collaborative research funding programmes such as Horizon 2020, the EU's framework programme for research innovation. Similarly, through pursuing collaboration opportunities with both EIT Knowledge and Innovation Communities in London – Climate-KIC and ICT Labs – further opportunities for pursuing project concepts is expected. Additionally, there may be opportunity for project funding through the new Structural and Investment Funds (ERDF / ESF) in the recently-published London LEP ESIF Strategy[1]. We have begun discussions with the ERDF team regarding this.

2.9 Key performance indicators (KPIs)
- A map of existing and planned smart city activity across London of publishable quality (Q2 2014)
- 2x high-impact, high-profile networks for Districts and Infrastructure operational (Q3 2014)
- Establish a third network in MedTech - subject to further scoping work and securing necessary third-party support (Q4 2014)
- Minimum of 3 meetings of each network across the 12 –month period
- 2 challenge-led competitions for Districts and Infrastructure networks (Q1 2015)
- Website development and launch (Q3 2014)
- 100 SMEs engaged and supported to access market opportunity
- Support at least 2 pilot activities to be taken forward (Q1 2015)

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[1] http://www.london.gov.uk/sites/default/files/London%20LEP%20ESIF%20Strategy%202014-20%20%281%29.pdf

3. Other considerations

a) Key Risks and Issues

3.1

	Risk description	Mitigation / Risk response	Current probability (1-4)	Current impact (1-4)	RAG rating	GLA risk owner
1	Institute for Sustainability fail to meet key deliverable targets and timelines	**The Institute for Sustainability have run a number of similar Innovation Network programmes which have led to deliveries of new innovations being adopted.** The GLA's Economic and Business Policy Unit will monitor the delivery partner closely and require them to work within its project management methodology for each stage of the work to limit the risk of project failure. Key deliverables will need to be achieved by their deadlines and these will be worked into the Grant Funding Agreement. If the Smart London Innovation Network does not meet these deliverables, some or all of the Smart London Innovation Network funding could be revoked as its timely publication is a key part of the funding agreement.	3	1	A	Economic and Business Policy Unit

2	An alternative delivery partners would develop a higher quality Grant Funding proposal	Having been a core member of the Smart London Board, appointed by the Mayor, the Institute for Sustainability have developed this Smart London Innovation Network programme having identified a key opportunity to achieve the aims of the Smart London plan. Their experience in developing targeted networks and delivering innovation solutions which have subsequently been adopted means there is a high probability that seeking alternative proposals would not lead to the GLA appointing a provider with the networks to engage this audience in its project.	4	4	G	Economic and Business Policy Unit
3	GLA fail to secure funding for 2015-2016	We have secured funding for 2015-16 in principal only through the new Homes Bonus. Should this funding not materialise we are confident that the GLA can secure funding through other means - from the central programme budget to LEP strategic funding to ERDF. The IfS are looking to continue this project post 2016 and will seek a range of sources regardless of GLA contribution during the next Mayoral term.	4	4	G	Economic and Business Policy Unit

b) Links to Mayoral strategies and priorities

3.2 The award of grant funding to the Institute for Sustainability in respect of its proposal facilitate many of the commitments included in **the Mayor's Smart London plan** (published December 2013), primarily the commitment to **set up a Smart London Innovation Network by 2014**. Through engaging and supporting SMEs the SLIN will also identify prime businesses that could be supported as part of the 100 SMEs that will be taken through a **Smart London Export Programme**. The SLIN will also achieve the commitment to **position the Queen Elizabeth Olympic Park as a test bed and demonstrator** through the District Network. This is in addition to others, including supporting an increase in the number of firms who are innovation active, and increasing the number of SMEs winning public sector contracts or supply chain opportunities.

3.3 The Network will also help facilitate many of the aims within the **LEP's Jobs and Growth Plan**. By providing high growth SMEs with a route to market for new innovations this project will be **increasing the number of SMEs that access new markets**.

3.4 Through helping to address priority 3 of the Jobs and Growth Plan, the Innovation Network **will incentivise and promote collaborative behaviour** through competitions to solve London future challenges. We will work with the Future Cities Catapult and the Connected Digital Economy Catapult to

ensure we **lever best practice, and private, European and TSB funding to support the Mayor's Smart London ambitions**. The network will include a number of calls for innovative products and services, which will help to pilot 5 innovations to solve London's future challenges by 2016, and we have incorporated funding in order to be able to pilot the innovations across London. This will help to **put London on the global investment map as a science and technology hub**.

3.5 This project also meets the priority of the **Mayor's Economic Development Strategy**, to ensure a successful legacy for east London from 2012 Games - as one of the District Network's projects will initially be on transforming the Olympic Park into a 'smart London' experience - attracting private sector investment and creating jobs.

3.6 EBPU programmes and projects (with the exception of the Apprenticeships Campaign) have not been allocated core GLA funding on the basis that most of these programmes and projects would be suitable for LEP and/or European funding. However, for 2014/15 no LEP funding is available, and while we are in discussion with Government re new funding via the LEP in 2015/16 and beyond, this is not yet agreed. The new European Structural and Investment Funds are expected to begin during fiscal year 2015/16 but this is subject to agreement being reached between UK Government and the European Commission on the relevant timescale.

3.7 The proposal here would therefore **provide the minimum programme necessary to maintain momentum on Smart London**, and begin to deliver the publicly stated ambitions of the Mayor and Deputy Mayor. Failure to invest therefore represents a reputational risk and could undermine our status with London and national stakeholders. With Smart London we have an opportunity now to demonstrate London's leading role not only in technology innovation, but in commercialisation and exporting new technologies across the world. Other global cities are vying for position both within the EU (Barcelona; Amsterdam; Vienna) and outside (New York; Singapore; Hong Kong). If London does not demonstrate its leadership now, London will visibly fall behind.

c) Impact Assessments and consultations

3.8 No impact assessment or consultation is required for the project.

4 Financial comments

4.1 Approval is being sought for expenditure of up to £80,000 (via the award of grant funding) as a contribution to the Institute for Sustainability's cost of developing a Smart London Innovation Network programme during the 2014-15 financial-year.

4.2 The grant award of up to £80,000 for this project will be funded via a virement from the Central Programme budget to the Economic Business Policy Unit in 2014-15. Any changes to this proposal, including budgetary implications will be subject to further approval via the Authority's decision-making process. All appropriate budget adjustments will be made.

4.3 The Economic Business Policy Unit within the Development, Environment & Enterprise Directorate will be responsible for managing this project and ensuring that all activities and expenditure complies with the Authority's Financial Regulations, Contracts & Funding Code and Funding Agreement Toolkit.

5 Legal comments

5.1 The foregoing sections of this report indicate that:

5.1.1   the decisions requested of the Director fall within the statutory powers of the Authority to do such things as may be considered facilitative of or conducive or incidental to the promotion of economic development and wealth creation in Greater London; and

5.1.2   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 betweens persons and to contribute towards the achievement of sustainable development in the United Kingdom; and

(c)   consult with appropriate bodies.

5.2   Officers have indicated that the contribution of funding to the proposed recipient and project will amount to the provision of funding and not a payment for services rendered and must ensure that:

5.2.1   the funding is disbursed in manner which is fair, transparent and which is considered to afford value for money; and

5.2.2   appropriate grant funding documentation is put in place between and executed by the Authority and the proposed recipient before any commitment to provide grant funding is made.

6.   Planned delivery approach and next steps

Activity	Timeline
Allocation of Funding to Institute for Sustainability	May 2014
Network formation	May 2014
Map of existing and planned smart city activity across London	June 2014
Network Meetings	June 2014
Definition of priorities/challenges	June 2014
Identification of innovation needs	June 2014
Website Launch	July 2014
Call development/implementation (100 London SMEs engaged)	July 2014
Wider project/funding proposal opportunity identification	September 2014
Develop proposals for 2015 EU funding opportunities	October 2014
Take forward pilot activities	January 2015
33 London SMEs supported by networks	March 2015
2 Pilot activities taken forward	March 2015
Match funding generated	March 2015
GLA funding for 2014/2015 project ends	March 2015

Appendices and supporting papers:

APPENDIX 1: Grant Funding Proposal by the Institute for Sustainability.

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 <u>or</u> 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: (a date is required if deferring)

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 –NO

ORIGINATING OFFICER DECLARATION:	Drafting officer to confirm the following (✓)
Drafting officer: <u>Sara Kelly</u> has drafted this report in accordance with GLA procedures and confirms that:	✓
Assistant Director/Head of Service: <u>Mark Kleinman</u> has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.	✓
Financial and Legal advice: The <u>Finance and Legal teams (Abdel Reza Nauyeck and Stephen FernandesOwen)</u> teams have commented on this proposal, and this decision reflects their comments.	✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature   **Date**