

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2602

Title: Royal Docks Good Growth Fund - UEL Royal Docks Centre for Sustainability

Executive summary:

In August 2018, Mayoral Decision (MD) 2338 approved expenditure of up to £212.5m for the Royal Docks Enterprise Zone (EZ) Delivery Plan to deliver an integrated and catalytic package of projects under the five strategic objectives of Place, Connectivity, Economy, Activation and Promotion. MD2338 delegated authority to the Executive Director of Housing and Land to approve through Director's Decisions, the income and detailed spending proposals for each project that is to be funded within this initial £212.5m expenditure budget envelope.

The Director's Decision seeks approval to allocate grant funding of up to £1.6m from the Royal Docks Good Growth Fund to the University of East London (UEL) to transform its current Knowledge Dock Business and Innovation Centre building, on the Docklands campus, into the Royal Docks Centre for Sustainability (RDCS), framed as a hatchery for urban tech businesses in East London.

The RDCS has the potential, over five years, to support 410 new jobs, 400 businesses, and 100 global business users; and to benefit the entire UEL student population, many of whom are East London residents.

In accordance with the London Economic Action Partnership (LEAP) governance and funding responsibilities for all Royal Docks EZ projects, the investment set out in this Decision request was considered and endorsed by the Royal Docks EZ Programme Board on 20 July 2022.

Decision:

That the Executive Director of Housing and Land approves up to £1.6m to be awarded to the University of East London for the development of the Royal Docks Centre for Sustainability.

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: Tim Steer

Position: Executive Director, Housing and Land

Signature:



Date:

18/10/22

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. The Royal Docks is one of London's most distinctive economic locations and one of its largest regeneration projects, with the potential to generate 35,000 additional jobs and 4,000 new homes within the Enterprise Zone (EZ). The Mayor of London and the Mayor of Newham are jointly leading the regeneration of the area through its EZ status, which is funded through the ringfencing of business rate income collected within the Zone. The EZ is projected to deliver over 7m square feet of commercial space, primarily at three key development sites: Royal Albert Dock, Silvertown Quays and Albert Island.
- 1.2. The London Economic Action Partnership (LEAP) Board endorsed the Royal Docks EZ Delivery Plan in June 2018. MD2338 approved expenditure of up to £212.5m for the Royal Docks EZ Delivery Plan to deliver an integrated and catalytic package of transport infrastructure, connectivity, economic development, placemaking, estate management and creative programming projects that will deliver the cohesive transformation of the Royal Docks and accelerate the delivery of EZ commercial space.
- 1.3. The economic purpose of the area is outlined in the Royal Docks Economic Purpose Report, jointly commissioned by LB Newham and the Royal Docks Team (RDT) in 2019. The report stated:

“Over the next two decades, the Royal Docks will become established as a nationally significant hub of enterprise, employment and culture. It will be recognised as a testbed for environmental, social, and technological innovation. It will be globally fluent and internationally focussed, harnessing the benefits of Newham's diverse community.”

This assessment takes into account the need for the Royal Docks to create jobs in a distinctive way; recognises the wider need to include environmental and social issues in the making of economic decisions; and captures the potential for the Docks to be a home for international business and culture.

- 1.4. MD2338 approved a budget envelope of £56.2m under the Economy strategic objective, to invest in and deliver projects across four overarching programmes of Good Growth, Employment and Skills, Business Support and Workspace. The request for expenditure of £1.6m capital, the subject of this decision, will come out of the Economy budget set in MD2338. The expenditure would pay for capital costs associated with the delivery of relevant elements of the Royal Docks Centre for Sustainability (RDCS), an application that was approved under the Royal Docks Good Growth Fund (GGF) programme by the Royal Docks EZ Programme Board.

Royal Docks Good Growth Fund

- 1.5. Within the endorsed Royal Dock EZ Delivery Plan, the Royal Docks GGF was allocated £13m capital funding. The GGF is one of the key platforms through which the EZ can be transformational for Newham and for London as a whole, helping to secure the economic critical mass that is key to establishing an enhanced economic identity and function of the area. The fund emphasises the importance of social, urban and environmental innovation; and supports local economic development priorities, alongside continuing to promote good growth.

- 1.6. The GGF provides a platform for EZ public investment to be agile and targeted, allowing the EZ to be more responsive to current challenges highlighted in the adopted Economic Purpose Report, as well as to prevailing and emergency priorities. It will also help to build capacity, within the local community, to play a more active and participatory role in the evolution of the area, as well as being explicit about the need for all projects to deliver on Newham's priority of Community Wealth Building (CWB).
- 1.7. To date a single GGF project has received funding – The Factory Project – to a value of £2.85m (grant and repayable grant) in late 2020. The Factory Project is due to be completed in autumn 2022 and has already shown itself to be an extremely important part of the growing economic landscape of the Royal Docks.

The Project

- 1.8. A GGF full application was received from the University of East London (UEL) for a proposed RDCS. It was assessed in line with established GGF processes and was presented to the Royal Docks EZ Programme Board on 20 July 2022. The application was considered and approved for funding.
- 1.9. The RDCS seeks to become an inclusive hatchery for the EZ that will resource and connect the regional innovation ecosystem of the Royal Docks. It will do so through its physical space, and through the range of business support, skills development and CWB programmes.
- 1.10. The RDCS comprises nine distinct elements. UEL is seeking funding from the GGF to primarily develop the following elements, for two reasons: they currently do not exist, and they have the potential to make the greatest direct impact on EZ priorities.
 - Sustainable Enterprise Centre (SEC) – size: 776m². The existing business centre – characterised by outdated offices spaces – will be transformed into modern, inclusive and flexible workspace. This will enable the launch, development and growth of sustainable businesses that create jobs for residents. Businesses will have access to the specialist facilities of the new Centre; university academic and research expertise; and student talent. This access will include a network of experts and investors. The SEC will also support the CWB ethos of the RDCS by creating a mutually supportive ecosystem where entrepreneurs can access specialist academic expertise that supports the core activity of their business; and, in turn, provide relevant, work-based learning opportunities for students and local people.
 - Institute for Data Centres and Digital Innovation (ICDCI) – size: 78m². The ICDCI will be a training centre targeting the skills gap in data centres and cloud-based solutions; and a testbed that can help evaluate cutting-edge energy-efficiency technologies. This element would become a significant part of the Royal Docks' response to the challenge set by Newham Sparks, helping to position the area and the borough as the home for London's data economy.
 - Makers' space – size: 483m². Open to businesses, alumni, students and local residents, this "hackspace" is where early-stage professionals can come to share equipment, materials and knowledge in both the physical and virtual worlds.
 - Workshop – size: 483m². This workshop space will provide another facility to support green and urban tech businesses requiring space for electronic/mechanical component assembly and material analysis.

1.11. The following headline outputs have been put forward by UEL for this project, for the first five years:

- 410 jobs created
- 400 sustainable businesses created and/or supported
- 100 global business users (as part of soft-landing via international partnerships)
- more than 8,000 students accessing the RDCS per annum
- 875 work-based learning opportunities for UEL students
- 170 industry focussed career events.

1.12. The RDCS will enable the upskilling of local communities and students; create sustainable businesses; and expand the job base within the region. UEL is in a unique position to play a leading role in catalysing and growing the regional inclusive innovation ecosystem of the Royal Docks given its location, heritage, student base and emerging thematic focus areas.

1.13. The primary focus of the Centre's activity will be stimulating innovation, enterprise, and business support with green sustainable growth. The Centre will offer a range of support and activities focused on four themes:

- convene and connect: providing the space and events programming to better connect UEL research and consultancy with UEL students and alumni, businesses, and local residents
- skills development: resourcing the region's existing and new businesses with a skilled workforce, particularly in the green economy
- enterprise incubation, innovation and business support: incubate good-growth business that will pioneer the new economy, including a range of business-support services
- community wealth building: a valued resource for Newham residents, allowing them to more easily engage with, and directly benefit from, the University's expertise, facilities and talent.

1.14. The total cost of the project is expected to be £6m, of which the applicant has requested £1.6m of GGF. The remainder match-funding has been secured by UEL and confirmed via UEL internal board minutes. There are ongoing discussions and negotiations related to recovering parts of the grant fund over a period based on the RDCS's projected success and outcomes.

1.15. The application has been assessed by three independent assessors from the RDT. Applications were assessed against the three core criteria of project description; deliverability; and value for money. In addition, the cross-cutting themes of CWB transformation/innovation and good growth are of material relevance. A summary of the moderated assessment is summarised below:

- Project description: score four (good) out of five. The application meets the objectives, outputs and outcomes of the RD GGF by generating growth, attracting new businesses into the area and building a sustainable workforce. However, further development of the existing CWB plan will be needed to ensure local benefits are maximised. Further clarification/commitment on the full range of outputs/outcomes will help define the project.

- Deliverability: score four (good) out of five. The applicant is an existing UEL institution in the area, with an established estate management function and team considered to be capable of delivering on the project's ambitions. There was considered to be an acceptable degree of delivery risk associated with the design and construction process to warrant the good score given.
- Value for Money: score four (good) out of five. The RDCS is part of a wider 2028 masterplan vision for UEL; this will help ensure the long-term success of the project. It will also help the RDCS to achieve its ambitions: 410 jobs created; 400 sustainable businesses created and/or supported; 100 global business users (as part of soft-landing via international partnerships); more than 8,000 students accessing the RDCS per annum; 875 work-based learning opportunities for UEL students; and 170 industry-focused career events. This represents really good value, if these ambitions are achieved.

1.16. The recommendation for funding was accompanied with a series of points for clarification, the response of which is covered below:

The EZ funding contribution is the funding of last resort for the identified elements of the RDCS it is supporting.	This has been agreed by UEL. The GGF contribution will be spent last. On current profile, it is expected that this will occur in 2023/24.
The EZ funding covers all of the contingency value for the elements of the RDCS it is supporting.	This has been agreed by UEL. In effect this means that if contingency funding is not required for any element of the project then it will be the GGF contribution that will not be needed.
In addition to ongoing grant management, the EZ has a formal presence at the RDCS Steering Group, or equivalent body, so that it can help shape the evolution of the project and operation.	The RDT now sits on the project Steering Group.
There should be no expectation of additional financial contributions beyond the £1.6m identified – either capital through GGF or other.	This has been communicated to, and accepted by, UEL.
Further ongoing scrutiny of the provided business plan to maximise the opportunities from the operation.	Further scrutiny has taken place and the RDDT is satisfied that the UEL delivery team are taking the necessary steps to maximise opportunities from the operation.
Additional scrutiny of capital build costs as proposed.	Further scrutiny of the capital programme and costs has taken place and the RDT is satisfied with the budgets proposed as being accurate (for the current stage of the programme). The RDT now sit on the project Steering Group where there is ongoing scrutiny.
Further negotiations and discussions to explore means of the GGF recouping part of the grant funding allocation, over time, in the event of the business plan delivering on its commercial projections, with indicative	This has been communicated to, and accepted, by UEL. Discussions are ongoing between UEL and the RDT on the exact form of this and will form part of the grant agreement between the two parties.

options being a part-repayable grant or a community-benefit fund.	
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- 1.17. Overall, the assessment is positive about the application. It is felt the project has the potential to transform the area. The level of detail provided gave the assessment team confidence about the applicant's credentials.

2. Objectives and expected outcomes

- 2.1. The fund will be used to support projects that are inclusive and innovative, and that tackle some of the challenges facing the Royal Docks. It will also seek to support local economic activity, create new jobs and workspaces, and ensure these opportunities are accessible to the whole community.
- 2.2. See paragraphs 1.8 to 1.15 regarding objectives and expected outcomes

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010, as a public authority, the GLA must have due regard of the need to:
- eliminate unlawful discrimination, harassment and victimisation
 - advance equality of opportunity
 - foster good relations between people who share a relevant protected characteristics and those who do not.

Protected characteristics under section 149 of Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status.

- 3.2. The implications of this proposal have been assessed against the Equality Duty, and it is considered that it will have a positive impact. Whilst progress has been made over the last decade in linking residents to emerging employment opportunities in Newham, significant inequality persists locally. The EZ aims to create 25,000 new homes and 60,000 new jobs within the next 20 years; and the GGF's aim is to contribute towards that. No adverse implications for any group sharing a protected characteristic have been identified during this process.
- 3.3. The Royal Docks EZ Delivery Plan projects are aimed at implementing a number of the Mayor's policies (such as the London Plan, A City for All Londoners, the Healthy Streets Approach, the Culture Strategy, the London Housing Strategy and the Transport Strategy) and is aligned with the Mayor's Equalities Framework to consider the requirements of relevant equalities groups. Impact assessments will determine whether any persons with those characteristics, as a result of the Royal Docks GGF grant of £1.6m (with the potential of a portion of this to be repayable grant), will be unduly impacted by the activities described in this Director's Decision. These assessments will also determine the course of action required to mitigate any impacts.
- 3.4. The London Borough of Newham's CWB strategy ensures that growth in the borough:
- is shared locally and held democratically

- builds on internal strengths and opportunities
- realises the potential of Newham’s community, residents, businesses and voluntary sector.

- 3.5. The applicant and the RDT are jointly committed to ensuring equality of access to opportunities (i.e. workspace) through this project. This is in line with the ethos of CWB, which is an explicit core theme of the GGF and more broadly the EZ programme.
- 3.6. The RDT developed a CWB Pledge – a voluntary commitment aimed at organisations to help them embrace the principles of CWB. This Pledge has subsequently been taken on by Newham Council and now managed by them. All GGF recipients are required to be accredited CWB ‘Partners’. UEL are accredited. Further, UEL will be required to re-submit their CWB ambitions and plans as part of getting into contract with the RDT for this grant investment.

4. Other considerations

- 4.1. There are no conflicts of interest to declare from any of the officers involved in the drafting or clearance of the Director’s Decision.

Key risks

- 4.2. The key project risks and mitigation measures are set out in the table below.

Risk	Risk likelihood	Impact	Mitigation
Budget overruns	Likely	Medium	<ul style="list-style-type: none"> • Agreement is in place to ensure any cost above the planned budget (including contingency) is covered for by UEL, and no further EZ monies will be accessible. • Close working with applicant as part of steering group. • Flexible build process and project.
Costs poorly planned	Likely	Medium	<ul style="list-style-type: none"> • Costs have already been benchmarked; but ongoing scrutiny, as later RIBA-stage costs emerge, will help cost plans remain realistic and within budget.
No business take-up	Likely	Medium	<ul style="list-style-type: none"> • Increasing alignment with EZ offers scope to help UEL reach a wider audience. • Scale and nature of wider partners expected to broaden UEL’s reach to new partners.
Limited active engagement and buy-in from local community groups, residents and businesses	Likely	Medium	<ul style="list-style-type: none"> • RDT Communities team will work with UEL to ensure their stakeholder engagement plans are robust and are supported using Royal Docks connections and networks.

UEL not meeting its CWB and equalities obligations	Likely	Medium	<ul style="list-style-type: none"> • Hold regular progresses meeting with RDT. • CWB partner status a minimum requirement for GGF funding.
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Mayor strategies and priorities

4.3. This programme will also help deliver the following Mayoral policies and strategies:

- the Mayor's Skills for Londoners Strategy
- the Mayor's Equality, Diversity and Inclusion Strategy, Inclusive London
- the Mayor's London Health Inequalities Strategy
- the Mayor's Economic Development Strategy for London.

5. Financial comments

- 5.1. The decision is seeking approval to allocate grant funding of up to £1.6m to the University of East London (UEL). The grant will be invested in capital expenditure to transform the Knowledge Dock Business and Innovation Centre building, into the Royal Docks Centre for Sustainability (RDCS), which will contribute to the economic development of the Enterprise Zone. The grant will be funded from the Economy budget, which was approved in MD2338 and subsequently updated as part of the approved 2022-23 budget. There is adequate headroom to absorb this expenditure. GLA is not expected to make further grant funding to this project.
- 5.2. The total cost of the project is expected to be £6.0m, of which GLA will contribute £1.6m and the remaining cost would be met by UEL. The grant will be paid on a phased basis on achievement of agreed milestones. The project is expected to commence Autumn 2022 and complete by Summer 2023. GLA's expenditure is expected to occur in 2023-24, and partial recovery of grant based on the success of the project are being negotiated.

6. Legal comments

- 6.1. The foregoing sections of this report indicate that the decisions requested of the Executive Director in accordance with their delegated authority granted under MD2338 concern the exercise of the GLA's general powers; falling within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, social development and the improvement of the environment in Greater London; and in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties to:
- pay due regard to the principle that there should be equality of opportunity for all people;
 - 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
 - consult with appropriate bodies.

- 6.2. In taking the decisions requested, the Executive Director must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Executive Director should have particular regard to section 3 (above) of this report.
- 6.3. Section 1 above indicates that the contribution of £1.6m to the University of East London amounts to the provision of grant funding and not payment for services. Officers must ensure that the funding be distributed fairly, transparently, in accordance with the GLA's equalities and with the requirements of section 12 of the Authority's Contracts and Funding Code.
- 6.4. Furthermore, officers must ensure that an appropriate funding agreement be put in place between and executed by the GLA and the recipient before any (a) commitment to fund is made; and (b) funding is paid to the recipient.

7. Planned delivery approach and next steps

- 7.1 The planned delivery approach and next steps for the project are outlined in the table below.

Activity	Timeline
DD approved	October 2022
Grant agreement signed	November 2022
Project start	Autumn 2022
GGF expenditure	From April 2023
Project end	Summer 2023

Appendices and supporting papers: None

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) 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 it has been approved or on the defer date.

Part 1 - Deferral

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

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the FoIA should be included 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:

Abdul Awwal has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

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

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

Corporate Investment Board

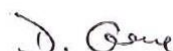
This decision was agreed by the Corporate Investment Board on 10 October 2022

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature



Date

21/10/22