

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3039

Title: Increase to the Creative Enterprise Zones Sustainability Capital Grant Fund

Executive summary:

This decision seeks approval to increase the funding available through the Creative Enterprise Zone Sustainability Capital Fund (Sustainability Capital Fund) by £400,000. This fund is accessible to accredited zones only, and can be used in order to improve the environmental sustainability and performance of creative workspaces and artists' studios.

The Mayor approved the creation of the wider Creative Enterprise Zone programme under cover of MD2196, as part of his commitment to maintaining London's position as a leading capital for the cultural and creative industries. The Creative Enterprise Zones work to ensure that artists and small creative businesses can thrive in London, supporting the long-term provision of affordable workspace, enabling vital business support, providing a pro-culture policy environment, and developing skills and enterprise to create routes to employment. The high inflationary pressures facing creative workers and businesses, including markedly higher energy bills, means that creative businesses and cultural organisations urgently need to adapt their premises and equipment to bring forward energy efficiencies that reduce costs.

The Sustainability Capital Fund enables local authorities with Creative Enterprise Zones to work in partnership with local creative businesses, workspaces and artist-studio providers, to identify and develop a programme of capital work that will improve the sustainability of existing or new buildings, as well as operational equipment, in their local zone.

Decision:

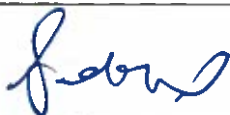
That the Mayor approves expenditure of £400,000 from the 2023-24 forecasted budget to increase the funding level of the Sustainability Capital Fund for the Creative Enterprise Zone programme to support creative businesses and cultural organisations to address markedly higher energy costs, taking the total level of funding available to boroughs with accredited zones to £1.215m.

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:

5/12/22

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

Decision required – supporting report

1. Introduction and background

- 1.1. London is in the grip of a cost-of-living crisis, with spiralling energy costs for both domestic and commercial users. The domestic price cap will rise by 80 per cent in October 2022; but this does not apply to commercial businesses or charities. The impact could cause irreparable damage to the culture sector. For example, the Music Venue Trust, which represents small grassroots music venues across the UK, reported in August 2022 that their sub-sector could face a hike of between 300 and 700 per cent in energy costs.¹ There is a risk that this will be unsustainable for many, and a high risk that businesses will close without further action.
- 1.2. In 2018-19, prior to the COVID-19 pandemic, the creative industries were the most rapidly growing part of the UK economy. The sector was worth £58bn a year in London, creating jobs three times faster than in the wider economy. But access to affordable workspace has been a challenge. Demand for studios is strong – 95 per cent of spaces are occupied, and there are nearly 14,000 artists and creatives on waiting lists with 27 site providers.² Diminishing availability continues to impact the creative sector's ability to set down roots. A major increase in utility and energy bills will only worsen an already-fragile situation for London's artists, creatives and studio operators.
- 1.3. Creative businesses and cultural organisations urgently need to adapt their premises and equipment to bring forward energy efficiencies that reduce costs. Equally, London's creative businesses, workspaces and artist-studio providers have a role to play in reducing their carbon footprint in order to meet the Mayor's aim for a net-zero-carbon city by 2030. As homes and workplaces account for 78 per cent of CO₂ emissions in London, and with 80 per cent of the existing building stock likely to still be in place in 2050, it is important to improve the energy performance of these buildings in order to cut costs and carbon.³
- 1.4. Creative Enterprise Zones are a Mayoral initiative launched in 2018 to nurture creative enterprise, and harness its social and economic value, to stimulate local economic growth and job creation (MD2196). Creative Enterprise Zones are placing cultural production at the heart of local regeneration strategies and providing affordable studios and workspace, and wider support, so that creative businesses and artists can put down roots. There are currently nine zones across the city led by local authorities in Croydon, Ealing (in partnership with the Old Oak Park Royal Development Corporation), Hammersmith and Fulham, Haringey, Hounslow, Lambeth, Lewisham, Waltham Forest, and Hackney and Tower Hamlets (this is a single zone across both authorities, in partnership with the London Legacy Development Corporation). Three further zones will be established in 2023 (as addressed in MD2807).
- 1.5. An £815,000 capital programme has been developed under cover of MD2196 and MD2807 to support creative businesses, workspaces and artist-studio providers to improve their sustainability in order to reduce costs and environmental impact. To ensure that the scale and impact of proposed projects are commensurate with the aims and objectives of the programme a single funding round will combine funds from 2020-21 and 2021-22 with the 2022-23 budget and future 2023-24 budget to create a £1.2m programme. This approach will deliver a single, higher impact round of funding as opposed to running multiple rounds with high resource requirements but low impact projects. The timing of this funding programme also ensures that all of the 12 zones to be accredited by 2023 can apply for funds.
- 1.6. As part of their special status as Mayoral Creative Enterprise Zones, only accredited zones are eligible for this funding. Local authority zone teams will lead proposals, and work with partners to identify

¹ [Music Venue Trust](#), accessed 24 August 2022

² GLA, [2018 Artists' Workspace Annual Date Note: Cultural Infrastructure Plan](#), August 2018; accessed 24 August 2022

³ GLA, [Energy in buildings](#), accessed 24 August 2022)

and develop a programme of capital works that will either improve the sustainability of existing or new buildings housing creative workspace, or secure more sustainable operational equipment in their local zone.

- 1.7. Given the number of zones, the impact of inflation and rising costs associated with retrofitting existing structures or purchasing new equipment, it is critical to ensure the funding available can support and deliver impact. This includes not only tangible outcomes and outputs, but also the opportunity to deliver exemplar projects that can act as a case study for other creative businesses, workspaces and artist-studio providers in their local area and across London. Findings and best practice will be shared through the Creative Enterprise Zone Knowledge Exchange Forum which brings together zone deliver teams from across the city, the Cultural Infrastructure Green Guide programme which sets out ways in which pan London cultural organisations and wider cultural infrastructure can best 'green' their premises, operations and activities as well as other GLA Environment and Regeneration programmes with a focus on sustainability.
- 1.8. The opportunity to increase the value of this funding programme by leveraging the £400,000 capital budget forecasted for 2023-24 will ensure sufficient resources to deliver focused environmental impact in local areas and help creative businesses and studio providers address rising energy costs.
- 1.9. The table below sets out confirmed and proposed budget on the programme. An updated expenditure profile will be developed when awarded projects are confirmed:

	2021-22	2022-23	2023-24	Total
Capital grant fund	£400,000	£400,000	£400,000	
Carry-forward from 2020-21	£15,000			
Total expenditure	£415,000	£400,000	£400,000	£1,215,000

2. Objectives and expected outcomes

- 2.1. The objectives of the Sustainability Capital Fund are to:
 - improve environmental performance of creative businesses, workspaces, artist studios and wider cultural infrastructure
 - increase the provision or suitability of long-term affordable creative workspace.
- 2.2. The funding programme will award grants of up to £200,000 each for a minimum of six capital projects across the Creative Enterprise Zones.
- 2.3. Successful applications must incorporate at least one sustainability output and outcome. These will receive specific assessment weighting. Outputs and outcomes should be proportionate to funding but tangible.
- 2.4. The GLA investment will deliver the following outputs:
 - a minimum of six projects supporting creative businesses, workspaces and artist-studio providers to increase the environmental performance of their buildings or operations
 - a number of small to medium-sized enterprises benefitting from low-carbon capital projects
 - a number of businesses engaged with on environmental issues
 - an improvement in green infrastructure and water/waste management
 - an amount of space with improved energy efficiency (m²)

- an amount of affordable⁴ creative workspace sites being created, improved or brought back into use.
- A minimum of six case studies demonstrating how the energy efficiency and sustainability of creative workspace, artist studios and wider cultural infrastructure can be best enhanced.

2.5. This will support the following outcomes:

- improved environmental performance of London's creative businesses, workspaces and artist studios
- reduction of running/energy costs for creative businesses and workspace providers
- contribution to achieving the Mayor's aim of being a net-zero-carbon city by 2030
- improving environmental impact on London's diverse communities.

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010, as a public authority, the Mayor of London must have 'due regard' of the need to eliminate unlawful discrimination, harassment and victimisation; and to advance equality of opportunity, and foster good relations, between people who have a protected characteristic and those who do not.
- 3.2. The Creative Enterprise Zone programme has local communities and London residents at its heart.
- 3.3. The proposed programme will support local authorities to aid fragile creative businesses, artists and studio providers to address escalating energy costs and make their premises more environmentally friendly. This will have a positive impact on the artists and creatives located in these buildings, but also deliver positive outcomes for the wider community.
- 3.4. Data shows that areas of London with Black, Asian and Minority Ethnic populations of more than 50 per cent are more likely to face the highest climate risk in London, including flooding, exposure to toxic air, heat risk and limited access to green space.⁵ The nine existing Creative Enterprise Zones all overlap with areas of London that are at the highest overall climate risk.⁶
- 3.5. The Sustainability Capital Fund application will include a section and set of questions on how the proposal embeds the principles of equality, diversity and inclusion within its delivery. This will be given specific assessment weighting.

4. Other considerations

Link to Mayoral strategies and priorities

- 4.1. The programmes and activities outlined in this decision play a role in supporting the Mayor's target for London to be net-zero carbon by 2030; London's Recovery Missions; and the GLA's Recovery Foundations, which were established in 2020 to help Londoners and businesses recover from the impact of COVID-19.

⁴ Per London Plan: affordable workspace is defined here as workspace that is provided at rents maintained below the market rate for that space for a specific social, cultural, or economic development purpose. It can be provided and/or managed directly by a dedicated workspace provider, a public, private, charitable or other supporting body; through grant and management arrangements (for example through land trusts); and/or secured in perpetuity or for a period of at least 15 years by planning or other agreements.

⁵ GLA, [Pathways to Net Zero Carbon by 2030](#), accessed 24 August 2022

⁶ GLA, [Climate Risk Metrics](#), accessed 24 August 2022

4.2. This programme particularly delivers on the following missions and foundations:

- A Green New Deal: by tackling the climate and ecological emergencies, and improving air quality, by doubling the size of London's green economy by 2030 to accelerate job creation for all.
- High Streets for All: by protecting existing community and cultural spaces.
- Helping Londoners into Good Work: by providing skills programmes, business support and pathways to employment through capital projects.

4.3. The wider Creative Enterprise Zone programme outlined in this decision also links to the following Mayoral strategies:

- The Mayor's 2021 manifesto outlines his intention to establish more Creative Enterprise Zones, highlighting prior investment in the programme to support job creation and creative industry growth.
- Culture for all Londoners, the Mayor's landmark strategy for culture, outlines an ambitious vision to ensure all Londoners can engage with and contribute to the capital's rich cultural offering on their doorsteps.
- The London Plan includes strategic policies for supporting London's culture and creative industries; affordable workspace; and supporting London's night-time economy.
- The Mayor's Social Integration Strategy aims to improve social integration in London. This means enabling people to have more opportunities to connect with each other positively and meaningfully; and supporting Londoners to play an active part in their communities and the decisions that affect them. It involves reducing barriers and inequalities, so that Londoners can relate to each other as equals.

Impact assessments and consultations

- 4.4. During 2018-19, the Mayor's Culture Strategy was subject to a 12-week consultation with stakeholders and the public. The Strategy was also developed by the GLA's Cultural Strategy Group for London (known as the Mayor's Cultural Leadership Board), a statutory group comprising senior leaders from across the creative and cultural industries and representing diverse voices across the industry.
- 4.5. In 2016-17, the Culture and Creative Industries Unit provided a grant to the London Borough of Haringey of £80,000 to undertake baseline research in Tottenham (MD2045). This research informed the vision and implementation of Creative Enterprise Zones established within London since 2017-18.
- 4.6. In 2019-20, the Creative Enterprise Zone team delivered a feasibility study and pilot project (MD2451) centred on establishing an accreditation model for zone status. This was delivered in partnership with London Borough of Waltham Forest and local stakeholders.

Risks

4.7. Risks and issues related to this decision are set out below:

Risk	Mitigations in place	RAG rating
Financial mismanagement by any organisation in receipt of GLA grant funding.	Responsible GLA officers overseeing grant-funded programmes will closely monitor delivery and meet regularly with delivery partners.	Green

	Robust funding agreements will be put in place; payments will be made against clearly defined milestones and, where appropriate, in arrears.	
The activities set out in this Mayoral Decision do not meet their specific aims and goals.	A consultant with specialist environmental expertise in the built environment will be procured utilising revenue funding from the core programme budget (MD2807) and the Culture Strategy budget (MD2936) to support the applying local authorities to develop applications and proposals that will truly meet the aims of the programme. This consultant will also advise the GLA on the ultimate viability of the proposals.	Amber
Rising costs of materials and labour for the delivery of capital projects	The impact of inflation and the cost of energy prices has been considered as part of the development of this programme of work. Assurance that a reasonable level of funding is available for proposals is being sought through this decision. The programme will be continually monitored and adjusted to respond to developing circumstances.	Amber
Meeting delivery timelines	Combining multiple years' budgets into a single fund will ensure projects that come forward deliver impact. Contracting for these projects will be committed by end of the 2022-23 financial year with a schedule of payments upon evidence of delivery. The consultancy will ensure that projects coming forward for grant funding are viable. A monitoring and review programme will be put in place with grant partners.	Amber

Conflicts of interest

- 4.8. There are no conflicts of interest to note for any of the officers involved in the drafting or clearance of this decision form.

5. Financial comments

- 5.1. Approval is sought for the expenditure of £400,000 to increase the funding available for the Sustainability Capital Fund within the Creative Enterprise Zone programme. This means the total budget will be circa £1.2m over the lifetime of the fund.
- 5.2. In relation to the £400,000 budget provision, this is containable within the indicative budget allocations set out in the capital spending plan for this programme in 2023-24. However, the 2023-24 budgets are not yet formally approved, and will be subject to funding still being available via the GLA's 2023-24 budget-setting process. To mitigate any risk of the programme not being sufficiently resourced, in future years, to cover costs following the budget-setting process, all contracts and grant agreements will include the usual break clauses that could potentially be exercised if required. All appropriate budget adjustments will be made.

6. Legal comments

- 6.1. The foregoing sections of this report indicate that the decisions requested of the Mayor concern the exercise of the GLA's general powers, falling within the GLA's statutory powers to do such things

considered to further or that are facilitative of, or conducive or incidental to, the promotion of economic development and wealth creation, social development or improvement of the environment, in Greater London.

- 6.2. In implementing the proposals in respect of which a decision is sought, officers should comply 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
 - consult with appropriate bodies.
- 6.3. In taking the decisions requested, as noted in section 3 above, the Mayor must have due regard to the Public Sector Equality Duty under section 149 of the Equality Act 2010, namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010; to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, age, sex, sexual orientation, religion or belief, pregnancy and maternity, marriage and civil partnership, and gender reassignment) and persons who do not share it; and to foster good relations between persons who share a relevant protected characteristic and persons who do not share it. To this end, the Mayor should have particular regard to section 3 (above) of this report.
- 6.4. Section 1 of this report indicates that part of the sought budget will amount to the provision of funding and not for the payment for services. Officers must ensure that the funding is distributed fairly; transparently; in accordance with the GLA's equality policy and subsidy control rules; and in a manner that affords value for money in accordance with the GLA Contracts and Funding Code. Officers must ensure that an appropriate funding agreement is put in place and executed by the GLA and the recipient before any commitment to funding is made.

7. Planned delivery approach and next steps

- 7.1. The funding programme will be managed and delivered by the Programme Manager, Creative Enterprise Zones and Senior Policy Officer, Creative Enterprise Zones, within the Culture and Creative Industries Unit with accountability to the Unit's Senior Management Team.
- 7.2. To support local zone teams in developing robust and viable proposals, a consultant will be procured within TfL procurement guidelines. This consultant will hold specialist knowledge and expertise about embedding sustainability within the built environment. They will deliver a workshop, site visits, and individual application review and feedback sessions with bidding zones. They will provide write-ups of these activities, and make recommendations for potential future rounds. The consultant will also provide the assessment panel with a final report setting out the viability of each of the applications.
- 7.3. An assessment panel of cross-GLA policy departments will review, score and ultimately award the winning applications. Grant contracts will be developed, with finance and TfL Legal utilising existing templates. Funding will be profiled on an 'in arrears' basis, ensuring activity is delivered before funding is drawn down.
- 7.4. Evaluation and monitoring will be built into the grant contracts to ensure the outputs and outcomes are achieved, and performance management clauses will be included in the contract. Semi-annual reviews will take place with the local delivery team and the GLA.

- 7.5. Best practice and case studies of projects to demonstrate how other creative businesses, studio provider or cultural organisations could make their premises, facilities and/or operating models more sustainable. Learnings will be shared through the Creative Enterprise Zone Knowledge Exchange Forum which brings together zone delivery teams and local stakeholders as well as through the dissemination and promotion of the Cultural Infrastructure Green Guide, which gives practical advice and guidance on how creative workspaces and cultural infrastructure can increase their energy efficiency and sustainability. Opportunities to further disseminate findings and best practice through GLA Environment and Regeneration programmes will be maximised.

Activity	Timeline
Announcement	Q2 2022-23
Delivery start date	Q3 2022-23
Final evaluation start	Q3 2024-25
Final evaluation finish	Q2 2025-26
Delivery end date	Q3 2024-25
Project closure	Q2 2025-26

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? YES**

If Yes, for what reason: To allow procurement of consultancy services to provide specialist advice.

Until when: 31 October 2022

Part 2 – Sensitive information

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

Amanda Decker has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Phil Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Justine Simons has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

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

D. Gane

16/11/22

CHIEF OF STAFF:

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

Signature

Date

D. Bellamy

23/11/22

