

<b>MAYOR AND CABINET</b>			
<b>Report Title</b>	Inward Investment Initiatives		
<b>Key Decision</b>	Yes	Item No.	
<b>Ward</b>	New Cross and Evelyn		
<b>Contributors</b>	Executive Director for Regeneration and Resources		
<b>Class</b>	Open	Date:	12 December 2018

## 1. Summary

1.1. The Council has been working on a number of inward investment initiatives that fit under the Economy & Partnership Team's remit to raise the profile of Lewisham borough in pan-London with the aim to share the Manifesto Priorities and take a proactive approach to promoting and contributing to the borough's inclusive growth aspirations. Thereby encouraging people and businesses to see Lewisham as a place to visit, live, learn, invest and do business.

1.2. The inward investment initiatives are aligned to the following priorities:

- Creating a thriving and inclusive local economy to provide high quality jobs and opportunities.
- Create more enterprise hubs and expand the Business Growth programme, giving Lewisham's start-up businesses the help they need to grow and become sustainable.
- Investing in bricks and mortar like homes, schools and community amenities.

1.3. The inward investment initiatives includes the following programme and interventions:

- Launched the £2m Dek Business Growth Programme, co-funded by the European Regional Development Fund, in November 2017 in partnership with Goldsmiths University of London, London Southbank University and Nwes. Delivering a range of free strategic, practical and innovative business support for businesses who want to achieve growth in terms of increased sales, staff and profitability; also focusses on how the local business community can share knowledge and collaborations to create the capacity and environment for growth.

- Commissioned a Local Economic Assessment for LB Lewisham, in conjunction with the Planning Policy team; to provide current baselines, information on the overall health of the economy, and an outlook for trends and sector growth of the local economy. This will create a shared evidence base to underpin strategy development and local planning.
- Successfully bid for £50k stage 1 Development Grant for the Creative Enterprise Zone (CEZ) and commissioned an enhanced Creative and Digital Industry (CDI) Study, CDI Strategy, CEZ Action Plan and Delivery Partnership, Branding Strategy and PR Campaign.
- The Council has acted as an enabler, leading and supporting the development of inward investment offers with industry and cross-borough Council partners; jointly bidding for a number of Mayor of London's funding calls to match fund the expansion of enterprise hub(s) and business growth support. As well as, specifically targeting funding to support Lewisham largest CDI clusters in New Cross and Deptford; to help the CDI businesses to put down stronger roots in the borough through access to affordable and appropriate workspaces; raising their visibility; creating job pathways; and access to the talent, expertise, facilities and connections of Lewisham's education and cultural institutions.

1.4. The Council has jointly bid for three funding calls:

1.4.1. The Strategic Investment Pot – City of London

1.4.2. The Good Growth Fund, round 2 – Greater London Authority (GLA)/London LEP (LEAP)

1.4.3. The Creative Enterprise Zone Development Grant, stage 2– GLA

1.5. Mayor and Cabinets approval is required for these funding applications because the potential funding for each award could be over £1m each.

1.6. The purpose of this report is to inform Mayor and Cabinet on the progress of the three funding opportunities; and to seek authority for the Executive Director for Resources & Regeneration, in consultation with the Head of Law, to have delegated authority to agree the terms of and to enter into the grant agreement(s) if offered funding from the Strategic Investment Pot (SIP), the Good Growth Fund, round 2 (GGF), and/or the Creative Enterprise Zone Development Grant, stage 2 (CEZ) for the proposed inward investment initiatives.

## **2. Recommendations**

2.1. Mayor and Cabinet is recommended to:

- Approve the three funding applications referred to in paragraph 1.4 of this report
- Subject in each case to the relevant funding bid being successful, to delegate authority to the Executive Director for Resources & Regeneration, in consultation with the Head of Law, to agree the

terms of and enter into the related funding agreement and any associated documentation

### **3. Policy Context**

3.1. 'Shaping our future', Lewisham's Sustainable Community Strategy 2008-2020, 'Dynamic and Prosperous' theme - where people are part of vibrant communities and town centres, well connected to London and beyond; sets out the Local Strategic Partnership's commitment to 'improving the quality and vitality of Lewisham's town centres and localities', and aspirations to 'support the growth and development of our town centres by working with commercial partners and developers', and 'maximise the use of our town centres as places to engage the local community'.

3.2. This proposed project supports two of the ten Council's corporate priorities which are:

- Strengthening the local economy
- Young people's achievement and involvement

3.3. It also supports four of the six aims of the Work and Skills Strategy 2016-18 which are to:

- Develop strong partnerships across all sectors
- Improving local skills training to equip adults for work opportunities and self-employment
- Deliver employment support for those with the most complex needs
- Maximise social value opportunities with employers and enterprise

3.4. 'People, prosperity, place', Lewisham's Regeneration Strategy 2008-2020, sets out the Council's aspiration for a vibrant, dynamic Lewisham focused around the themes of:

- People- Investing in the individuals and communities which are Lewisham's greatest asset
- Prosperity- Fostering the skills and economic opportunities for Lewisham to flourish and thrive
- Place- Developing high quality public spaces, sustainable buildings and protecting the areas which are sensitive to change

The strategy identifies New Cross and Deptford Town Centres as strategic sites within the borough. The strategy is also placed within the framework of the key national and regional policies which affect the Councils work around regeneration in the borough, including the London Plan.

3.5. The Council's Local Development Framework sets out the Council's vision, objectives, strategy and policies to guide public and private sector investment in order to manage development and regeneration in the borough over the next 15 years. Which, together with the Mayor

of London's 'London Plan' forms the statutory development plan for the borough.

3.6. 'Lewisham's Business Growth Strategy 2013-2023' aims to determine Lewisham's unique characteristics and strengths, identify opportunities for business growth, and set out the activities that will bring this into reality. Lewisham is an integral part of a dynamic world city and global economic powerhouse. The Business Growth Strategy 2013-2023 vision is that in ten years' time Lewisham will be one of the fastest growing parts of the London economy. This is underpin by 3 aims:

- Aim 1: To boost Lewisham's contribution to the London economy by enhancing the ability of new and existing businesses to thrive and grow
- Aim 2: To accelerate the expansion of the Lewisham economy by capitalising on major physical regeneration in the borough to create the right environment for business growth
- Aim 3: To diversify and expand the Lewisham economy by inspiring, nurturing and promoting the creativity and entrepreneurship of Lewisham residents

3.7. The Council recently commissioned a CDI baseline study and CDI strategy (July 2018), the study highlight that Lewisham is an emerging growth borough for the CDI sector. Statistics show the CDI sector is growing at a rapid rate with +71% employment growth over the last five years, faster than the capital as a whole at 34%. The catalyst for this growth is in New Cross and Deptford with its strong links to Goldsmiths, University of London. The key challenges are visibility, business support and closer networks, workspace availability and affordability; currently only 3% of industrial and 5% of office spaces are vacant. The CDI Strategy propose:

- Re-adopting and re-shaping Lewisham's creative identity
- Supporting business development and developing dynamic local networks and clusters
- Ensuring space is available for creative production and CDI growth
- Refreshing local policies and strategies
- Supporting talent to enable CDI growth through enterprise and skills training that builds on FE/HE provisions
- Enhancing community links and social inclusivity

#### **4. Background – Inward Investment Initiatives**

##### **4.1. SIP - South London Innovation Corridor bid**

4.1.1. The South London Innovation Corridor Programme brings together four boroughs - Lambeth, Lewisham, Southwark and Wandsworth; a partnership of higher education, entrepreneur support agencies and employers aligned around a vision to catalyse inclusive CDI growth via 3 strands of activities - workspace, business support and talent development. By working

across this geographic scale, a powerful innovation and enterprise ecosystem can be developed that maximises the economic potential of the area.

- 4.1.2. The proposal has the commitment of key private sector, higher education and grassroots partners. Strategic partners for the joint submission include Capital Enterprise, Goldsmiths University, London South Bank University, Royal College of Art Capital, and major creative industry employers. Application supporters also include key business groups including business improvement districts, landowner and developer supporters.
- 4.1.3. A joint bid for c. £11.3m was submitted to City of London led by Lambeth Council, of which c. £2.1m was assigned towards a Goldsmiths' Enterprise Hub proposal that will bring back into use the derelict upper floors of 2 retail units on New Cross Rd, with tailored business support.
- 4.1.4. Goldsmiths aims to contribute a further £0.6m match-funding towards the development. They are currently going through their committee and Council for final approval for the £0.6m match funding; Goldsmiths' Council meeting is scheduled for 22nd November 2018.
- 4.1.5. Goldsmiths' strategic objectives is to create opportunities for their students, graduate, local entrepreneurs and SMEs, and engage in enterprise collaborations and opportunities for knowledge exchange. In this, Goldsmiths is unusual in not having a dedicated business incubation and innovation hub with specialist facilities and support programmes.
- 4.1.6. Goldsmiths has submitted a full estates master plan application to Lewisham Council to bring forward all their retail properties of 302 to 310/312 New Cross Rd back into constructive use that is sensitive to the surrounding heritage properties. Goldsmiths submitted the planning application on 5th October 2018.
- 4.1.7. The shops and terrace upper floors of the 302 to 312 New Cross Road are in very poor condition, is continuing to deteriorate, and will require additional safety works in the near future if nothing else is done. The poor condition of the terrace detracts from the overall public realm in this part of the New Cross Rd. Goldsmiths has struggled to finance the total value of the terrace refurbishment and identify the best use for the space given its high profile and public-facing location. The proposed Goldsmiths' Enterprise Hub would provide a new set of facilities and enterprise support services accessible to the local community in New Cross, Lewisham and South East London.
- 4.1.8. The proposed Goldsmiths' Enterprise Hub will deliver an additional c.260 sq.m floor space on the upper floors of 308 and 310/12 New Cross Rd; providing workspace and business support, helping to create and/or safeguard 50 new jobs and provide support to at least 35 businesses between 2020 and 2022.
- 4.1.9. At the time of writing this report, The City of London approved £8m for the South London Innovation Corridor bid. The lead partner, Lambeth Council, and cross-borough partners have agreed broad principles around the need for budget reduction

across the programme (given that the original bid was for c. £11.3m) with consensus that the programme should retain all 3 strands of activity. However, the wide-ranging scope of the business support and talent development strands were highlighted, and it was acknowledged that some elements of each will have to be revised and outputs adjusted accordingly while ensuring that each borough is benefiting from the programme. The partnership await a steer from the City of London on the next steps and budget reduction process - clarifying the levels of flexibility in reshaping the programme and to further understand the expected timescales for contracting. This may result in a reduction of the £2.1m previously allocation for the Enterprise Hub under the £11.3m bid.

#### **4.2. GGF– Re-imaging New Cross bid**

- 4.2.1. The GGF is the Mayor of London's £70 million regeneration programme to support growth and community development in London. Working with the LEAP, the fund supports innovative, best practice regeneration activities, that enable:
- Londoners to actively participate in their local community and have a say in how their city is shaped.
  - Delivery of coordinated place-based strategies that welcome growth in a way that works with the physical character of London's many places.
  - Diverse and accessible local economies – from our high streets and town centres to industrial areas – to realise their full potential and making London a place of opportunity for all.
- 4.2.2. The GGF is a new 3-year rolling regeneration programme from 2017/18 to 2020/21. In June 2018 the GLA launched the second round of the GGF to provide primarily capital funding from sources including the Local Growth Fund and European Social Fund, as well as, expert regeneration advice, design support and knowledge sharing opportunities. The GGF aims is to augment and complement other GLA and Transport for London (TfL) programmes investing in London, as well as, regeneration activities by local authorities, the private and third sectors.
- 4.2.3. The GGF expects to fund up to 50% of the total project value, with the remainder covered by match funding. As the majority of GGF is capital funding, the GLA are encouraged by projects that have elements of revenue match funding to undertake activities.
- 4.2.4. Officers are aware from engagement with other departments that one other application was submitted from LB Lewisham as part of the second round of the Good Growth Fund; it was agreed by officers to be ranked as second priority; other proposals may be submitted from LB Lewisham at a later round.
- 4.2.5. Lewisham Council is working in partnership with Goldsmiths to use the GGF to expand the proposed Enterprise Hub of 308 to 310/12 New Cross Rd and facilitate Goldsmiths work towards realising its long-term ambition (Goldsmiths Estates Master Plan) to redevelop the 302-312 retail units and upper floors terraces as a phased delivery.

- 4.2.6. The GGF will support delivery of phase 1, the full refurbishment of retail units 308 to 310/12, with 630.35 sq. m floor space, an additional c.370.m2 floor space on and behind the high street to the SIP funding developments. The GGF will support an additional a standalone innovation incubator hub, development of the ground floor of 310/12 retail unit into reception and showcase space, public realm and the café development. The proposed extended Enterprise Hub would support the creation of social and economic outcomes with further jobs created/safeguarded and business supported between 2020 and 2022.
- 4.2.7. The Council will act as the lead partner and accountable body working directly with GLA/LEAP for the GGF as the Council has financial systems in place to administer the grant agreement and it would put the Council in a strong position to influence and monitor expenditure in order to achieve the wider social value and economic benefits for the borough of Lewisham.
- 4.2.8. Goldsmiths would be primarily responsible for the on-site building works, the retail units and terrace development; and actively encouraging and supporting local residents, students/graduates and businesses to make full use of the facilities, skills training and business support services of the new Enterprise Hub and Innovation Incubation in New Cross and Deptford. New staffing roles will be created to support the development of the hub and early years of operation.
- 4.2.9. Lewisham Construction Hub is a key delivery partner and will provide local labour and supply chain construction build support. In doing so, the partnership aims to ensure that Lewisham's residents have an opportunity to be part of inclusive growth.
- 4.2.10. At the time of writing this report, the Council has been successful at the Expression of Interest stage and offered £2m from GLA/LEAP subject to approval of the full application at stage 2. A full application was submitted on 20<sup>th</sup> October 2018. An announcement of the successful GGF round 2 projects will be in January 2019.

#### **4.3. CEZ – Lewisham North CEZ bid (New Cross Gate/Deptford)**

- 4.3.1. CEZ aims to provide the conditions to help artists and creative businesses to put down roots in the areas they have helped regenerate, create workspaces, and provide pathways for skills/employment opportunities for residents and graduates in the creative industry. The Mayor of London has funded 10 CEZ stage 1 development grants to identify where CEZs could be developed across London.
- 4.3.2. The Council is following a two-stage CEZ bidding process. We successfully bid for a £50k Stage 1 Development Grant to test the feasibility of our proposed Lewisham North CEZ, in New Cross & Deptford:
- Build on the evidence-based from our CDI Baseline Study and CDI Strategy.

- Stakeholder engagement to share positive messages, and attract and catalyse further support and engagement.
  - Development of a delivery partnership consortium.
  - Ongoing PR & Branding – social media presence and PR/Branding strategy and campaign - #SHAPESLewisham and website [www.shapeslewisham.co.uk](http://www.shapeslewisham.co.uk).
  - The development of a detailed baseline study & action plan that sets out the partnership, activities, evaluation and costing that will be used to marshal in the proposed Lewisham North CEZ.
- 4.3.3. Up to 3 proposed CEZs will receive further Stage 2 Development Grant funding for the interventions identified in their stage 1 action plan to set up a CEZ; i.e. Revenue grants between £200k and £450k, capital grants between £200k and £400k, and access to a London-wide Creative Enterprise Zones’ enterprise and skills project funding up to £400k, available from Autumn 2018/19 to 2020/21.
- 4.3.4. The Council submitted a stage 2 CEZ funding application to GLA on 31<sup>st</sup> July 2018.
- 4.3.5. Lewisham North CEZ action plan contains impactful “oven-ready” projects that will be delivered under the umbrella of the CEZ and/or scaled up for significant impact such as workspaces, business support and networks; feasibility projects such as policy review and adoption as part of the new Local Plan; longer term development projects such as commissioning community and grassroots creative projects to tap into the diversity of creative talent in the borough.
- 4.3.6. Social and economic outcomes are expected to be an increase in CDI employment by c.30% in the next 3 years (and double in 10 years) and an estimated total uplift in production space by 11,194.7 sq.m.
- 4.3.7. At the time of writing the report, the GLA has notified us that there will be a delay in the announcement for the successful Creative Enterprise Zones in London bids that was expected at the end of November 2018.

## 5. Finance

- 5.1. Mayor and Cabinet approval is required for these funding applications because the potential funding for each bid could be over £1m each.
- 5.2. At the time of writing, the uncommitted sources of funding for the 3 inward investment bids were:

Bid	Source of Funding	(£,000)	Status
South London Innovation Corridor	Strategic Investment Pot- Capital	1,600	uncommitted
	Strategic Investment Pot- Revenue	500	uncommitted



	Goldsmiths – Capital	475	uncommitted
	Goldsmiths Revenue	- 125	uncommitted
Total		2,700	
Re-imagining New Cross/Goldsmiths Enterprise Hub	Good Growth Fund	2,000	uncommitted
Total		2,000	
Lewisham North Creative Enterprise Zone	CEZ funding - Capital	325	uncommitted
	CEZ funding Revenue	- 449	uncommitted
	CEZ - ESF	400	uncommitted
Total		1,174	
<b>Total</b>		<b>5,874</b>	

## 6. Legal

- 6.1. Under S1 of the Localism Act 2011 the Council has a general power of competence to do anything which an individual may do unless it is expressly prohibited.
- 6.2. In accordance with the Mayoral Scheme of Delegation, approval of any application for external funding exceeding £1 million is reserved to the Mayor.
- 6.3. The details of any award of funding and any terms attached to the funding will be agreed by the Executive Director for Resources & Regeneration, in consultation with the Head of Law, under delegated authority. The precise terms upon which the funding is to be provided are still to be agreed. Where the Council is acting as the accountable body for funding which is being passed to a third party, it will need to be satisfied that it has reasonable security for its funding and that any conditions attached to the main funding form part of the funding agreement with the third party and are binding on that third party. It is proposed that these matters will also be agreed by officers under the authority delegated by this report.
- 6.4. Any funding will need to be "compatible" within the State aid rules, and exempt from any requirement for notification to the European Commission for clearance. This is a particular issue where funding is being passed to a third party. Officers will therefore need to be satisfied that the State aid requirements are met. This will be subject to further due diligence which will need to be carried out where required before any funding agreement is entered into.

6.5. The Equality Act 2012 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

6.6. In summary, the Council must, in the exercise of its functions, have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- advance equality of opportunity between people who share a protected characteristic and those who do not.
- foster good relations between people who share a protected characteristic and those who do not.

6.6 The duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.

6.7 The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-actcodes-of-practice-and-technical-guidance/>

6.8 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

- The essential guide to the public sector equality duty
- Meeting the equality duty in policy and decision-making
- Engagement and the equality duty
- Equality objectives and the equality duty
- Equality information and the equality duty

6.9 The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more

detailed guidance on key areas and advice on good practice. Further information and resources are available at <http://www.equalityhumanrights.com/advice-and-guidance/public-sectorequality-duty/guidance-on-the-equality-duty/>

## **7. Risk Assessment**

- 7.1. If successful the Council will be required to enter into funding agreements with the City of London and GLA or its representative body in respect of any funding award.
- 7.2. If successful the Council will continue with a Memorandum of Understanding or have a service level agreement with Goldsmith (UoL) in terms of project delivery in respect of any funding award.

## **8. Equalities Implications**

- 8.1. There are no immediate equality implications associated with the recommendations of this report.

## **9. Environmental Implications**

- 9.1. There are no immediate environmental implications associated with the recommendations of this report.

## **10. Conclusion**

- 10.1. Mayor and Cabinet are recommended to consider the current opportunity to secure external funding from the Strategic Investment Fund, Good Growth Fund round 2, and Creative Enterprise Zone stage 2 to support the delivery of the strategic inward investment project(s) in New Cross and Deptford.
- 10.2. Officers will continue to develop and explore other opportunities including future rounds of funding calls to help support the project(s). External support in the form of grant funding would give a substantial benefit to the deliverability of the project(s) and to the outcomes which the project(s) can achieve.

## **Background Documents**

If you would like further information on this report please contact Karen Fiagbe, Business Partnership & Engagement Manager on **0208 3147090**