



## Mayor and Cabinet

### **Report title: Inward Investment – Cockpit Arts Deptford Development.**

**Date:** 14 September 2021

**Key decision:** Yes

**Ward(s) affected:** New Cross

**Contributors:** Patrick Dubeck, Director for Inclusive Regeneration

John Bennett, Head of Economy, Partnerships and Jobs

Karen Fiagbe, Business Partnerships & Engagement Manager

### **Outline and recommendations**

**This report follows a Mayor & Cabinet report on 12 December 2018 on Inward Investment. It is recommended to:**

- Approve the award of a grant aid agreement to Cockpit Arts for £2.3m capital funding for the Cockpit Arts Deptford Development - funded through the £1.3m Strategic Investment Pot and the £1m Good Growth Fund.

### **Timeline of engagement and decision-making**

Refer to 12 December 2018 report on Inward Investment

**“It is recommended that under Section 100 (A)(4) of the Local Government Act 1972, the public be excluded from the meeting during discussion of this item because it involves the likely disclosure of exempt information as defined in paragraphs 3, 4 and 5 of part 1 of Schedule 12A of the Act as set out below and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

## **1. Summary**

- 1.1. The Council has been working on inward investment initiatives that fit under the Economy, Jobs & Partnership service’s remit to take a proactive approach to delivering the borough’s inclusive growth aspirations. Encouraging people and businesses to see Lewisham as a place to visit, live, learn, and do business.
- 1.2. Promoting investment in the borough is aligned to the following Corporate Strategy priorities:
  - Create more enterprise hubs and expand our 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.
  - Creating a thriving and inclusive local economy to provide high quality jobs and opportunities.
- 1.3. The council has acted as an enabler, leading and supporting the development of inward investment with industry and cross-borough Council partners; jointly bidding for a number of the Mayor of London’s funding calls to match fund the expansion of enterprise hub(s) and business growth. Further, the council has been specifically targeting funding to support the borough’s Creative & Digital Industry (CDI) clusters in New Cross and Deptford within Lewisham’s Creative Enterprise Zone. This will enable help the CDI businesses to put down stronger roots in the borough through access to affordable and appropriate workspaces; upskilling and creating job pathways; and access to the talent, expertise, facilities and connections of Lewisham’s education and cultural institutions.
- 1.4. In December 2018 the Council was successful in jointly bidding for funding calls to support the Goldsmiths Enterprise Hub. Mayor and Cabinet’s approval was granted to enter into grant agreements for the:
  - Strategic Investment Pot (SIP) – Lambeth Council/City of London
  - Good Growth Fund (GGF), round 2 – Greater London Authority (GLA)
- 1.5. However, Covid-19 has had an unforeseen and significant negative impact on the planned build of the Goldsmiths Enterprise Hub. The council has acted firstly to identify options for it to progress. When that was not forthcoming, the council was able to facilitate a pivot plan for an alternative workspace at Cockpit Arts. The Cockpit Arts Deptford Development will continue to deliver against the Manifesto Priorities and support the growth of the CDI sector in Lewisham.
- 1.6. We are seeking Mayor and Cabinet’s approval to enter into new grant aid agreement for the alternative proposal, Cockpit Arts Deptford Development, because the previous Mayor and Cabinet approval was for the Goldsmiths Enterprise Hub.
- 1.7. The purpose of this report is to seek permission from the Mayor and Cabinet to enter into a grant aid agreement with Cockpit Arts.

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## 2. Recommendations

2.1. This report follows a Mayor & Cabinet report on 12 December 2018 on Inward Investment. Mayor and Cabinet are recommended to:

- Approve the award of a grant aid agreement to Cockpit Arts for £2.3m capital funding for the [Cockpit Arts Deptford Development] – This award is subject to the Council entering into grant agreements for the £1.3m Strategic Investment Pot (SIP) and the £1m Good Growth Fund (GGF) with Lambeth Council and Greater London Authority respectively.

## 3. Policy Context

3.1. "Future Lewisham: Our borough's recovery", sets out the four themes at the heart of the Council's response to the impact of the pandemic. One of the four themes is "An economically sound future". Creating affordable and appropriate workspace is an element of this theme which will help support local businesses and create more local jobs.

3.2. This proposed project supports the delivery of the Corporate Strategy, specifically the priority of "Building an inclusive local economy".

3.3. The Council's Creative and Digital Industry (CDI) baseline study and CDI strategy (July 2018), highlights that Lewisham is an emerging growth borough for the CDI sector. Statistics showed that the CDI sector was growing at a rapid rate with +71% employment growth over the five years leading up to 2018, faster than the capital as a whole at 34%. The catalyst for the growth is in New Cross and Deptford with its strong links to Goldsmiths, University of London. The key challenges are visibility, networks, and workspace availability and affordability, with the additional challenge as a result of the pandemic of the need to increase footfall and cash flow.

3.4. The proposed development at Cockpit Arts falls within Lewisham's designated Creative Enterprise Zone (in New Cross & Deptford). It also aligns with current and planned Planning policy, being referred to in the draft Local Plan and in the adopted New Cross Area Framework and Station Opportunity Study and Supplementary Planning Document.

## 4. Background

### Goldsmiths Enterprise Hub

4.1. Following approval from Mayor and Cabinet in 2018, Lewisham Council entered into an agreement with the GLA for £1m Good Growth Fund and with Lambeth Council for £1.43m from the Strategic Investment Pot funded Stride London Programme (formerly known as the South London Innovation Corridor). This was funding to help support the development of the Goldsmiths Enterprise Hub in partnership with Goldsmiths, University of London, to bring back into use two derelict retail units on New Cross Rd, to deliver an additional 619 m<sup>2</sup> floor space for workspaces and business support.

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- 4.2. Good progress was achieved over the past two years - planning permission was granted; design and construction teams appointed; local business and student consultation and engagement completed. A final design and branding concept (NX Hub) was agreed, and a business support programme rolled out (funded by Goldsmiths' revenue match-funding) to start to build the network of CDI businesses ahead of the completion of the physical workspace. The construction team was in position to start the capital build, on site to "break ground", when the first Covid-19 lockdown occurred in March 2020.
- 4.3. The Covid-19 pandemic has created significant challenges for the construction industry and Higher Education Institutions, and had an unforeseen negative impact on the Goldsmiths Enterprise Hub' build plans. The Goldsmiths Enterprise Hub build is no longer proceeding in the timescales previously agreed.
- 4.4. The Council and funders have therefore mutually agreed with Goldsmiths to end the grant aid agreement as the circumstances for the agreement had not been met.
- 4.5. Part 2 of this report contains further information that is deemed to be commercially sensitive.
- 4.6. The Council continues to support Goldsmiths with their endeavours to secure their core services and to grow their offering to create a focus for creativity, entrepreneurship and innovation in the borough. This includes supporting their efforts through the Creative Enterprise Zone, Stride London, and the launch of their online network 'NX Hub' offer <https://www.gold.ac.uk/nxhub/>.

## 5. Pivot Proposal - Cockpit Arts Deptford Development

- 5.1. Established in 1986, Cockpit Arts is an award-winning social enterprise, recognised in 2019 on the NatWest SE100 index of top UK social enterprises, and an accredited London Living Wage employer. Cockpit Arts is London's leading studios for contemporary crafts and the UK's only business incubator for makers and designers. It has a professional development programme for scholars of the Queen Elizabeth Scholarship Trust (QEST), bursary programme and London Creative Network. Makers' turnover and profits at Cockpit Arts have increased year-on-year since they introduced the incubation model in 2005.
- 5.2. Cockpit Arts studios host over 140 independent creative businesses at their sites in Deptford and Holborn. Through public showcases and business incubation services, they provide exceptional makers and materials-based artists with the tools to succeed. Many of the artists and makers based at Cockpit Arts are recognised internationally as leaders in their field. Cockpit Arts was accredited in 2020 by the GLA's Affordable Workspace Accreditation Scheme.
- 5.3. In 2019, their makers generated £5.9 million total annual sales, with turnover up 7.7% and profit of 12%. They have a waiting list of local entrepreneurs seeking space and a churn of 12% per annum of businesses that require move-on growth space.

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- 5.4. Currently 80% of Cockpit Arts Deptford businesses are female led and 21% are Black, Asian or Minority-ethnic led. This development aims to increase both representation through:
- Seeking to address structural barriers, including systemic racism, inequality of access to education and training, and socio-economic barriers
  - Promote and celebrate the diversity of Cockpit's community of makers
  - Continually deepen their learning and evolve their understanding of diversity and inclusion
- 5.5. Its location is also a good opportunity to further the Council's efforts to grow local creative clusters in South London, located within Lewisham's main creative clusters in the Creative Enterprise Zone of New Cross and Deptford.
- 5.6. The Cockpit Arts Deptford Development is a well-developed proposal that was already on the reserve list for the GLA's Good Growth Fund (GGF) projects, but was not progressing due to a shortfall in match-funding at the time of their submission for round 3 funding applications. The shortfall in match-funding has now been addressed through the proposed Strategic Investment Pot (SIP) grant funding through the Stride London programme. The Cockpit Arts bid to the GLA had received letters of support from industry and community organisations, plus support from the Mayor of Lewisham and Ward Councillors.
- 5.7. The redeployment of £1m GGF capital funding to Lewisham Council for the Cockpit Arts Deptford Development has been formally agreed and signed off by the London Economic Action Partnership (LEAP) Investment Board and the GLA's Executive Director.
- 5.8. The Stride London programme board has approved the £1.3m SIP capital funding to Lewisham Council for the Cockpit Arts Deptford Development and administrative sign-off from the funder, City of London, is awaited.
- 5.9. Cockpit Arts will provide match-funding of at least £130,000 capital funding and additional revenue funding for ongoing tailored incubator, business support and educational programme for local school children.
- 5.10. The Council has undertaken due diligence of Cockpit Arts and the credit safe report has suggested they are a very low risk company.
- 5.11. Cockpit Arts has submitted a detailed project summary report, executive summary, architect design drawings, delivery plan, costing and expenditure profile with milestones payment schedule, and letters of support for the Cockpit Arts Deptford Development that has similar aims to the Goldsmiths Enterprise Hub. The project would meet the Council's priorities as it involves:
- Bringing forward 1472 sq. m. of underutilised space on the ground and first floors that is largely unused due to unfit-for-purpose configuration. The extension project would unlock this space, bringing it into use to support 130 creative businesses and the school community through new studio spaces, an education centre, and cafe.
  - Provide new storage and for-purpose studio space, with improvements to the front and rear yards
  - Create community space of two education rooms, public café, front garden by Q4 2022/23
  - Mural wall will be renovated following extensive community engagement
  - A long term incubator investment that will initially help to create 25 new jobs, and a further 12 jobs per a year from business churn as businesses grow and move on to new spaces

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- Host community cultural events attracting 4,000 visitors by Q4 2023/24
- Uplift in annual footfall of 16,000 by Q4 2023/24

5.12. In comparison to Goldsmiths Enterprise Hub, the Cockpit Arts Deptford Development brings some additional value for money:

<b>OUTPUT/OUTCOME DELIVERABLES</b>	<b>GOLDSMITH-ENTERPRISE HUB</b>	<b>COCKPIT ARTS DEPTFORD DEVELOPMENT</b>
<b><i>More spaces</i></b> Amount of commercial /business space being created or improved (m <sup>2</sup> ) GIFA	619 m <sup>2</sup>	1472 m <sup>2</sup>  (155m <sup>2</sup> new build)
<b><i>Less money to build</i></b> Forecast capital build cost (funding)	£5.8m	£2.34m
<b><i>More people supported</i></b> Expected number of people who actively participate in the project	350 per year	4000 per year
Number of new jobs being created/ existing jobs being protected and safeguarded  Of which, number of new jobs created	60  60	130  Year 1: 25 Year 2: 12 Year 3: 12  Total: 49

5.13 The reasons for awarding a grant aid agreement to Cockpit Arts are set out below:

- urgency to support creative people and businesses that has been severely impacted by Covid-19 in terms of workspace and support
- to secure the funding with a project that could commit to deliver against the grant-funded programmes with outcomes that benefit the borough residents
- well-developed position of the Cockpit Arts Deptford Development proposal, that is similar to the Goldsmiths Enterprise Hub's concept and outcomes; that offer value for money and have already secure letters of support from The Mayor of Lewisham, ward Councillors, Council officers, industry and community.

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## 6. Financial implications

Bid	Source of Funding	(£,000)	Status
Stride London (Formerly known as South London Innovation Corridor)	Strategic Investment Pot- Capital	1,300	uncommitted
Total		1,300	
Good Growth Fund – Cockpit Arts Deptford Development	Good Growth Fund	1,000	committed
	Cockpit Arts	130	committed
Total		1,130	
<b>Total</b>		<b>2,430</b>	

- 6.1. This report is seeking approval to award a grant aid agreement to Cockpit Arts for the Cockpit Arts Deptford Development programme. The contract value of £2.43m will be funded by £1.3m from Stride London (Strategic Investment Pot with Lambeth Council), £1m GLA Good Growth Fund, and £130k match funding from Cockpit Arts. These funding pots have been agreed and are awaiting administrative sign-off. No Council funding is required for this project.
- 6.2. The Council will act as a conduit for grant payments from the funders to Cockpit Arts. Payments will only be made once the funders are satisfied that the required outputs have been achieved. This minimises the Council's exposure to financial risk.
- 6.3. Cockpit Arts has a very high credit safe score of 96 which is considered to be low risk (any company with a score under 40 would be considered by the Council to be a high risk). This places the company in the top 25% of 3865 companies sampled by credit safe from the same industry. The company has good financial ratios and turnover has been between £900k and £1m over the last 5 years. 2020 retained profit was £66k (£77k in 2019) and shareholder's funds are approximately £1.5m.

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## 7. Legal implications

- 7.1. 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. This includes the awarding of grants for projects of benefit to the local community.
- 7.2. The giving of grants to community organisations is, however, a discretionary power which must be exercised reasonably, taking relevant considerations into account and ignoring irrelevant considerations.
- 7.3. The report recommends that a grant aid agreement is awarded to Cockpit Arts for the Cockpit Arts Deptford Development. Cockpit Arts will provide match funding of £130,000 capital funding.
- 7.4. This is a key decision and must be included in the key decision plan.
- 7.5. 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.
- 7.6. 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.
- 7.7. 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.
- 7.8. 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-act-codes-of-practice-and-technical-guidance/>
- 7.9. 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

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7.10 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/>

## **8. Equalities implications**

**8.1** There are no immediate equality implications associated with the recommendations, however, currently 80% of Cockpit Arts Deptford businesses are female-led and 20% are Black, Asian or Minority-ethnic led (which is above the National average for this sub-sector). This development aims to increase both representation through a Diversity and Inclusion strategy:

- Address structural barriers, including systemic racism, inequality of access to education and training, and socio-economic barriers
- Promote and celebrate the diversity of Cockpit's community of makers
- Continually deepen their learning and evolve their understanding of diversity and inclusion

## **9. Climate change and environmental implications**

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

## **10. Crime and disorder implications**

10.1. There are no immediate crime and disorder implications associated with the recommendations of this report.

## **11. Health and wellbeing implications**

11.1. There are no immediate health and wellbeing implications associated with the recommendations of this report.

## **12. Background papers**

12.1 Mayor & Cabinet report - Inward Investment Initiatives, 12 December 2018.

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### 13. Glossary

[Link to Oxford English Dictionary here.](#)

<b>Term</b>	<b>Definition</b>
<b>CDI</b>	A term used to describe the Creative and Digital sectors
<b>SIP</b>	Strategic Investment Pot is funding pot available from the City of London
<b>GGF</b>	Good Growth Fund is a funding pot available from the Greater London Authority
<b>GLA</b>	Greater London Authority
<b>SPD</b>	Supplementary Planning Document
<b>NX Hub</b>	New Cross Hub
<b>Incubator</b>	A start up space for businesses, normally includes business support as well as physical space
<b>QEST</b>	A charity dedicated to excellence in craft
<b>GLA LEAP</b>	Greater London Authority and the Local Enterprise Partnership for London
<b>GLA CIB</b>	Mayor of London's Corporate Investment Board

### 14. Report author(s) and contact

Karen Fiagbe, 0208 314 7090, [karen.fiagbe@lewisham.gov.uk](mailto:karen.fiagbe@lewisham.gov.uk)

Comments for and on behalf of the Executive Director for Corporate Resources

Shola Oja

Comments for and on behalf of the Director of Law, Governance and HR

Mia Agnew

### 15. Appendices

**Appendix 1 – Cockpit Art Executive Summary**

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