



City of Westminster

# Cabinet Member Report

<b>Decision Maker:</b>	Cabinet Member for Business and Planning: Councillor Matthew Green
<b>Date:</b>	13 August 2020
<b>Classification:</b>	General Release (Appendix D – Not for Publication)
<b>Title:</b>	Central London Inclusive Growth SIP bid
<b>Wards Affected:</b>	All
<b>Key Decision:</b>	Yes, this is a key decision and entry has been included in the Forward Plan of Key Decisions
<b>Financial Summary:</b>	Following the successful SIP application, the project has secured £900,000 of external funding. This needs to be match funded by the Council which will come from CIL and the Capital budget for the Enterprise Space Programme within the Capital Strategy approved by Full Council on 4 <sup>th</sup> March 2020.
<b>Report of:</b>	Debbie Jackson, Executive Director of Growth, Planning and Housing Westminster City Council, 14th floor, City Hall, 64 Victoria Street, London SW1E 6QP

## 1. Executive Summary

- 1.1 In September 2019 Westminster, along with Camden, Hackney, Haringey, Kensington & Chelsea and Tower Hamlets Council's came together, with the support of CLF, to bid for funding from the Strategic Investment Pot (SIP).
- 1.2 In November 2019, the City of London Corporation recommended the bid for funding and allocated £4,500,000 to the project.
- 1.3 The Central London Inclusive Growth project will help address the lack of affordable workspace in Central London and will provide opportunities for residents to start and grow their businesses in the capital.

1.4 This report provides an outline to the proposed project and seeks Cabinet Member approval to enter into a grant agreement with the City of London Corporation.

1.5 A full copy of the bid is included in Appendix D.

## **2. Recommendations**

2.1 That Appendix D to the report be exempt from disclosure by virtue of the Local Government Act 1972, Schedule 12A Part 1, paragraph 3 (as amended), in that it contains information in relation to the business affairs of the council or any other body.

2.2 That the Cabinet Member authorises:

- (1). The council to enter a grant agreement, as the accountable body, with the City of London for the Central London Inclusive Growth Project.
- (2). The council to enter grant agreements with the project partners to pass on the obligations of the grant agreement between the City of London and Westminster City Council to the project partners.
- (3). The delivery of the Central London Inclusive Growth Project as set out within the appended grant agreement.
- (4). Capital expenditure against the budget within the capital programme of £1.605m of which £0.9m will be funded from the SIP grant and £0.705m will be funded by the Council.

## **3. Reasons for Decision**

3.1 The rationale for investing within the Central London Inclusive Growth Project is as follows:

- Inclusive growth alongside access to affordable workspace and business support are priority issues for London
- Low vacancy rates of central London, which are well below the Mayor's availability threshold of 8%, confirms demand for space is outstripping supply resulting in instability, rising rents and narrowing of accommodation options. This situation is exasperated by a major net loss of employment space due in part to permitted development rights, which is in tension with the Mayor's forecast for new jobs that London needs to accommodate.
- The bid proposal addresses the lack of affordable workspace and business support available in central London. The funding awarded will be invested in new affordable workspace with digital infrastructure and business support, mutually geared towards empowering entrepreneurs to overcome barriers to

three critical stages in their early life, namely: setting up, employing their first employees and expanding.

- There is a strong economic case for the bid validated by a high-level cost benefit analysis by Adroit Economics.
- The bid will encourage collaboration between Central London boroughs. Camden, Hackney, Haringey, Kensington and Chelsea, Tower Hamlets and Westminster councils are well positioned and keen to work together to address the lack of affordable workspace and business support.

#### **4. Background, including Policy Context**

- 4.1 Camden, Hackney, Haringey, Kensington and Chelsea, Tower Hamlets and Westminster councils are well positioned and keen to work together to address the lack of affordable workspace and business support in the capital. We have relationships with many disadvantaged residents (some of whom have entrepreneurial flair or would be a good fit for working in an entrepreneurial team) and many businesses poised to contribute to inclusive growth but who are facing expansion barriers. We also have access to a large number of unused or vacant assets that can be repurposed to create more employment space for SMEs.
- 4.2 The programme will rapidly deliver a flagship central London inclusive growth directed programme focussed on working with SMEs and entrepreneurial residents. SIP funding will be invested in new affordable workspace with digital infrastructure and business support, mutually geared towards empowering entrepreneurs to overcome barriers to three critical stages in their early life, namely: setting up, employing their first employees and expanding.
- 4.3 Boroughs will work collaboratively across the programme. Likely activities include: sharing skills, knowledge and networks from past experience; forensically measuring what works; creating blueprints for replicating successful approaches; London wide knowledge sharing conference(s); and, market focussed promotional and stimulation campaigns.
- 4.4 The investments strongly align with SIP priorities and are focussed solely on addressing the needs and market failures where there are major barriers to growth as detailed above. The investments are guided by and will implement recommendations within UK, London and borough policies and strategies including the London Plan and GLA's Economic Development Strategy, CLF Skills and Inclusive Growth Strategies, Westminster's City for All Strategy and City Plan.
- 4.5 These policies and strategies relate to delivering inclusive growth, protecting and creating employment land, ensuring London has a diverse range of space so that businesses have the right type of space to grow, securing affordable workspace and supporting businesses.

## 5. Outputs

5.1 Within the grant agreement the Council will achieve the following outputs:

- 86 Employment Spaces created
- 771 SQM of Enterprise Space Created
- 132 Businesses Supported
- 7 Fibre Connections

## 6. Financial Implications

6.1 The total bid amount received is £4,500,000. The total Westminster allocation is £720,000 for project delivery and £180,000 for the accountable body function. Other partners will receive £720,000 for project delivery and £45,000 as a management fee. The funding is split between the following projects and functions:

Theme	Project	SIP allocation	Description
Accountable Body Function	N/A	£180,000	Westminster will receive and distribute grant funding to partners, collect and monitor outputs from partner boroughs and report back to the City of London.
Workspace creation	Rebel Business School	£245,000 (total cost £780,000*)	260 square metres transformation of a vacant high street building into a community business school, with year-long free courses and space for 60 disadvantaged residents to quickly turn their idea into a successful venture. It will deliver 60 employment spaces and is forecast to generate £14.77m net additional GVA and an uplift of £0.08m rateable value.
Workspace Creation	Public Conveniences Conversions	£200,000 (total cost (£460,000*))	511 square metres of repurposed public conveniences in nine locations to support 18 solo businesses. The project will deliver 26 creative studio employment spaces and the potential for fibre broadband connections to 120 businesses close to the sites. As such, it is forecast to generate £21m net additional GVA and an uplift of £0.21m rateable value.
Business Support	Set up – Business Support	£110,000	Extensive outreach to disadvantaged residents with entrepreneurial aspirations will take place, followed by free skills training and mentoring which is open to all. Our goal is to help residents with limited finance and professional networks to start trading quickly, so that concepts can be proven, skills swiftly developed, confidence increased, and income generated to self-fund growth ahead of taking on employees.
Business Support	Employ – Business Support	£120,000	Once trading, micro businesses will be supported to establish their businesses and move into semi-permanent low to medium priced space and to take on their first employees. Free

			training and mentoring will help break down barriers to taking on employees, create inclusive growth and build revenue. Employment brokers, will also connect businesses with local job seekers.
Management fees/Knowledge sharing	N/A	£45,000	Boroughs will work collaboratively across the programme. Likely activities include: sharing skills, knowledge and networks from past experience; forensically measuring what works; creating blueprints for replicating successful approaches; London wide knowledge sharing conference(s); and, market focussed promotional and stimulation campaigns.

\*Additional funding provided from WCC Enterprise Space Capital Fund

6.2 The total budget within the capital strategy for 2020/21 to 2022/23 for the Enterprise programme is £15m gross and £12m net. The grant funding will contribute towards the income target of £1m for 2020/21, with sufficient council funding and CIL contribution (£0.110m) to satisfy the match funding requirements.

## 7. Legal Implications

7.1 The City Council is empowered under Sec 1 of the Localism Act 2011 to take any action for the welfare of its residents including the present proposal to enter into a grant agreement, as the accountable body on behalf of various project partner boroughs, with the City of London for the Central London Inclusive Growth Project.

7.2 It would be recommended for the City Council to enter into a collaboration agreement with the project partner boroughs which mirrors the City Council's obligations as an accountable body under the grant agreement with the City of London.

7.3 Legal Implications by: Babul Mukherjee, senior Solicitor (Contracts), Shared Legal Services

## 8. Consultation

8.1 In the development of the scheme the council has consulted with the following groups:

- PopUp Business School – Operator for Rebel Business School Workspace
- Outset – Organisation supporting artists to access affordable workspace (in relation to the Public Conveniences Workspaces)

8.2 The proposal has enjoyed strong support from all key stakeholders. The activity compliments existing activities.

**If you have any queries about this Report or wish to inspect any of the  
Background Papers please contact:**

**Charlotte Healy, Enterprise Space Programme Manager,  
[chealy@westminster.gov.uk](mailto:chealy@westminster.gov.uk), 07971026322**

## **BACKGROUND PAPERS**

Appendix A – Other Implications

Appendix B – Draft grant agreement – City of London

Appendix C – Collaboration agreement – partner boroughs

Appendix D - Central London Inclusive Growth Bid

For completion by the **Cabinet Member** for Business and Planning

**Declaration of Interest**

I have <no interest to declare / to declare an interest> in respect of this report

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

NAME: Councillor Matthew Green

State nature of interest if any .....

.....  
*(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)*

For the reasons set out above, I agree the recommendation(s) in the report entitled Central London Inclusive Growth SIP bid and reject any alternative options which are referred to but not recommended.

Signed .....

Cabinet Member for Business and Planning

Date .....

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment: .....  
.....  
.....

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Head of Legal and Democratic Services, Strategic Director Finance and Performance and, if there are resources implications, the Strategic Director of Resources (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.

## Appendix A

### Other Implications

#### 1. Resources Implications

The project resources have been secured. This is through a combination of SIP grant and the Enterprise Programme capital funding.

#### 2. Business Plan Implications

The project supports City for All, Vibrant Communities. In particular it will create job opportunities for Westminster residents.

#### 3. Risk Management Implications

<b>Risk Description</b>	<b>Owner</b>	<b>Probability</b>	<b>Impact</b>	<b>Mitigation</b>
Covid-19, ability to deliver the projects due construction sites shutting down and unable to do face to face business support delivery.	Enterprise Space Programme Manager	High	Medium	Online business support activity.
Failure of our partners to delivery.	External Funding & Compliance Manager	Medium	Medium	Contracts with partners which pass on risk to them.
Low uptake of business support programmes	Business Support Programme Manager	Low	Medium	High demand for current business support programmes. Covid-19 expected to increase that demand.

Failure of partners to provide relevant information	External Funding & Compliance Manager	Low	Medium	Contracts with partners to provide information. Ask for information in a timely manner.
Breakdown in the partnership	Enterprise Space Programme Manager	Low	High	Contracts in place to protect the council. We have co-created the project so partnership is strong.
Failure to find tenants for the enterprise spaces.	Enterprise Space Programme Manager	Low	Medium	Tested the concept with relevant organisations. Will proactively market to large numbers of enterprise space providers.
Failure for external contracts to deliver	Enterprise Space Programme Manager Business Support Programme Manager	Low	Medium	Effective procurement processes and contract management.

**4. Health and Wellbeing Impact Assessment including Health and Safety Implications**

No implications.

**5. Crime and Disorder Implications**

No implications.

## **6. Impact on the Environment**

The impact to the environment will be considered when designing the new spaces. Architects will be making the building as energy efficient as possible by including no air conditioning and having energy efficient heating. There will also be cycle storage factored into the design.

## **7. Equalities Implications**

The events that are delivered as part of the programme will be in fully accessible community venues.

The spaces that are created will be partially accessible due to existing structure, however, this will not be at the detriment to those with accessibility issues.

The programme will be fully inclusive and this will be assessed at procurement stage with relevant weighting applied.

## **8. Staffing Implications**

The project staffing is funded within the project costs. Additional staff will be recruited to support the delivery of the project. Existing staff time on the project will be reimbursed by the project.

## **9. Human Rights Implications**

Not applicable.

## **10. Energy Measure Implications**

Architects will be making the building as energy efficient as possible by including no air conditioning and having energy efficient heating.

## **11. Communications Implications**

Following the signing of the grant agreement the Business and Enterprise Team will work with the communications team to work up a plan in relation to promoting the project. The plan will aim to maximise positive exposure of the council investing in an area that supports local entrepreneurs to start businesses.

Through the evaluation process, the council will develop case studies of firms that have benefited from the project.

Note to report authors: If there are particularly significant implications in any of the above categories these should be moved to the main body of the report.