


Individual Mayoral Decision Briefing Note 20 th June, 2022	 TOWER HAMLETS
Report of: Ellie Kershaw, Acting Corporate Director of Place W/C 19/06/23	Classification: Unrestricted
Strategic Investment Pot, Inclusive Growth and LIFT Affordable Workspace Project Grants	

Lead Member	Councillor Abdul Wahid, Cabinet Member Jobs, Skills and Growth
Originating Officer(s)	Ellie Kershaw, Divisional Director Growth and Economic Development Chris Burr, Head of Growth Shahi Mofozil, Senior Manager Business Growth
Wards affected	All wards
Key Decision?	No
Reason for Key Decision	This report has been reviewed as not meeting the Key Decision criteria.
Forward Plan Notice Published	N/A
Exempt information	N/A
Strategic Plan Priority / Outcome	Priority 4 - Boost culture, business, jobs and leisure

Executive Summary

This report has been prepared to seek the approval of delegated authority to Stephen Halsey – Interim Chief Executive, Tower Hamlets Council from the Mayor; to undertake a competitive expression of interest process to secure affordable workspace provision and provide a grant payment to the successful bidders. The successful bidders will be provided two grant payment of: £155k (LIFT Programme) and £435k (LIFT & Inclusive Growth (IG) programmes).

The funding for the LIFT programme expires on 31/03/24, making the appointment of a provider and grant disbursement urgent. Providing authority to Stephen Halsey – Interim Chief Executive, Tower Hamlets Council will allow council officers to undertake a competitive expression of interest process based on procurement principles in order to quickly appoint a workspace provider and disburse a payment to the provider in the form of a grant. This will mean that: the target deadline for both programmes is met; the funding will not need to be returned to the funder; the

Council is able to provide key benefits to businesses seeking affordable workspace provision.

Recommendations:

The Mayor is recommended to:

1. Approve the request to provide delegated authority to Stephen Halsey, Interim Chief Executive, Tower Hamlets Council to provide a grant of £155,000 to a workspace provider for Leading Inclusive Futures through Technology (LIFT) Affordable Workspace Project and grant of £435,000 to a workspace provider for the Inclusive Growth (IG) Affordable Workspace Project following a bidder being selected via a competitive expression of interest process.

1 REASONS FOR THE DECISIONS

- 1.1 This decision is recommended to allow for swift and successful delivery of the projects and to reduce the risk of the funding being returned because of a failure to deliver this project in time/meet contractual requirements.
- 1.2 Officers will be following the principles previously set by the Mayor: to procure a provider; provide the funding to a provider in return for the funding outputs and legacy outputs being delivered; use the route of expression of interests (based on procurement principles) in lieu of a full tender process; and provide funding to a workspace provider in the form of a grant in the context of a *'public/private partnership'*.

2 ALTERNATIVE OPTIONS

- 2.1 An alternative approach would be to undertake a supplier adoption process (Expression of interest) and provide a recommendation at Grants Determination Sub Committee – however this route would likely delay delivery, add risk and ultimately place the success of the projects in jeopardy.

3 DETAILS OF THE REPORT

- 3.1 The Leading Inclusive Future through Technology (LIFT) and Inclusive Growth (IG) projects are sub regional projects funded via the Strategic Investment Pot (SIP).
- 3.2 Both projects are sub-regional projects with multi-borough participation. The LIFT project involves: Tower Hamlets, Camden, Hackney and Islington (Lead Authority) Councils and was created with the primary purpose of ensuring under-represented residents and business owners benefit from the growth of key sectors: Technology, Creative Production and Life Science.

- 3.3 The IG Project involves Tower Hamlets, Hackney, Camden, Haringay and Westminster (Lead Authority) Councils and was created with the primary purpose of ensuring that the growth in each local authority is inclusive and is not sector specific.
- 3.3 Each of these projects has an element of centralised business/enterprise support and provides each local authority partner with capital funding to create and deliver affordable workspace provision.
- 3.4 The capital funding envelope for the LIFT project is: £155,000 with the funding elapsing on 31/03/24 and the capital funding envelope for IG is: £435,000 with the funding elapsing on 31/03/25.
- 3.5 Both projects are similar in nature in so far as that there is a requirement to deliver a quantum of affordable workspace provision and deliver additional outputs relating to supporting businesses within the funding periods for each of the respective projects.
- 3.6 Through previous political leadership portfolio meetings the projects were presented to the Mayor and the previous Cabinet Member for Jobs, Skills and Growth: Cllr Abu Talha Chowdhury. It was agreed that we could procure a workspace provider via a procurement process within the context of a public private partnership and deliver the requisite economic benefits for Tower Hamlets residents and businesses.
- 3.7 Following the approval process, officers from the Business Growth Team (Growth Service) sought to procure a workspace provider to deliver the respective projects. In trying to obtain the relevant signatures for a Procurement Initiation Form (PIF) to start the tendering process for both projects, Finance colleagues advised that for audit and governance processes these projects will need to be listed on the Council Capital Projects List.
- 3.8 Having presented the respective PIDS for LIFT and IG Affordable workspace, Finance colleagues have advised that we can undertake a procurement process to find a workspace provider for both projects, however we cannot pay appointed workspace providers through usual payment/purchase processes associated with a tender process as the route to passporting the money out of the Council should be treated as a grant.
- 3.9 The Business Growth Team have had several conversations with finance colleagues to determine the correct way to transact with a provider, but ultimately in order to bring these projects to market before the funding elapses we are now requesting approval of delegated officer authority for the reasons set out in sections 1.1 and 2.1 of this report.
- 3.10 The LIFT and IG Affordable Workspace projects have been designed to achieve the contractual funding outputs and to ensure that we follow previous mayoral direction of ensuring these projects deliver strong economic benefits

for residents and businesses and create a strong exemplar of public/private partnership.

- 3.11 The respective projects have a two-tiered structure in project delivery. The initial set of outputs will ensure the minimum contractual outputs are delivered as per the funding agreements for both projects. The additional outputs (legacy outputs) will ensure we achieve value for money in securing outcomes for borough residents beyond the lifetime of the funding streams of both projects.
- 3.12 In year one (by 31.03.24) the LIFT Project will deliver the following contractual funding outputs:
- 500SQM of affordable workspace provision specific to one of the LIFT knowledge economy sectors of: Creative Production, Life Science or Digital/Technology.
 - Support 18 under-represented business owners to take up sector specific affordable workspace.
 - Support 19 subsidised desks (or equivalent space) at a cost of no more than 60% of open market rents.
 - Deliver a package of added value benefits for: Community organisations, employment and skills opportunities and business support.

In years two-ten (additional public/private partnership period) we will deliver the following outputs:

- 500SQM of affordable workspace provision specific to one of the LIFT knowledge economy sectors of: Creative Production, Life Science or Digital/Technology.
 - Support 162 under-represented business owners to take up sector specific affordable workspace.
 - Support 171 subsidised desks (or equivalent space) at a cost of no more than 60% of open market rents.
 - Deliver a package of added value benefits for: Community organisations, employment and skills opportunities and business support.
- 3.13 In the first 18-month period (by 31.03.25) the IG project will deliver the following contractual funding outputs:
- 315 SQM of affordable workspace for any business sector
 - Support at least 3 businesses to take up affordable workspace provision
 - Create/safeguard 27 jobs
 - Provide a broadband/high fibre internet connection
 - Deliver a package of added value benefits for: Community organisations, employment and skills opportunities and business support.

In the following 8.5 year period (additional public/private partnership period) the inclusive growth will continue deliver the following outputs:

- 315 SQM of affordable workspace for any business sector
 - Support at least 26 businesses to take up affordable workspace provision
 - Create/safeguard 229 jobs
 - Provide a broadband/high fibre internet connection
 - Deliver a package of added value benefits for: Community organisations, employment and skills opportunities and business support.
- 3.13 Staff time/costs to manage and oversee these projects are estimated to be minimal and will be covered through existing Growth Service General Fund staff budget.
- 3.14 By providing the approval of the request sought via this Individual Mayoral Decision - Tower Hamlets residents and businesses would provide be able to access workspace which is truly affordable and not just a subsidy on open market rent. The project will act an exemplar of public private partnerships and continue to deliver value for money beyond the lifetime of the respective funding streams of each project.
- 3.15 If this request is not approved, the materialisation of the resources for the benefit of enterprises and residents in the borough would not happen and cause potential reputational risk on a regional level in the instance that this funding has to be returned to the respective lead authority of each project.

4 COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 The Individual Mayoral decision is seeking approval to provide delegated authority to the Interim Chief Executive to undertake a competitive expression of interest process to secure affordable workspace provision in borough and provide a grant of £155,000 to a workspace provider for Leading Inclusive Futures through Technology (LIFT) Affordable Workspace Project and grant of £435,000 to a workspace provider for the Inclusive Growth (IG) Affordable Workspace Project. The funding for the LIFT programme will expire on 31st March 2024.
- 4.2 This is an external funded LIFT and inclusive growth Programme. The Grants will be paid in instalments after expenditure has been incurred. This will be done by LBTH drawing down on the funds from Lead authority which is London Borough of Westminster.
- 4.3 There is general funded officer time involved in delivering the programme. The cost will be met from existing budget resource if an admin charge cannot be made against the project.

5 COMMENTS OF LEGAL SERVICES

- 5.1 The Council is being given external funding under the LIFT program (administered by Westminster City Council) and is in turn required under a tight timescale to allocate the money to the chosen recipients in its area.
 - 5.2 In order to expedite matters approval is being sought from the Mayor (under his IMD powers) to grant the Interim Chief Executive the power to allocate the money following a competitive expression of interest process.
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Linked Reports, Appendices and Background Documents

Linked Report

NONE.

Appendices

NONE.

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

NONE.

Officer contact details for documents:

N/A