



**Report for:
ACTION**

**Item Number:
15**

Contains Confidential or Exempt Information	Yes, specifically Appendices 1,2 and 3 of Appendix 2 of this report by virtue of Para 3 of Sch 12 A LGA '72.
Title	Strategic Investment Pot Management and Delivery
Responsible Officer(s)	Paul Najsarek
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Portfolio(s)	Leader of the Council, Cllr Julian Bell
For Consideration By	Cabinet
Date to be Considered	16 October 2018
Implementation Date if Not Called In	29 October 2018
Affected Wards	All
Keywords/Index	Business Rates, Strategic Investment Pot, SIP, Devolution, Growth, Investment

Purpose of Report:

This report relates to the recent recommendation made by the City of London Corporation to award £11.13m to the London Borough of Ealing, acting in its capacity as the Accountable Body on behalf of the seven West London Alliance (WLA) boroughs from the Strategic Investment Pot (SIP), following a competitive bidding round in Spring 2018.

This report seeks agreement from Cabinet to receive the grant from the City of London Corporation and then to apportion SIP resources out to individual WLA boroughs in line with the recommended bids, set out in Appendices 2 and 3, attached to this report. It also seeks a range of delegations to the Executive Director of Corporate Resources and the Director of the WLA, following consultation with the Director of Legal and Democratic Services, including the development of the grant agreement with the City of London Corporation, and detailed management arrangements associated with the delivery of the recommended projects.

1. Recommendations

- 1.1 To agree the recommendations set out in the SIP Panel Consultation Report produced by the City of London Corporation, which is attached as Appendix 1.
- 1.2 To agree that the London Borough of Ealing will be the Accountable Body, in respect to the two recommended WLA SIP Bids as outlined in Appendices 2 and 3 to this report, and will receive the £11.13m SIP award and apportion it accordingly.
- 1.3 To delegate authority to the Director of the WLA, following consultation with the Director of Legal and Democratic Services and the Executive Director of

Corporate Resources, the development of appropriate monitoring, performance, and management arrangements for the delivery of programmes and projects associated with SIP across West London Boroughs, in line with guidance from the City of London Corporation, which is awaited.

1.4 To delegate authority to the Executive Director of Corporate Resources, following consultation with the Director of Legal and Democratic Services and the Director of the WLA, to negotiate and enter into the Grant Agreement with the City of London Corporation, and the corresponding agreements with WLA Boroughs which will be required for the onward transfer of funds and to apportion risk and accountability.

1.5 To delegate authority to the Director of the WLA, following consultation with the Director of Legal and Democratic Services and the Executive Director of Corporate Resources to negotiate and enter into agreements between the Accountable Body and TfL, GLA, or any other public or private body that will be involved in the delivery of the recommended SIP bids.

1.6 To note that a further report will be brought back to Cabinet by the relevant Service director/s in relation to the use of Ealing's apportioned share of SIP resources, and that other WLA boroughs involved with this bidding round will be responsible for their own decisions relating to the use of their apportioned share of SIP resources, following their own internal governance processes.

2. Background and Context

In the Spring Budget 2017 the Government indicated its support for the pooling of business rates in London. It confirmed in the November 2017 Budget that it had accepted the proposal for a 100% business rates retention pilot for the 2018-19 financial year which had been submitted by London Councils and the Mayor of London, covering the GLA and all 33 London billing authorities.

In April 2018, London Councils wrote to all Leaders in London setting out how the Strategic Investment Pot (SIP) process would work in practice, including a number of principles for allocating resources via a competitive bidding round, including a particular focus on bids from groups of Boroughs that focused on strategic cross-cutting priorities relating to economic growth.

In May 2018 the seven Boroughs¹ of the West London Alliance submitted three joint bids to the City of London Corporation following a process of development to ensure bids fully reflected the priorities of all West London Boroughs.

On 31 July London Councils launched a consultation report setting out its recommendations for allocating SIP resources to individual bids across London. It noted that 22 bids were received from across London, with a total value of £123m

¹ These are: LB Barnet, LB Brent, LB Ealing, LB Harrow, LB Hammersmith & Fulham, LB Hillingdon, and LB Hounslow.

bid for against a total available SIP resource of £46.83m. Two of the three bids submitted by West London Alliance Boroughs were recommended for approval in the consultation. These are;

- Digital investment - £7.7m (Appendix 2 for detail of the bid)
- Boosting Skills & Productivity - £3.4m (Appendix 3 for detail of the bid)

West London Boroughs responded individually and collectively to the consultation confirming support for the overall recommended package by the deadline on 14 September 2018.

The final decision on allocating SIP resources to Boroughs was made at London Council Leaders Committee on 9 October 2018.

Individual West London Boroughs, including LB Ealing, are making separate arrangements to deliver SIP projects locally that are distinct from the arrangements for receiving and apportioning SIP resources, following their respective governance and decision-making processes. This means that there is not a transfer of financial risk back to the Accountable Body associated with the use of SIP resources in other local authorities engaged with the West London process (Recommendation 1.6).

Sub-Regional Governance

A number of Boards will be involved in the governance and delivery of activity related to the SIP. These are summarised below:

West London Economic Prosperity Board (WLEPB): The constituted joint committee, consisting of the Leaders of six WLA boroughs, with responsibility for making sub regional funding applications and allocating such funding. The Chair of the Board rotates on an annual basis, with LB Ealing currently holding the Chair. The WLEPB will receive at least six-monthly reports outline progress delivering the outcomes set out in the SIP bids. LB Hillingdon is not part of the WLEPB and so any reporting of progress will also be made to the West London Leaders Board, which LB Hillingdon is a member of.

West London Skills, Employment and Productivity Board: This Board oversees and coordinates the delivery of the skills and employment elements of the West London Vision for Growth, It is chaired by the Leader of LB Hounslow and reports progress to the WLEPB on an annual basis. This Board will be involved in the day to day coordination of the delivery of the Skills SIP bid.

West London Growth Directors Board: The senior officer Board consisting of “Growth” and Regeneration Directors from the WLA boroughs. This Board leads the development and delivery of the West London Vision for Growth, identifying new opportunities for attracting investment to West London Boroughs, and for overseeing the implementation of the West London SIP.

The detail of the two bids are set out in clear summary form on the front pages of Appendices 2 and 3, attached.

Programme governance will reflect the fact that there is a shared economic strategy, “The West London Vision for Growth”, but also the fact that Boroughs are sovereign and will have direct control of their apportioned SIP grant. There will need to be coordinated performance reporting and programme management via the WLA to the City of London Corporation, to ensure a joined-up approach, accountability and transparency.

3. Next Steps and Key Implications

The following forward timeline is relevant to the SIP allocation process:

- 1) **9 October 2018:** London Councils Leaders Committee decision on the recommended package of SIP projects.
- 2) **Autumn 2018:** The Accountable Body (LB Ealing) will negotiate and enter into a Grant Agreement with the City of London Corporation. The process for developing and agreeing this Grant Agreement is being developed by the City of London Corporation. The Accountable Body will then enter into agreements with individual WLA boroughs that confirm SIP resources will be spent to deliver the strategic outcomes identified in the successful bids.
- 3) **Autumn/Winter 2018:** SIP received by the Accountable Body and apportioned to successful bidders, (see recommendation 1.2). The date for the transfer of SIP resources to the Accountable Body is to be confirmed by the City of London Corporation.

The SIP process represents a flow of resources to Boroughs and will enable the delivery of a range of priority projects relating to investing in digital infrastructure, skills and employment. There is no cash match associated with the bids. However, an ‘in kind’ funding match (i.e. officer time) will be required from the Council to administer the successful delivery of the programme.

The City of London Corporation are developing arrangements for transferring SIP resources to LB Ealing as the Accountable Body, which are awaited. This is likely to include a Grant Agreement between LB Ealing and the Corporation stipulating that the SIP resources will be spent only on delivering the successful bids (Recommendation 1.4).

The Accountable Body will need to agree with other WLA boroughs that they will also spend their apportioned share of the SIP resources on delivering the outcomes set out in the recommended bids. This would best be done through delegated authority to the Director of Corporate Resources, in consultation with the Director of the WLA and the Director of Legal and Democratic Services (Recommendation 1.4).

On the Digital Bid, Boroughs have the option, should they wish, of coordinating their approach by working together with TfL through TfL’s existing digital broadband programme and appointed provider. TfL will commit to connecting the identified sites

set out in the recommended bid as part of their wider programme. Boroughs may alternatively choose to engage with TfL individually, which they will be able to do following their own internal governance processes. In this case a hybrid approach may be taken, with some boroughs choosing to engage with TfL individually, and others in coordination via the WLA (Recommendation 1.5). Boroughs will be responsible to the local delivery of their schemes, with overall coordination delegated to the WLA Director.

4. Financial

a) Financial impact on the budget

There is no cash match or new financial burden associated with the two recommended SIP bids, which represent new resource to West London Boroughs. Likewise, there is no financial liability or risk of overspending because once SIP resource has been used then the SIP-resourced elements of those projects will come to an end. The in-kind element of the funding for the Skills bid will come from officer time.

On the Digital Bid, work is currently being undertaken to determine the income generation potential of the new high-speed fibre networks that will be installed within individual Boroughs.

There is no time limit by which SIP resources must be spent, however it is noted that it will be important to deliver at pace if this current pilot is to be extended to future years and become a flow of resource in the future rather than a one-off allocation. This is because a key outcome from the process is demonstrating to Central Government that Local Government can invest in growth more quickly and more effectively than central government is able to.

The approved (revenue) budget contains £11.13m to resource the delivery of the two recommended West London Strategic Investment Pot Bids over a two-year period, starting at the point the Grant is received. A portion of this could be converted to capital subsequently if appropriate for the delivery of the bid.

Once SIP resources have been utilised in the delivery of the relevant projects there will be no further pressure on LB Ealing budgets.

b) Financial background

SIP resources will come from the City of London Corporation as the Legal Corporate Body.

5. Legal

The funding is expected to come in the form of a grant from the City of London Corporation to the Council as the Accountable Body. The Council will be required to enter into a grant agreement confirming how resources are to be utilised. The draft terms of this agreement have not yet been shared with the Council and so further consideration of the legal implications will be required prior to entering in to this agreement and before agreements can be reached with the other WLA authorities (Recommendation 1.4).

6. Value for Money

Delivery of SIP bids across Boroughs will be undertaken in a coordinated way that ensures joined up delivery to meet Borough strategic priorities efficiently and at pace. This will include light touch performance reporting, via the West London Economic Prosperity Board and LB Ealing Cabinet where appropriate.

SIP resources represent a flow of resources to the Borough and there is no financial opportunity cost associated with it or new financial burden on the Council as the lead West London Authority and Accountable Body.

7. Risk Management

SIP resources are an external grant with no associated cash match. Once the grant has been spent, the SIP-resourced elements of the programmes will come to an end.

The Council will be asked to agree, as the Accountable Borough to provide performance reports to the City of London Corporation. This activity will be coordinated by the West London Alliance.

There are risks associated with the quality of programme management and delivery e.g. reputational risks. The governance of the SIP will reflect this, with detailed decisions relating to the use of SIP, post apportionment, being the responsibility of the relevant authority, with no transfer of risk back to the Accountable Borough. This is because individual boroughs will be responsible for delivering their element of the SIP resource following their own decision-making processes. Overall programme management at the sub-regional level will be undertaken by the West London Alliance, reporting twice yearly to the West London Economic Prosperity Board.

With the Digital bids, this will make use of the framework agreement that they are currently procuring to install high-speed fibre on the TfL rail network. Specifically, their procurement process has been adapted to allow them to receive third party grants from local authorities that will then be delivered by their appointed contractor. It is therefore important that TfL's procurement goes smoothly and is completed in order to allow smooth delivery of the digital bid. This risk will be closely monitored, with Borough and WLA officers in close and regular contact with TfL.

9. Community Safety

None.

10. Links to the 3 Key Priorities for the Borough

These bids relate to the delivery two key priorities:

- Opportunities and living incomes
- A healthy and great place

11. Equalities, Human Rights and Community Cohesion

No EIA is required associated with the two successful bids.

12. Staffing/Workforce and Accommodation implications:

None.

13. Property and Assets

The Digital Bid (Appendix 2) will involve connecting public buildings with high speed fibre connections linked to the closest TfL station. Private providers will then be able to competitively connect to this fibre “trunk” that would be owned by the relevant Local Authority, potentially creating income generation opportunities and significantly speeding up connection speeds in areas with low internet speed. Note that Confidential Appendices 1, 2 and 3 of the Digital Bid are held under Part 2 of this report.

Prior to any public buildings being connected they will be reviewed against the disposals register to ensure no buildings are connected that are currently identified for disposal.

14. Any other implications:

None.

15. Consultation

n/a

16. Timetable for Implementation

Once the SIP resources are received, apportionment to individual WLA boroughs will be undertaken along the lines set out in the bids and in Section 3 of this report.

17. Appendices

Appendix 1: Recommended SIP package from City of London Corporation

Appendix 2: West London SIP Bid – Digital connectivity

Appendix 2i: Confidential Appendix

Appendix 3: West London SIP Bid – Skills, Employment and Productivity

18. Background Information

None

Consultation (Mandatory)

Name of consultee	Post held	Date sent to consultee	Date response received	Comments appear in paragraph:
Internal				
Ian O'Donnell	Executive Director	12/09/2018	12/09/2018	Throughout
Catherine Taylor	Director, Legal Services	17/09/2018	18/09/2018	Throughout
Ross Brown	Director, Finance	17/09/2018	18/09/2018	Throughout
Cllr Julian Bell	Leader / Cabinet Member for:	28/09/2018	02/10/2018	Throughout
Bernadette Marjoram	Director, West London Alliance	12/09/2018	18/09/2018	Throughout
External				

Report History

Decision type:	Urgency item?
EITHER: Key decision OR Non-key decision OR For information (delete as applicable)	No
Report no.:	Report author and contact for queries:
	Luke Ward, Head of Growth, Employment & Skills