

London Business Rates 2018/19 100% Pilot Pool

Strategic Investment Pot (SIP) Consultation Report



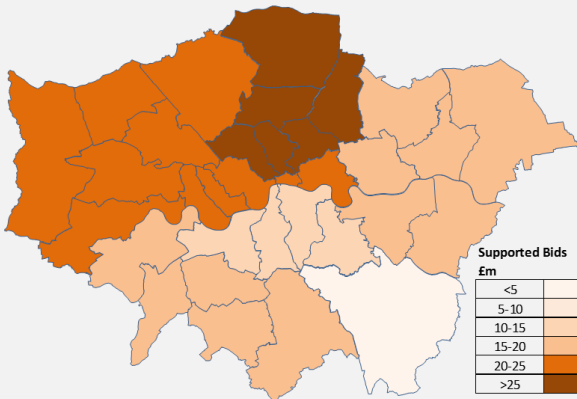
Report of the SIP Panel:

Peter Kane, Chamberlain, City of London Corporation
 Guy Ware, Director Finance, Performance & Procurement, London Councils
 Andy Donald, Chief Executive, Redbridge
 Shifa Mustafa, Executive Director Place, Croydon
 James Rolfe, Executive Director Finance, Resources & Customer Services, Enfield
 Amar Dave, Strategic Director Regeneration & Environment, Brent
 Debbie Jackson, Assistant Director Regeneration and Economic Development, GLA
 Richard Simpson, Executive Director Resources, Croydon
 Duncan Whitfield, Strategic Director Finance & Governance, Southwark
 Gerald Almeroth, Strategic Director Resources, Sutton

Bids Received

This info-graphic shows a summary of key information from all of the bids submitted: geography, types and amounts of funding, expected project outputs.

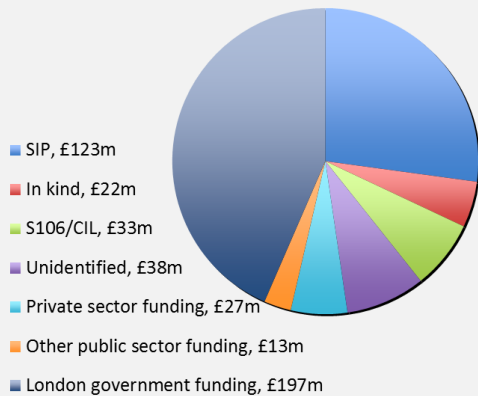
Bids were submitted from across London



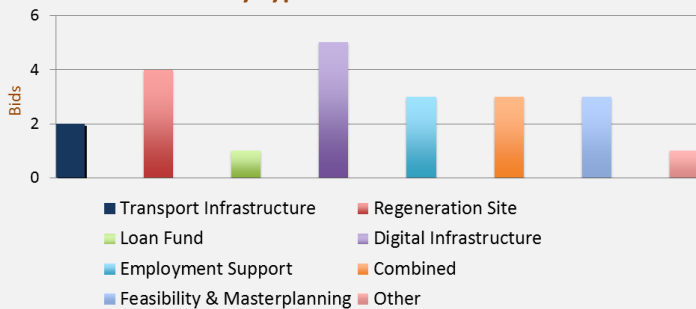
Project funding identified, £m

Project sizes have been estimated using the total match funds available where not specified in bids.

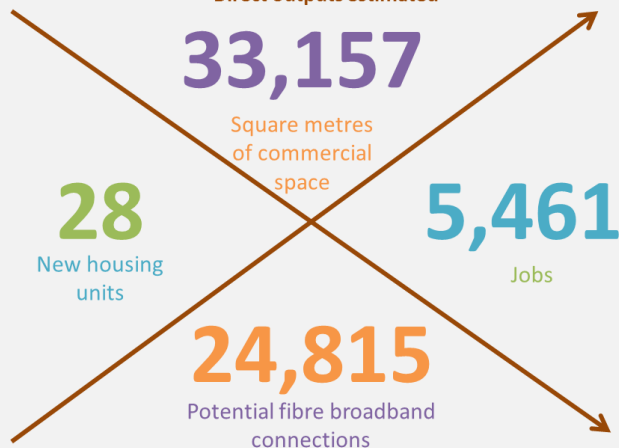
In-kind match funds identified included the market value of assets used in projects or secured through S106, and staff time.



Bids received by type



Direct outputs estimated



£52m

Expected SIP fund

£123m

Total SIP Bids Received

The executive summary

For 2018/19, the GLA and the 33 London billing authorities are piloting 100% business rates retention. This allows London to retain an estimated £349m of extra funding. Of this, approximately 50% will be used for strategic investment: 15% (c.£52m, Strategic Investment Pot) to be allocated by the agreement of London government, and the balance (the GLA share of total benefit) for allocation by the Mayor of London.

The aim for the SIP funds is to:

- contribute to the sustainable growth of London's economy and an increase in business rates income either directly or as a result of the wider economic benefits anticipated;
- leverage additional investment funding from other private or public sources; and
- have broad support across London government in accordance with the agreed governance process.

There is not currently a mechanism for joint decision-making by London government, therefore the formal decision must be taken by the Members of the Lead Authority (City of London Corporation), subject to consultation with all participating authorities. This is the consultation report, to which authorities are asked to respond according to their own decision-making processes. The consultation requirements are that:

- the Mayor of London and two-thirds of the 33 billing authorities agree to recommend project approval; and
- if all the authorities in a given sub-region (as defined in the pooling agreement) do not recommend the project, it shall not be agreed.

Bids were invited in April 2018 with a deadline at the end of May. 22 bids were received for a total of £123.4m. A summary of the bids received is shown in the info-graphic (left). The overall quality of bids was high, bearing in mind the timescale. Some were well developed with a clear delivery plan and estimates of impact; others will benefit from further development and reconsideration in future rounds.

The City of London Corporation, the Lead Authority for the pooling arrangement, has led the evaluation process, convening a Panel of senior finance, regeneration, and service directors from the London authorities, the GLA, and London Councils to carry it out. This approach was designed to ensure that appropriate expertise and pan-London engagement was obtained for the evaluation. This report is issued by the Panel and provides:

- an overview of the pilot scheme,
- information about the bidding and evaluation process,
- an overview of bids,
- the recommended package of bids to be funded, and
- an appendix with a summary of each of the bids.

The recommendation

The Panel has considered the bids and recommends that the following SIP funds are awarded because they provide the best way to balance the objectives of the fund within the resources available. The Mayor and the 33 London authorities are asked to use their own decision-making processes to confirm their support for each.

	£m
• South Dock Bridge	7.00
• Productive Valley:	5.75
○ South Tottenham Employment Area	
○ Investment Fund	
○ Rigg Approach	
• South London Innovation Corridor	8.00
• Open Data Standard for Planning	0.25
• Euston Recruitment Hub	3.00
• West London Alliance:	11.13
○ Skills & Productivity	
○ Investment in Digital	
• Local London Investment in Fibre	7.70
• South London Multi-Purpose Internet of Things Platform	4.00
Total Recommended Package	46.83

A summary of the bids in the recommended package is shown in the info-graphic (right). The package includes bids which will directly grow London's business rates by providing new or refurbished commercial space, as well as ones which will indirectly generate growth by providing transport and digital infrastructure, supporting employment and businesses, and creating frameworks for development. A mixture of bids is included to achieve a balanced package: some are focused on a single, specific site and some have a much wider focus and potential impact.

A successful allocation of funds will allow the various strategic investment projects to begin, demonstrate to Government that London government can cooperate and work together, and provide a sound basis for the Government evaluation of the pilot which is expected in the Autumn.

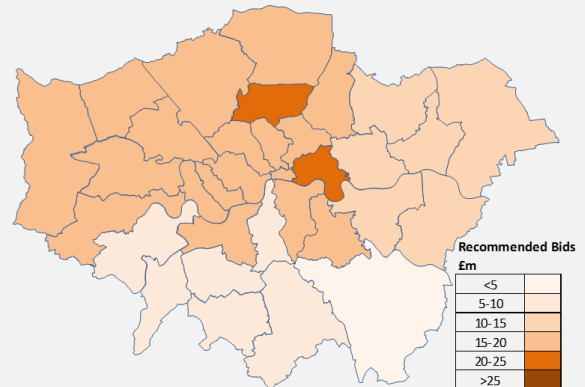
The precise amount of funds will be confirmed once the 2018/19 accounts are closed, and will be rolled into the 2019/20 SIP if the pilot is extended or allocated in another round if not.

The Lead Authority will make arrangements for funding agreements, including application of funding conditions relating to the outputs and match funding in the bid once the consultation and decision-making process is complete.

Recommended Package

This info-graphic shows a summary of key information from the recommended package: geography, types and amounts of funding, expected project outputs.

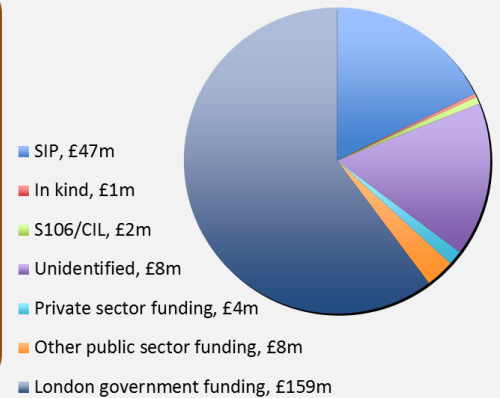
Bids are recommended from across London



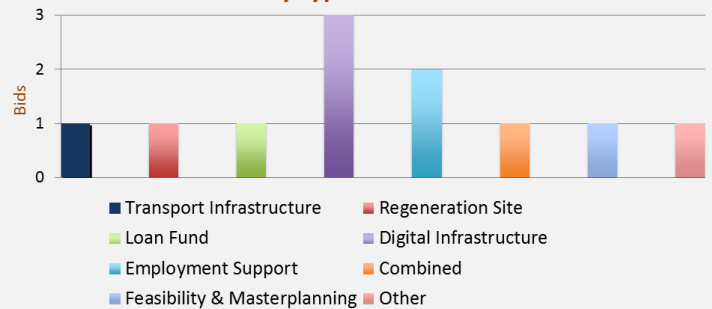
Bidders identified a range of different sources of funding. The Panel assessed these carefully and considered the extent to which they were reasonable claims.

In-kind match funds identified included the market value of assets used in projects or secured through S106, and staff time.

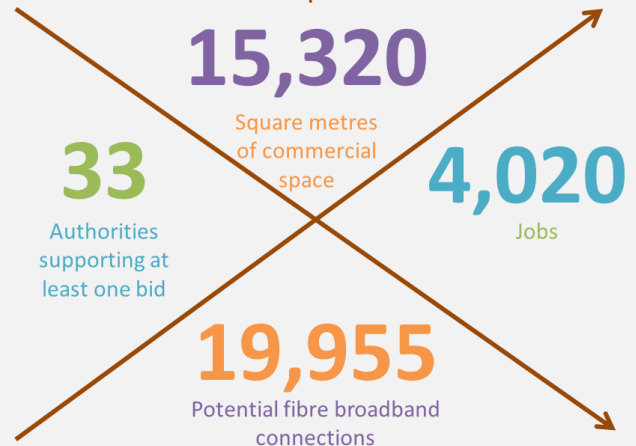
Project funding identified, £m



Bids recommended by type



Direct outputs estimated



£52m

Expected SIP fund

£46.83m

Total SIP Bids Recommended

The 100% pilot scheme and SIP

This is the second year that London has piloted additional business rates retention. In 2017/18, the GLA's Revenue Support Grant (RSG) and funding for TfL capital was replaced by additional rates, meaning London retained a total of 67% of business rates (adjusted for redistributive measures and a 50% levy on growth over baselines set in 2013-14).

For 2018/19, all 33 London billing authorities and the GLA have come together to pilot 100% retention, reaching agreement with Government at the Autumn Budget 2017. The operating principles of the pilot pool were subsequently agreed, via a Memorandum of Understanding (MoU), by the 32 London Boroughs, the City of London Corporation and the GLA in January 2018.

The pilot replaces RSG for the 33 London billing authorities with retained business rates. Government also agreed an enhanced safety net threshold of 97% (compared with 92.5% under the previous scheme), meaning that London, as a whole, cannot lose more than 3% of its baseline funding level. An additional safeguard has been agreed between the London authorities that no authority will be worse off than under the pilot than the previous arrangements.

The pilot allows London to retain 100% of any growth (rather than 67% that would have been the case otherwise) over the baseline levels set in 2013/14. The 2018/19 pilot also removes the 50% levy on that growth. Following analysis of all London borough business rates forecasts submitted to the Government in January, the overall forecast net additional benefit to London is estimated to be approximately £349m. However, the final figure will not be known until after the financial year has ended and accounts have been audited.

Under the agreed terms of the London pilot, 15% of the net financial benefit of pooling – budgeted at approximately £52m – is reserved for the Strategic Investment Pot, to be spent on projects that:

- contribute to the sustainable growth of London's economy and an increase in business rates income either directly or as a result of the wider economic benefits anticipated;
- leverage additional investment funding from other private or public sources; and
- have broad support across London government in accordance with the agreed governance process.

The final amount of SIP funds available is subject to the final amount collected in year. The budgeted amount is based on authorities' estimates in January 2018, with a recommended allocation of £46.83m (90%).

The process agreed in establishing the pilot pool reflects the absence of a statutorily recognisable mechanism for joint decision-making by the 33 billing authorities and the Mayor of London. The formal decision must therefore be taken by the Members of the Lead Authority (the City of London Corporation), subject to consultation with all participating authorities. This is the consultation report, to which authorities are asked to respond, according to their own decision-making processes. The consultation requirements are that:

- the Mayor of London and the majority (two-thirds) of the 33 billing authorities agree to recommend approval of the project; and
- if all the authorities in a given sub-region (as defined by the MoU) do not recommend the project, it shall not be agreed.

This report provides information about the pilot scheme, the bidding and evaluation process, an overview of the bids received, the recommended package of bids for funding, and an appendix with a summary of all bids.

In addition, the Mayor of London has committed to spending the GLA's share of the additional net financial benefit from the pilot on strategic investment priorities. The allocation process for this, separate, fund

(estimated at £112m) is currently underway, the Mayor is expected to make decisions shortly, and announcements on each project will follow afterwards.

The bidding and evaluation process

The Lead Authority is responsible for the operation of the SIP, and has made arrangements for inviting bids, evaluation, and the preparation of this recommendation report. The call for bids was issued in April 2018 to the Leaders of the 33 London billing authorities, this included a bid form and bidding guidance. The deadline for submissions was the end of May 2018.

The bidding guidance explained the Lead Authority's intention that the evaluation would be carried out by a Panel of senior finance, regeneration, and service directors from the London authorities and GLA, and London Councils. This approach was designed to ensure that appropriate expertise and pan-London engagement was obtained for the evaluation method. This report is issued by the Panel and provides its recommended package of bids to be funded.

The criteria considered were those included in the bidding guidance, namely:

- **Contribution of anticipated outputs to key economic growth priorities:** e.g. housing and planning; transport and infrastructure (including digital infrastructure); skills, employment and business support. This could be evidenced, for example, by quantification of anticipated outputs (increase in homes, commercial floor space, jobs, etc.) and by alignment with existing regional, sub-regional and local strategies.
- **The anticipated scale of economic benefit,** both in absolute terms and, where appropriate, expressed as a ratio of anticipated return to investment required.
- **The breadth of geographic impact** – with a presumption that the broader the area of impact the better. Whilst strong local bids will be considered under other criteria, there will be a preference for joint proposals, including but not necessarily limited to those from existing sub-regional partnerships, or which apply to the whole of London.
- **The scale of match funding,** both in absolute terms and expressed as a ratio of funding from other public or private sources to SIP investment required. The presumption will be that – all other things being equal – proposals that command a greater level of match funding will be preferred.
- **Delivery timescales:** No strict cut-off point is defined; however delivery timescales will be considered within the overall evaluation, with a presumption in favour of earlier completion (and therefore earlier economic returns), but ensuring an appropriate mix of recommended proposals between 'oven-ready' schemes and longer-term investment projects.

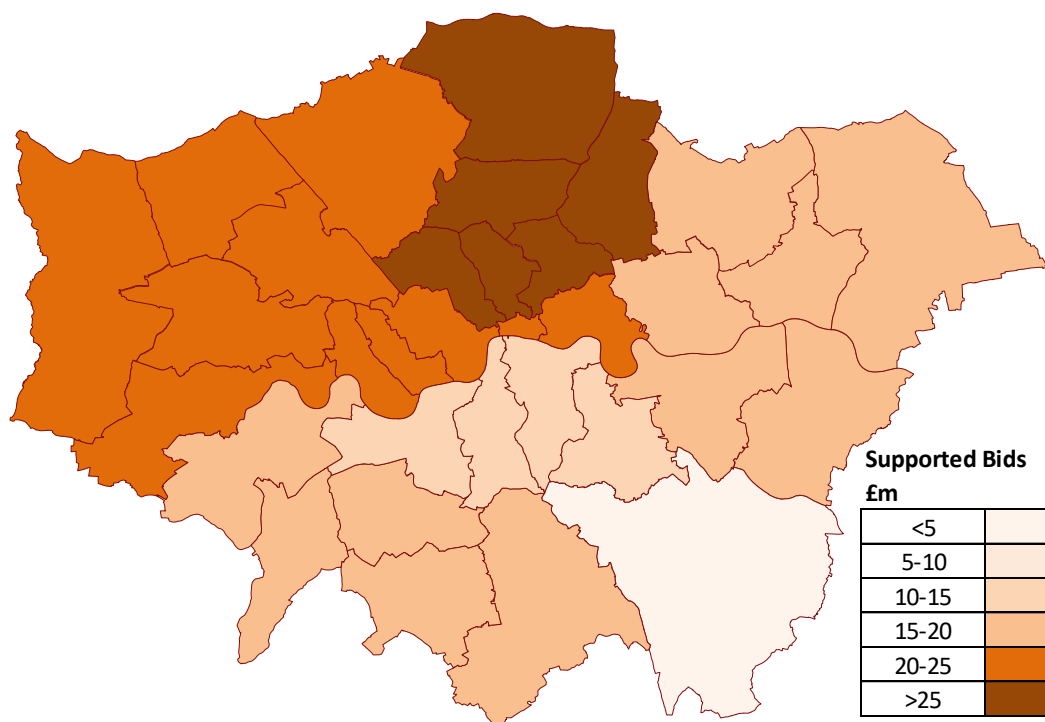
The bidding guidance made clear that, though the criteria were chosen in part because they were capable of objective evaluation, there would also be a degree of judgment and interpretation required. There would also be a need to assess the robustness and credibility of the estimates included in the bids. By way of specific consideration of the matters of judgement and interpretation which could not be objectively summarised from the bids, four areas were considered:

- **Deliverability** – an assessment of the likelihood of delivering the project (and any sub-projects) referred to in the bid, and doing so within the timeframe and resource base described in the bid documentation.
- **Economic impact** – an assessment of the expected level of impact of the bid; considering, in particular, the two key aims of the SIP which were to directly increase business rates income and to increase business rates income indirectly as a result of wider economic benefits.
- **Geographical impact** – a consideration of whether the bid would impact directly in just a specific locale, across a borough, a sub-region, or even more widely.
- **Additionality of match funding** – an assessment of the extent to which the bid leveraged truly additional investment funding, or whether it referred only to funding already accessible to bidders.

These four areas and the objective and comparative details of the bids were all considered and discussed by the Panel in forming its recommended package of bids.

The bids received

The expected value of SIP funds is £52m, subject to the final outturn on business rates. Following the invitation to bid in April, by the deadline at the end of May, 22 SIP bids were received from 15 accountable boroughs for a total of £123.4m. All authorities supported at least one bid, and the majority supported bids of at least £5m, the total value of bids supported by each authority is shown on the map:

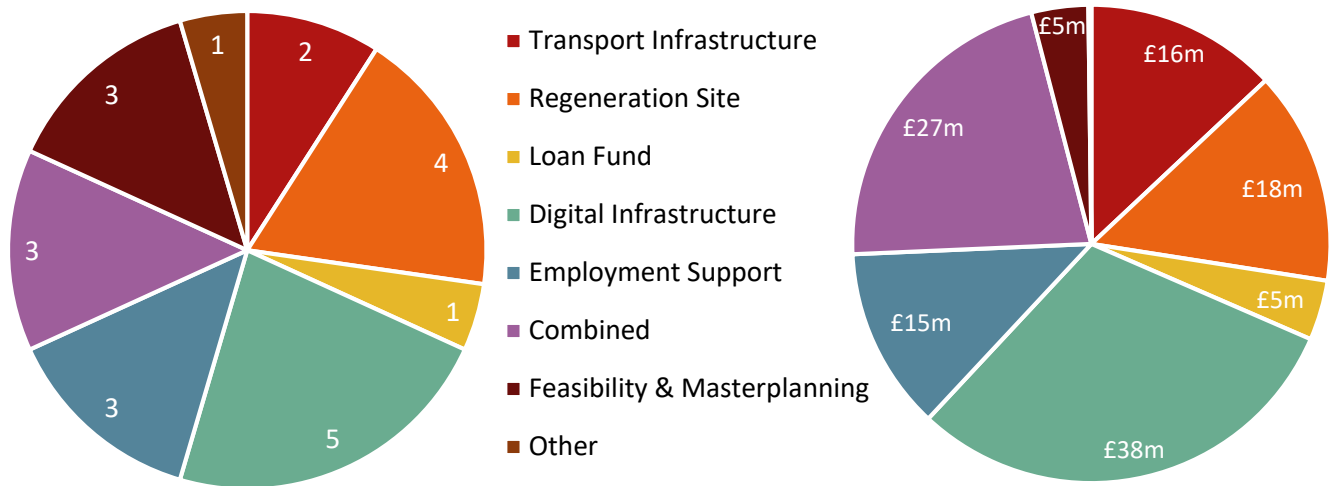


The bids were categorised to allow comparison between them, and to aid in the identification of a balanced package of bids. However, the Panel were conscious that the categorisation had been retrospectively applied, and it was kept under review throughout the evaluation process; no 'quota' was applied, and there was no specific aim relating to categorisation in the Panel's approach to identifying a recommended package. The final categories used were as follows:

- **Transport infrastructure bids** which supported projects such as bus lanes, bridges, public realm or cycling improvements.
- **Digital infrastructure bids** for projects such as fibre networks, CCTV and 'Internet of Things' installations.
- **Regeneration site bids** contributing to regeneration of particular sites, including at least one phase of construction and delivery.
- **Feasibility & masterplanning bids** supporting the initial or planning phases of a regeneration scheme or infrastructure project, and in general delivering business cases, master plans or feasibility studies rather than completed projects or works. However, some included initial enabling works or funded some land assembly.
- **Employment support bids** providing intervention or facilities to support people into work or improve their skills.
- **Loan fund bids** aimed at setting up a local investment fund for projects, on a repayment and interest bearing basis.

- **Combined bids** are those combine a number of these types, generally by seeking an allocation of funds to be used in a locality for a number of sub-projects.
- **Other bids** which did not fit into any of the other categories.

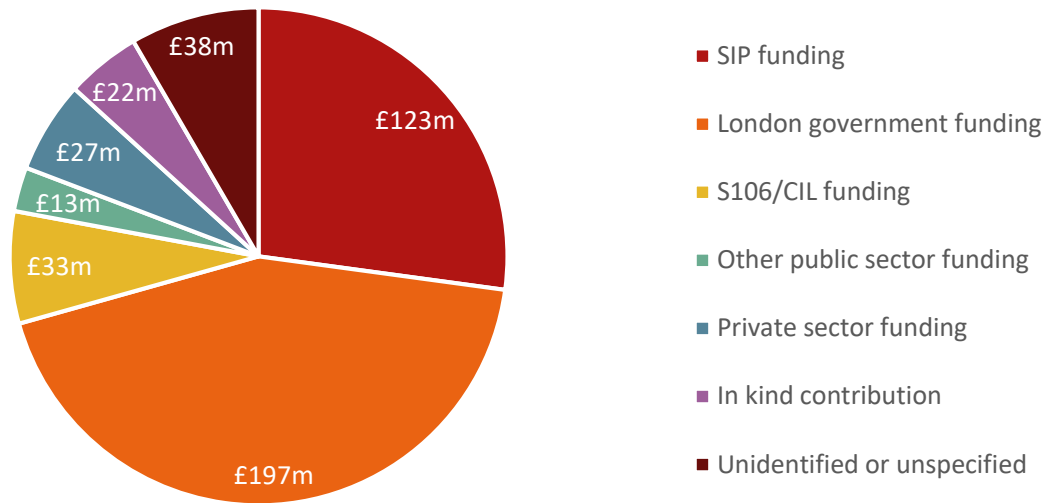
The graphs show the total bid amount and number of bids received in each category:



The bids were for projects with a range of different sizes, some specified the total size of the project and others just provided a total amount of match funding (so in this case the total of the match funding was used to estimate the project size). The average bid size was £5.6m, with a minimum of £0.25m and a maximum of £15m, and the SIP funding proportion was from 5% to 85%. The bidders identified a wide range of different sources of match funding, which have been organised into a number of categories:

- **SIP funding** is the bid amount.
- **London government funding** is other funding committed, requested, or to be requested by the boroughs, GLA, and TfL as part of their project. This generally related to capital resources (including right to buy receipts) or grant funding (such as the Mayor’s Construction Academy, for which one bidder has applied).
- **S106/CIL funding** is the use of contributions made by developers to the localities surrounding their developments. These funds are within the control of the local authority, subject to some restrictions depending on the nature of some S106 agreements. Some bids identified expected additional contributions that would be secured as a result of additional development following the proposed SIP funded project.
- **Other public sector funding** is most commonly government grant.
- **Private sector funding** is expected contributions from the private sector, which might, for example, be through sponsorship or joint venture agreements.
- **In kind contributions** were from a variety of different potential sources, including staff time in the authority which was bidding or to manage the project, but in some cases included the market value of existing assets or assets secured through S106 agreements with developers.
- **Unidentified or unspecified** funds, in one case referred to proposed borrowing, but this category also used where bids were unclear or uncertain as to the expected funding source.

The Panel considered the additionality of match funding (as described above under ‘The bidding and evaluation process’) offered by bidders and the quantum of match funding to inform their recommendation. The graph shows the total (estimated) project costs and funding sources, over all the bids received:



The recommended package

The Panel recommend that Members fund a balanced package of bids, which combines a range of different projects. The bids included in the package, and the reasons why are detailed in this section. They are presented in no specific order.

South Dock Bridge

Bid size	£7m	South Dock Bridge is a proposed new footbridge to provide a fully accessible link to South Quay within the private Canary Wharf estate, near its new Elizabeth and Jubilee line stations. The bid will unlock delivery of new housing and commercial development and links residential and commercial districts to the south of the Isle of Dogs to the Canary Wharf commercial district.
Estimated total project cost	£12m	
Estimated SIP proportion	58%	
Match Funding		The Bidder expects this to unlock development on the Isle of Dogs, and to relieve congestion on nearby public transport.
CIL & S106	£1.5m	
Unidentified (likely CIL, though some sponsorship potential)	£3.5m	
Project timeframe	1.5-3 Years	

The Panel conclude that this bid would bring forward the provision of the proposed infrastructure, and are confident that this will unlock earlier development in the area. The importance of the borough to London and the wider UK economy is a factor in recommending this bid. Supporting this bid will deliver a particular, discrete piece of transport infrastructure and clearly demonstrate to Government the impact of SIP funding.

Productive Valley:

- South Tottenham Employment Area
- Investment Fund
- Rigg Approach

The Productive Valley study provides a clear rationale for intervention in this area, and of the four initiatives proposed, the Panel concluded that three should be recommended for funding.

Bid size	£2m	<p>The South Tottenham Employment Area bid is for delivery of 7,776m² of good quality employment space through a mix of refurbishment, extension and redevelopment of existing premises in the South Tottenham Employment Area.</p> <p>The Bidder expects this to redevelop the site, which they consider underutilised. In addition to new space, this will also provide 2,029m² of refurbished space. They expect an uplift of c.£0.32m of rates income and 320 new jobs.</p>
Estimated total project cost	£2.5m	
Estimated SIP proportion	80%	
Match Funding		
Public sector funding	£0.2m	
In-kind (staff time)	£0.3m	
Project timeframe	3-5 Years	

The South Tottenham Employment Area initiative is considered deliverable by the Panel because the building involved is already in the ownership of the bidding authority. The Panel also understood from the bid that there was a much larger scheme in mind which funding this first phase will 'kick off'. Supporting this bid will deliver regeneration on a specific site and increase the business rates base through additional commercial space.

Bid size	£5m	<p>The Productive Valley Investment Fund would be a valley-wide loan fund, modelled on the existing Opportunity Investment Fund which provides unsecured loans at 6-8% to local businesses, with an initial repayment holiday. The fund would help support businesses, enabling them to grow and attracting others into the area. They plan to budget for 70% repayment to allow for some failures, though the existing fund has so far had no write-offs.</p> <p>The Bidder expects this to directly support at least 32 businesses over three years.</p>
Estimated total project cost	£6.5m	
Estimated SIP proportion	77%	
Match Funding		
In-kind (officer time)	£0.3m	
Unidentified (would ask for match)	£1.2m	
Project timeframe	3-5 Years	

Whilst the lack of specific projects identified and approved for funding means that the Panel identify a possible risk to the delivery of these projects and some potential for delay. The repayment nature of this fund means that it is expected to have a wide and longer term impact than simply offering grant funding. However, given the limited amount of SIP funds available, the Panel consider that a lower award than the £5m bid of £3m is reasonable and recommend funding at this level. Where part funding is recommended, the balance is moved to unidentified in the Executive Summary infographic, which also includes the bid outputs unadjusted.

Bid size	£2m	Rigg Approach is a 5ha area of land identified as a Strategic Industrial Location (SIL) that forms the Lea Bridge gateway to Waltham Forest. This bid is for SIP funding to be used to: establish formal partnerships with businesses, landowners, interested developers and strategic parties; prepare an agreed masterplan, overarching outline and phase one planning applications; develop strategies and business cases for securing investment and the first phases of work. Funding will also be retained to kick-start the initial phase of development. The Bidder expects this to complete masterplanning, identify land assembly and phasing strategies and assess delivery routes/more detailed business cases for a programme of regeneration of 5ha to 2028. Total GDV c.£250m, 11,000-22,000m ² industrial. They expect 100%+ growth in rates for area.
Estimated total project cost	£3m	
Estimated SIP proportion	67%	
Match Funding		
In-kind (spend to date)	£0.15m	
To be identified – Council funding and officer time	£0.85m	
Project timeframe	1.5-3 Years	

The Rigg Approach initiative covers a large site, and the bid aims to increase density and intensify activity in the area. This has a good strategic fit and meets a specific policy objective to improve the performance of industrial land and investigate multi-level industrial use. Supporting this bid will contribute to a clear strategy to grow business rates in London’s limited land resource over the longer term, and could also free up land for housing where there is not additional business demand. The Panel note that 25% of the £2m bid is intended to support the first phase of development which has not been guaranteed, leaving a balance of £1.5m for the master-planning exercise. The Panel view £1.5m as a very significant amount to spend on an initial project, and considering the size of the SIP fund, recommend a smaller award of £0.75m to produce a focused piece of work.

South London Innovation Corridor

Bid size	£11.33m	This project proposes strategic investments into central (South Bank; Vauxhall Nine Elms Battersea) and local growth clusters (Brixton; New Cross; Old Kent Road; Peckham; Camberwell; and Wandsworth) on Workspace (capital investment into affordable workspace and incubators projects, delivering substantial new commercial floorspace), Business support (cross-borough networking; accelerators and support for creative and digital start-ups supporting substantial job creation), and Talent development (cross-borough creative and digital employment initiatives focussed on enabling disadvantaged groups to access employment and support career progression). The Bidder expects this to deliver £1.5m business rates income, 400 pre-apprenticeships, 200 work experience placements, 200 apprenticeships, and 1,700 jobs. 750 businesses will be supported, beneficiaries will be 50% BAME.
Estimated total project cost	£26.33m	
Estimated SIP proportion	43%	
Match Funding		
Unidentified (bid describes as ‘cash match’)	£15m	
Project timeframe	1.5-3 Years	

The Panel considered this bid to be imaginative and wide ranging covering workspace, talent development, and business support. The bidder expected in particular that it would produce a significant amount of commercial space. Supporting this bid therefore is expected to grow business rates through both direct and indirect means. The Panel discussed the level of management fees, but concluded that these were reasonable given the number of sub-projects described. The Panel considered reducing the amount to be awarded in the case of this type of bid and concluded that this could be expected to increase the focus and assist bidders in ensuring that prioritisation takes place and only the most effective sub-projects are funded. The Panel consider that £8m is a reasonable level, and recommend an award at that level.

Open Data Standard for Planning

Bid size	£0.25m	This bid is for development of an open data standard for planning applications to transform the quality of strategic planning and administration of planning permission. Planning data needs to be in a format that's consistent across boroughs, regardless of the particular software tools or policies of individual boroughs. This bid would provide a single end to end data solution, which no providers in the market currently provide. This bid could benefit all London Boroughs and any planning authority, provided their software vendor adopts the data standard
Estimated total project cost	£0.75m	
Estimated SIP proportion	33%	
Match Funding		
MHCLG grant	£0.25m	
Borough funding	£0.25m	
Project timeframe	Within 18 months	
		The Bidder expects this to offer significant benefits, in line with other open data projects (overall potential of open data estimated at £6-7bn, TfL data at £130m/annum). They expect improved access to faster, more efficient planning services.

This bid is highly rated, and the Panel feels that it clearly has the greatest potential for a wide geographical impact given the number of planning authorities throughout England. Initially, the Panel wondered about the link between this project and business rates, but concluded that there is significant potential: firstly, relating to business premises themselves which must get planning permission, with clear timing benefits from improved access; secondly, relating to potential savings for local authorities, which could free resources for further investment in the many areas of local authority activity which develop the economy; and thirdly in relation to the potential to assist SME developers in identifying smaller in-fill type sites. The Panel also note the potential impact on housing. The Panel recommend that a funding condition specifies an open source standard. Subject to this condition, the Panel recommend this bid for funding.

Euston Recruitment Hub

Bid size	£3m	The proposal is seeking funding to build a Euston Construction Skills Centre to deliver bespoke construction skills for key construction companies. The centre will also provide skills needed for construction in general, including housing, plus skills needed for transportation, with rail/engineering opportunities through HS2. The Centre will also provide STEM skills training and will pilot new building methods/technologies (off-site manufacturing). The centre will build up from over previous experience from the successful King's Cross Construction Skills Centre currently delivering short courses, apprenticeships and job starts.
Estimated total project cost	£9m	
Estimated SIP proportion	33%	
Match Funding		
CIL & S106	£0.4m	
HS2 Grant Funding	£4.1m	
Mayor's Construction Academy	£1.5m	
Project timeframe	5+ Years	The Bidder expects this to lead to more than 200 job starts and 150 apprenticeships per annum. The centre will run short courses and adult education.

This scheme was recognised by the Panel as having identified significant match funding, and offering a specific business rates outcome (by way of the centre) as well as the indirect growth in rates expected through its supporting employment. The long term nature and wider geographical focus of this scheme was also considered positive. The construction theme is well-aligned strategically with the SIP as this industry in particular will be required to increase business rates. The expected effect of leaving the EU on this sector and forthcoming significant London developments requiring these skills (e.g. Crossrail 2) also make this timely and relevant. The Panel therefore recommend this bid for funding.

West London Alliance:

- Skills & Productivity
- Investment in Digital

The West London Alliance is well established and has a clear governance arrangement in place to manage the projects which might be recommended for funding by the SIP Panel. Of the three initiatives proposed, two are recommended for funding, in full or in part.

Bid size	£3.43m	The bid would fund delivery of an evidence-based productivity and skills programme for West London to support individuals and businesses.
Estimated total project cost	£5.42m	
Estimated SIP proportion	63%	
Match Funding		The Bidder expects this to support 4,925 residents and 595 employers. There are various schemes: one pilot suggests potential £6.9m total annual salary growth for participants; apprenticeship programmes deliver £25-52k per person in 3 year cost savings.
Public sector match (unspecified)	£1.99m	
Project timeframe	3-5 Years	

The Skills & Productivity initiative appeared to be a well-planned scheme with a clear strategic aim. Whilst the Panel note an apparent optimism bias in this scheme between the detailed appendices and the outputs shown on the bid form, the Panel are supportive of this bid and the expected impacts on business in the area. The Panel note that there is adult education funding and funding for English as a Second or Other Language (ESOL) available, but expect that this project will help residents access these.

Bid size	£7.7m	The West London Alliance proposes a major extension of the high-speed fibre network to large areas of West London covering seven boroughs, particularly targeting areas affected by persistently slow internet speeds – so-called ‘not-spots’ - that are also located in mandated growth and regeneration areas. Libraries, schools, public and council offices located in ‘not-spots’ would be connected directly to the super-fast fibre network from their local TfL station and private providers will then be able to connect business properties within 250m of the public building. Also, a 'broadband fighting fund' is proposed to support fibre installation that would otherwise be commercially unviable.
Estimated total project cost	£10.3m	
Estimated SIP proportion	75%	
Match Funding		The Bidder expects this to cover public buildings, but potentially enable access to 18,900 businesses and 41,950 households.
Estimated DCMS Vouchers	£2.6m	
The bid also claims to leverage £150m TfL investment in the roll-out of fibre to tube stations.		
Project timeframe	Within 18 months	

The Investment in Digital initiative is a well-developed scheme, with delivery arrangements in place via an agreement with TfL which will add the work to its existing programme. The timescale reported is ambitious, which will allow the impact of the SIP to be quickly demonstrated to Government.

Local London Investment in Fibre

Bid size	£15m	Eight Local London Partnership boroughs and Haringey propose investment to undertake Full Fibre upgrade to key public sector sites that will anchor fibre investment by the commercial sector. The chosen sites will be those where there will be significant improvement in public sector service delivery and where the commercial sector will be motivated to invest in key development zones and address areas of digital exclusion. The Bidder expects this to provide connectivity in 15 strategic investment locations, providing an increase in penetration by 10%. Additional private sector investment is expected to be leveraged through public investment.
Estimated total project cost	£20m	
Estimated SIP proportion	75%	
Match Funding		
DCMS vouchers estimated	£5m	
Project timeframe	1.5-3 Years	

The Panel considered this bid to be relatively similar to the bid for West London: Investment in Digital, and is expected to provide similar benefits to local residents and businesses. However, the size of the bid, at £15m, is considerably greater. In order to allow for a balanced and affordable overall package, the Panel recommends funding both projects at £7.7m each.

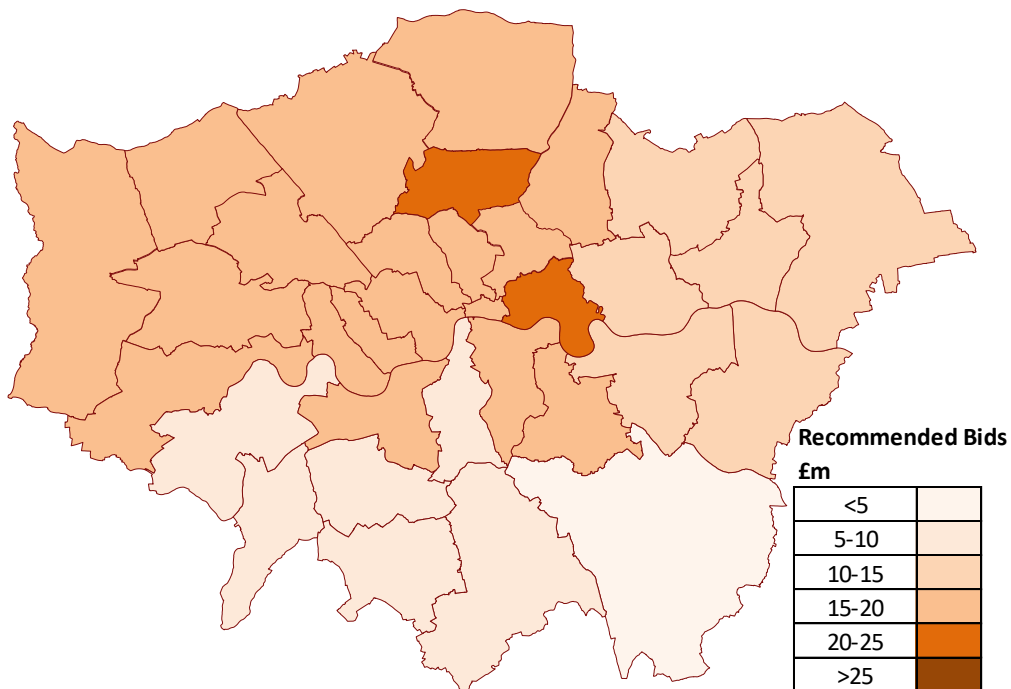
South London: Multi-Purpose Internet of Things Platform

Bid size	£12.25m	This proposal is for establishment of a sustainable, region-wide, multipurpose 'Internet of Things' (IoT) platform connecting various IoT enabled sensors across Council boundaries to gather data about, for example, air quality, footfall, flood risks, traffic, road surface temperature, and parking space availability. Data would be made available to local and national government through the London Data Store. The Bidder expects this to improve access to and increase use of town centres, to reduce emissions and improve logistics, and to reduce costs for council services.
Estimated total project cost	£17.95m	
Estimated SIP proportion	68%	
Match Funding		
Borough capital funding	£5.2m	
In kind	£0.5m	
Project timeframe	1.5-3 Years	

The Panel agree that this is an innovative project and that it will have an impact on local services for the bidders. Smart City initiatives have been successful elsewhere, and the Panel feel that this should be considered in more detail. In particular, the approach to the data and whether it is open or commercialised, and the scope for making this project self-funding through commercialisation. There is debate about the effects of the transport aspects of this bid, and the Panel acknowledge that it will be difficult to predict the impact of parking sensors on traffic levels (which is a key consideration in relation to assessing the strategic alignment of this project). Given the need to ensure that SIP funds are focused on enabling economic growth, the Panel consider that funding of £4m should be awarded to carry out further detailed study and pilot work on this project.

Conclusion

The expected value of SIP funds is £52m. The Panel recommend awards of £46.83m at this time, which represents 90% of the budgeted amount. The total amount of funds available will not be finally confirmed until the 2018/19 accounts are closed, so it is important to under-commit this fund in case there is an unfavourable variance at the end of the year. The map shows the amount of funding each authority is supporting in the recommended package:



Once the consultation and decision-making process is complete, the Lead Authority will make arrangements for funding agreements. These will include application of funding conditions relating to the outputs and match funding in the bid, as well as any other specific points required (e.g. the open source requirement on the planning open data standard). The balance of funds will be confirmed once the 2018/19 accounts are closed, and, along with any under-spends, will be rolled into the 2019/20 SIP if the pilot is extended or allocated in another round if not.

Appendix: Detailed bid information

This section provides an overview of each of the bids received, shown in the categories described in the overview. This includes, for ease of reference, the recommended package. This summarises the objectively measurable areas that the Panel considered when coming to their recommended package.

Transport infrastructure bids

South Dock Bridge		
Bid size	£7m	South Dock Bridge is a proposed new footbridge to provide a fully accessible link to South Quay within the private Canary Wharf estate, near its new Elizabeth and Jubilee line stations. The bid will unlock delivery of new housing and commercial development and links residential and commercial districts to the south of the Isle of Dogs to the Canary Wharf commercial district. The Bidder expects this to unlock development on the Isle of Dogs, and to relieve congestion on nearby public transport.
Estimated total project cost	£12m	
Estimated SIP proportion	58%	
Match Funding		
CIL & S106	£1.5m	
Unidentified (likely CIL, though some sponsorship potential)	£3.5m	
Project timeframe	1.5-3 Years	

Seven Sisters Road / Woodberry Down		
Bid Size	£9.05m	A bid to provide additional funding for improvements to streets and connectivity in Woodberry Down and on Seven Sisters Road to create a Healthy Streets environment and support new homes and jobs. The Bidder expects this to increase footfall and reduce town centre retail vacancy rates, increase walking and cycling, improve air quality, and increase visitor numbers and spend.
Estimated total project cost	£36.55m	
Estimated SIP Proportion	25%	
Match Funding		
CIL & S106	£0.5m	
Public Sector match funding	£27m	
Project timeframe	1.5-3 Years	

Loan fund bids

Productive Valley: Investment Fund		
Bid size	£5m	The Productive Valley Investment Fund would be a valley-wide loan fund, modelled on the existing Opportunity Investment Fund which provides unsecured loans at 6-8% to local businesses, with an initial repayment holiday. The fund would help support businesses, enabling them to grow and attracting others into the area. They plan to budget for 70% repayment to allow for some failures, though the existing fund has so far had no write-offs. The Bidder expects this to directly support at least 32 businesses over three years.
Estimated total project cost	£6.5m	
Estimated SIP proportion	77%	
Match Funding		
In-kind (officer time)	£0.3m	
Unidentified (would ask for match)	£1.2m	
Project timeframe	3-5 Years	

Digital infrastructure bids

Shoreditch Fibre & CCTV		
Bid Size	£1m	<p>This bid is for a mix of digital CCTV provision to support the night time economy and improve safety, and enhancing broadband coverage, free and low cost Wi-Fi and 5G connectivity through the use of enhanced council-owned fibre network assets.</p> <p>The Bidder expects this to support wider strategy.</p>
Estimated total project cost	£3.7m	
Estimated SIP Proportion	27%	
Match Funding		
Borough Capital	£2.7m	
Project timeframe	3-5 Years	

South London: Multi-Purpose Internet of Things Platform		
Bid size	£12.25m	<p>This proposal is for establishment of a sustainable, region-wide, multipurpose 'Internet of Things' (IoT) platform connecting various IoT enabled sensors across Council boundaries to gather data about, for example, air quality, footfall, flood risks, traffic, road surface temperature, and parking space availability. Data would be made available to local and national government through the London Data Store.</p> <p>The Bidder expects this to improve access to and increase use of town centres, to reduce emissions and improve logistics, and to reduce costs for council services.</p>
Estimated total project cost	£17.95m	
Estimated SIP proportion	68%	
Match Funding		
Borough capital funding	£5.2m	
In kind	£0.5m	
Project timeframe	1.5-3 Years	

Local London: Investment in Fibre		
Bid size	£15m	<p>Eight Local London Partnership boroughs and Haringey propose investment to undertake Full Fibre upgrade to key public sector sites that will anchor fibre investment by the commercial sector. The chosen sites will be those where there will be significant improvement in public sector service delivery and where the commercial sector will be motivated to invest in key development zones and address areas of digital exclusion.</p> <p>The Bidder expects this to provide connectivity in 15 strategic investment locations, providing an increase in penetration by 10%. Additional private sector investment is expected to be leveraged through public investment.</p>
Estimated total project cost	£20m	
Estimated SIP proportion	75%	
Match Funding		
DCMS vouchers estimated	£5m	
Project timeframe	1.5-3 Years	

Gigabit Network		
Bid Size	£1.6m	<p>Bromley's Digital ICT strategy would be supported by this bid, which if successful will contribute to extending an existing council-owned dark fibre network by 12.3 km to cover two of the borough strategic growth areas: the Cray Valley Strategic SIL; and Biggin Hill Strategic Outer London Development Centre.</p> <p>The Bidder expects this to enable access to 1,200 business and 15,000 residential addresses.</p>
Estimated total project cost	£7.6m	
Estimated SIP Proportion	21%	
Match Funding		
CIL & S106	£2.8m	
In kind (value of borough network)	£3m	
Estimated DCMS vouchers	£0.2m	
Project timeframe	1.5-3 Years	

West London Alliance: Investment in Digital		
Bid size	£7.7m	<p>The West London Alliance proposes a major extension of the high-speed fibre network to large areas of West London covering seven boroughs, particularly targeting areas affected by persistently slow internet speeds – so-called ‘not-spots’ - that are also located in mandated growth and regeneration areas. Libraries, schools, public and council offices located in ‘not-spots’ would be connected directly to the super-fast fibre network from their local TfL station and private providers will then be able to connect business properties within 250m of the public building. Also, a 'broadband fighting fund' is proposed to support fibre installation that would otherwise be commercially unviable.</p> <p>The Bidder expects this to cover public buildings, but potentially enable access to 18,900 businesses and 41,950 households.</p>
Estimated total project cost	£10.3m	
Estimated SIP proportion	75%	
Match Funding		
Estimated DCMS Vouchers	£2.6m	
The bid also claims to leverage £150m TfL investment in the roll-out of fibre to tube stations.		
Project timeframe	Within 18 months	

Regeneration site bids

Productive Valley: South Tottenham Employment Area		
Bid Size	£2m	<p>The South Tottenham Employment Area bid is for delivery of 7,776m² of good quality employment space through a mix of refurbishment, extension and redevelopment of existing premises in the South Tottenham Employment Area.</p>
Estimated total project cost	£2.5m	
Estimated SIP Proportion	80%	
Match Funding		<p>The Bidder expects this to redevelop the site, which they consider underutilised. In addition to new space, this will also provide 2,029m² of refurbished space. They expect an uplift of c.£0.32m of rates income and 320 new jobs.</p>
Public sector funding	£0.2m	
In-kind (staff time)	£0.3m	
Project timeframe	3-5 Years	

Creative Industries Cluster		
Bid Size	£4m	<p>A request for funding to deliver an ambitious proposal for a Creative Industries Cluster at Bretons House in Havering incorporating music, gaming, film, theatre, design, fashion, music, arts, architecture, advertising and marketing, to nurture and upskill young people. The cluster will attract new creatives into the borough and offer workspace and studios which would generate business rates over the longer term as well as enhance the local economy.</p> <p>The Bidder expects this to restore an 'at risk', grade II* listed heritage building, and generate a significant reach (100,000 visitors). They expect to provide 20 artist studios and 50 creative enterprise workspaces.</p>
Estimated total project cost	£23m	
Estimated SIP Proportion	17%	
Match Funding		
GLA grant (unconfirmed)	£2m	
In-kind (private sector sponsorship)	£1m	
Other Grant Funding (FA, HLF, Veolia)	£5.1m	
Borrowing	£10.9m	
Project timeframe	3-5 Years	

Marian Court		
Bid Size	£1.85m	<p>This bid is for funding towards the fit out costs of the 1069.1m² commercial and community space at the ground floor of Marian Court, one of Hackney Council's estate regeneration schemes. Bid will directly support affordable workspace, making its provision cost neutral for Hackney.</p> <p>The Bidder expects this to allow cost neutral delivery of affordable workspace alongside wider regeneration project.</p>
Estimated total project cost	£5m	
Estimated SIP Proportion	37%	
Match Funding		
Public Sector funding	£3.15m	
Project timeframe	3-5 Years	

Clerkenwell Fire Station		
Bid Size	£10m	<p>An investment to fund the purchase of the fire station to allow 28 new 2-bedroom homes (50% affordable) and 700m² of affordable creative workspace, supporting the proposed Hatton Gardens Creative Enterprise Zone.</p> <p>The Bidder expects this to deliver 100 jobs, £0.2m business rates, £0.03m council tax, and £0.7m CIL.</p>
Estimated total project cost	£17.8m	
Estimated SIP Proportion	56%	
Match Funding		
Right to Buy receipts	£0.8m	
Market value of other commercial space secured as affordable via S106	£7m	
Project timeframe	1.5-3 Years	

Feasibility & masterplanning bids

Old Street Tech City Feasibility		
Bid Size	£0.75m	This bid is for a feasibility and financial viability study to investigate purchase (free- or lease-hold) of a landmark building to act as the focal point for Tech City. This would strengthen the network of affordable workspaces and provide other support for micro and small businesses in the tech sector, and ultimately provide opportunities for disadvantaged local people in terms of jobs, training and apprenticeships in the tech sector. The Bidder expects this to prepare a business case for a regeneration project and identify a site to be purchased.
Estimated total project cost	£11.75m	
Estimated SIP Proportion	6%	
Match Funding		
CIL & S106	£1m	
In kind (market value of office space secured via S106 for affordable use)	£10m	
Project timeframe	Within 18 months	

Productive Valley: Montagu Industrial Estate Redevelopment		
Bid size	£2m	This bid is to support the creation of a site development plan master-plan and CPO for the redevelopment of the Montagu Industrial Estate. The Bidder expects this to support the existing project, which is in progress with JV partner procured for a 20 year deal.
Estimated total project cost	£40.8m	
Estimated SIP proportion	5%	
Match Funding		
Public sector investment in joint venture	£16.3m	
Private sector investment in joint venture	£22.5m	
Project timeframe	1.5-3 Years	

Productive Valley: Rigg Approach		
Bid size	£2m	Rigg Approach is a 5ha area of land identified as a Strategic Industrial Location (SIL) that forms the Lea Bridge gateway to Waltham Forest. This bid is for SIP funding to be used to: establish formal partnerships with businesses, landowners, interested developers and strategic parties; prepare an agreed masterplan, overarching outline and phase one planning applications; develop strategies and business cases for securing investment and the first phases of work. Funding will also be retained to kick-start the initial phase of development. The Bidder expects this to complete masterplanning, identify land assembly and phasing strategies and assess delivery routes/more detailed business cases for a programme of regeneration of 5ha to 2028. Total GDV c.£250m, 11,000-22,000m ² industrial. They expect 100%+ growth in rates for area.
Estimated total project cost	£3m	
Estimated SIP proportion	67%	
Match Funding		
In-kind (spend to date)	£0.15m	
To be identified – Council funding and officer time	£0.85m	
Project timeframe	1.5-3 Years	

Employment support bids

Cross River Partnership: Employment Support Programme		
Bid Size	£8.82m	The proposed programme is to re-skill and prepare people not currently participating in the workforce so that employers in central London have access to a pipeline of employees, particularly in the retail and hospitality sectors.
Estimated total project cost	£10.32m	
Estimated SIP Proportion	85%	
Match Funding		The Bidder expects this to support 3,375 people, of these 1,441 are expected to move into work, and 864 to remain in work for 6 months. They expect £4m in welfare savings, £3.5m in other public sector savings, £4m general economic benefits, and £3.1m distributional benefits.
Public sector funding	£1.4m	
BID Match funding (subject to ballot)	£0.1m	
Project timeframe	3 Years	

Euston Recruitment Hub		
Bid size	£3m	The proposal is seeking funding to build a Euston Construction Skills Centre to deliver bespoke construction skills for key construction companies. The centre will also provide skills needed for construction in general, including housing, plus skills needed for transportation, with rail/engineering opportunities through HS2. The Centre will also provide STEM skills training and will pilot new building methods/technologies (off-site manufacturing). The centre will build up from over previous experience from the successful King's Cross Construction Skills Centre currently delivering short courses, apprenticeships and job starts.
Estimated total project cost	£9m	
Estimated SIP proportion	33%	
Match Funding		The Bidder expects this to lead to more than 200 job starts and 150 apprenticeships per annum. The centre will run short courses and adult education.
CIL & S106	£0.4m	
HS2 Grant Funding	£4.1m	
Mayor's Construction Academy	£1.5m	
Project timeframe	5+ Years	

West London Alliance: Skills & Productivity		
Bid size	£3.43m	The bid would fund delivery of an evidence-based productivity and skills programme for West London to support individuals and businesses.
Estimated total project cost	£5.42m	
Estimated SIP proportion	63%	The Bidder expects this to support 4,925 residents and 595 employers. There are various schemes: one pilot suggests potential £6.9m total annual salary growth for participants; apprenticeship programmes deliver £25-52k per person in 3 year cost savings.
Match Funding		
Public sector match (unspecified)	£1.99m	
Project timeframe	3-5 Years	

Combined bids

South London Innovation Corridor		
Bid size	£11.33m	<p>This project proposes strategic investments into central (South Bank; Vauxhall Nine Elms Battersea) and local growth clusters (Brixton; New Cross; Old Kent Road; Peckham; Camberwell; and Wandsworth) on Workspace (capital investment into affordable workspace and incubators projects, delivering substantial new commercial floorspace), Business support (cross-borough networking; accelerators and support for creative and digital start-ups supporting substantial job creation), and Talent development (cross-borough creative and digital employment initiatives focussed on enabling disadvantaged groups to access employment and support career progression).</p> <p>The Bidder expects this to deliver £1.5m business rates income, 400 pre-apprenticeships, 200 work experience placements, 200 apprenticeships, and 1,700 jobs. 750 businesses will be supported, beneficiaries will be 50% BAME.</p>
Estimated total project cost	£26.33m	
Estimated SIP proportion	43%	
Match Funding		
Unidentified (bid describes as 'cash match')	£15m	
Project timeframe	1.5-3 Years	

South London Workspace Investment Fund		
Bid Size	£6.5m	<p>A bid to set up a fund to enable the delivery of workspace solutions that meet an identified market gap – primarily lack of flexible and affordable open workspace solutions in key locations and/or growth sectors. This will be a passive fund and project proposals will need to make applications to the fund, meeting certain criteria. The fund will award grants for schemes, there will be no repayment.</p> <p>The Bidder expects this fund to support 5-8 projects, and around 300 businesses.</p>
Estimated total project cost	£13m	
Estimated SIP Proportion	50%	
Match Funding		
Unidentified (would seek match funding, though this could include S106/CIL and in-kind)	£6.5m	
Project timeframe	1.5-3 Years	

West London Alliance: Orbital Rail Enabling Measures		
Bid Size	£8.87m	<p>Integration of the proposed West London Orbital railway line into the string of existing and new communities that lie along its length, through a wide range of physical and enabling works, detailed design and master planning projects, and land safeguarding activity, which would be supported by this bid.</p> <p>The Bidder expects this to make the best of the potential, but currently unfunded railway scheme.</p>
Estimated total project cost	£20.47m	
Estimated SIP Proportion	43%	
Match Funding		
Borough Funding	£10.6m	
TfL funding	£1m	
Project timeframe	Over 5 years	

Other bids

Open Data Standard for Planning		
Bid size	£0.25m	This bid is for development of an open data standard for planning applications to transform the quality of strategic planning and administration of planning permission. Planning data needs to be in a format that's consistent across boroughs, regardless of the particular software tools or policies of individual boroughs. This bid would provide a single end to end data solution, which no providers in the market currently provide. This bid could benefit all London Boroughs and any planning authority, provided their software vendor adopts the data standard
Estimated total project cost	£0.75m	
Estimated SIP proportion	33%	
Match Funding		The Bidder expects this to offer significant benefits, in line with other open data projects (overall potential of open data estimated at £6-7bn, TfL data at £130m/annum). They expect improved access to faster, more efficient planning services.
MHCLG grant	£0.25m	
Borough funding	£0.25m	
Project timeframe	Within 18 months	