

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2694

Royal Docks Business Support, Innovation and Career Pathways Programme 2024-26

Executive summary:

In February 2024, the Mayor (under cover of MD3230) approved expenditure of up to £64.31m for the next five-year Royal Docks Delivery Plan period (2024-25 to 2028-29) to deliver programmes and projects designed to achieve three strategic outcomes: economic prosperity, growth and investment; environment, wellbeing and community; and culture, identity and perception. The Mayor also delegated authority to the Executive Director of Housing and Land to approve, through Director's Decisions (DD), the income and detailed spending proposals for each project that is to be funded within this £64.31m expenditure budget envelope.

This DD seeks approval to spend up to £310,000 of revenue expenditure for a two-year programme of activity (2024-26) to deliver business support, innovation and career pathways; and establish new workspaces in the Royal Docks.

In accordance with Royal Docks Enterprise Zone (EZ) Programme Board governance and funding responsibilities for all Royal Docks EZ projects, the investment set out in this DD was considered and endorsed by them on 22 February 2024.

Decision:

That the Executive Director of Housing and Land approves up to £310,000 revenue expenditure for a two-year programme of activity (2024-26) to deliver business support, innovation and career pathways; and establish new workspaces in the Royal Docks.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Tim Steer

Position: Executive Director, Housing and Land

Signature:



Date:

04/03/2024

PART I – NON-CONFIDENTIAL FACTS AND ADVICE

1. Introduction and background

- 1.1. The Royal Docks is one of London’s largest regeneration and investment opportunities, at the centre of an expanding east London region. Once the UK’s gateway to world trade, today the Royal Docks is re-emerging as a major new business and visitor destination, with approximately £5 billion worth of investment planned over the next 20 years, delivering up to 38,600 new homes, 55,000 new jobs and up to 4m square feet of commercial space.
- 1.2. Major anchor organisations such as Tate & Lyle, ExCeL, London City Airport, and the University of East London (UEL) are located in the Royal Docks, making it a strategically important economic centre for London. In 2022, City Hall relocated to the area; the Elizabeth Line opened; and major cultural partners invested in the area. These events signal a substantial eastwards realignment of the city’s cultural, economic and political centres.
- 1.3. The Royal Docks and Beckton Riverside area is vast, comprising over 900 hectares of land; 91 hectares of impounded water; and 12 miles of prime waterfront. It sits at the confluence of two growth corridors; an Opportunity Area; and London’s only Enterprise Zone (EZ). These factors make it poised for rapid growth. It consists of six distinct waterfront neighbourhoods, in one of the UK’s youngest and most diverse areas. Over 175 hectares of land are in public ownership. The GLA is bringing forward seven major development sites, representing a mix of residential, commercial, cultural and industrial development.
- 1.4. The Mayors of London and Newham have jointly been delivering the regeneration of the area through its EZ status, funded through the ringfencing of business-rate income collected within the EZ since its inception. The area’s designation as an EZ has helped unlock significant public-sector investment and the establishment of a dedicated Royal Docks delivery team that is helping to coordinate the area’s comprehensive redevelopment.
- 1.5. The Royal Docks Team (RDT) has established a route, and a vision, to unlocking the remaining assets of the area on both land and water. Over the next five years the current regeneration programme (including, but not limited to, the RDT’s contribution) will work towards achieving the adopted economic purpose:

“Over the next two decades, the Royal Docks will become established as a nationally significant hub of enterprise, employment and culture. It will be recognised as a testbed for environmental, social and technological innovation. It will be globally fluent and internationally focussed, harnessing the potential of Newham’s diverse community.”
- 1.6. In February 2024, the Mayor (under cover of MD3230) approved expenditure of up to £64.31m for the next five-year Royal Docks Delivery Plan period (2024–25 to 2028–29) to deliver programmes and projects designed to achieve three strategic outcomes: economic prosperity, growth and investment; environment, wellbeing and community; and culture, identity and perception. The Mayor also delegated authority to the Executive Director of Housing and Land to approve, through Director’s Decisions (DD) forms, the income and detailed spending proposals for each project that is to be funded within this £64.31m expenditure budget envelope.
- 1.7. This DD seeks approval to spend up to £310,000 of revenue expenditure for a two-year programme of activity (2024–26) to deliver business support, innovation and career pathways; and cultivate a thriving business ecosystem, all while building exciting new workspaces in the Royal Docks.

2. Objectives and expected outcomes

- 2.1. The two-year delivery programme for Strategic Outcome 1 is structured around five delivery objectives: driving investment; new places to work and enjoy; growing the business ecosystem; creating good quality jobs; and supporting career pathways. These are detailed below.

Driving investment

- 2.2. All of the Royal Docks' activity is inherently about driving new investment into the area – so all projects contribute to this objective both directly and indirectly. Over the next five years, approximately £2bn is being invested by partners into key strategic projects – including the ExCeL extension, the new Silvertown Bridge across Royal Victoria Dock, and the Silvertown Tunnel. These will be major drivers of growth. The RDT will also unlock further investment, through targeted industry and investor engagement. This includes a partnership with Opportunity London to profile and secure development partners for two flagship sites – Royal Albert Dock (RAD) and City Hall Quarter (CHQ) – so that the RDT can bring forward these sites and create the new homes, jobs, and low-carbon infrastructure that the area needs. Further investments will emerge through the Delivery Plan period, which will be unlocked through the continuation of the Royal Docks Good Growth Fund (GGF) programme.

Building new places to work and enjoy

- 2.3. The RDT will work with partners to deliver 100,000 sqm of new affordable workplaces, and leisure and community facilities – across a range of types, tenures and styles. Priorities include the delivery of a new economic vision and strategy for CHQ to bring forward its redevelopment into a major commercial and leisure hub; procuring a new development partner and meanwhile strategy for RAD; completing the refurbishment of Compressor House into a new digital/cultural hub; and continued partnership working with UEL to further embed the Royal Docks Centre for Sustainability into the local area. A new food and beverage (F&B) programme will also be developed to enhance the quality and accessibility of F&B amenities in the area, including more community growing and infrastructure for markets. In total, over £5m will be invested in 'good growth' projects delivering new spaces for work, education and participation. Together with new cultural and hospitality provisions around the western end of ExCeL, the delivery of these new spaces and leisure facilities will have a significant positive placemaking impact and economic boost by 2026.

Growing the business ecosystem

- 2.4. At least 120 new businesses will locate in the area by 2029. The RDT will work with partners to attract pioneering businesses that put people and the planet centre stage. This includes expanding the number of signatories to the Royal Docks Living Wage Place programme so that people are paid a fair wage. The RDT will facilitate business collaborations and cluster development, primarily through establishing new business networking group(s); but also through targeted support and stimulus to help businesses innovate and grow – with a focus on the creative, green tech and social enterprise sectors. This includes the launch of a new Mass Challenge programme in the Royal Docks – an artificial intelligence business accelerator programme, which will be delivered in partnership with UEL, the Bühler Group and Siemens. The RDT will also deepen its partnership working with the Newham Chamber of Commerce, the Stratford Business Improvement District, and other trade bodies/business groups across east London region, to ensure the Royal Docks business eco-system builds on synergies and strengths across the region.
- 2.5. Under this Delivery Objective, via a combination of grant funding and direct payment for services, the RDT are seeking to spend £100,000 from this approval to support a broad range of business support and innovation activities including facilitating collaborations, partnerships, and advisory functions.

Creating good-quality jobs

- 2.6. By 2029, more than 3,500 new jobs will be created in the area. Many of these will be professional and highly skilled roles. There will also be approximately 30,000 construction roles across the various

development sites. Over the next two years, partners will be leading the delivery of new employment opportunities. The ExCeL extension will open in late 2024 and immediately lead to new employment opportunities in retail and hospitality. The RDT will support development partners with the delivery of their commercial strategies – to attract the right mix of occupiers and businesses that will deliver secure, high-quality jobs. The RDT will also work with development partners and employment agencies (such as Our Newham Works) to ensure a smooth pipeline of local people into construction and other technical roles. Working with UEL and the new Royal Docks Sustainability Centre, the RDT will also help broker partnerships between local schools, businesses, and industry to nurture new jobs that will pioneer new clean tech and climate solutions.

Supporting career pathways

- 2.7. The RDT will ensure that the expanding Royal Docks economy builds community wealth by investing in the talent and potential of local people. This includes equipping them with the skills and experience they need to access jobs in the area’s key growth sectors. The Royal Docks Centre for Sustainability will be at the forefront of this building industry leading green technology and climate innovation skills. Compressor House will also open as a Newham Sparks Digital Hub, delivering high-quality digital and data skills training. A further round of the Royal Docks Internship Programme will fund year-long internships in the creative, digital and green tech sectors, for local young people aged 18-30. The RDT is also supporting the rollout of a new Creative Producers programme, led by Creative Newham, to support local young people to gain the skills and practical experience they need to become the Royal Docks Creative Producers of the future.
- 2.8. Under this Delivery Objective, via a combination of grant funding and direct payment for services, the RDT are seeking to spend £210,000 from this approval to support the Digital Inclusion elements associated with Compressor House, and programmes to support local careers in creative industries.

Budget breakdown

2.9. The budget breakdown is detailed in the table below:

| Objective | RDT-funded activities | 2024-25 | | 2025-26 | | Totals |
|------------------------------|---|---------|-----|----------|-----|-----------------|
| | | Rev | Cap | Rev | Cap | |
| Drive investment | Strategy and business development | - | - | - | - | - |
| New places to work and enjoy | Investment into F&B provision and GGF allocations for future capital projects will be unlocked via DDs once GGF applications are ready to be awarded. | - | - | - | - | - |
| Business ecosystem | Business networking and collaborations Innovation and business support Newham Chamber of Commerce Mass Challenge | £30,000 | | £70,000 | | £100,000 |
| Create new jobs | Strategy and business development | - | | - | | - |
| Career pathways | Creative producers Digital inclusion @ Compressor House | £70,000 | | £140,000 | | £210,000 |

| Objective | RDT-funded activities | 2024-25 | | 2025-26 | | Totals |
|----------------------|-----------------------|-----------------|-----|-----------------|-----|-----------------|
| | | Rev | Cap | Rev | Cap | |
| | CCI workforce | | | | | |
| | Totals | £100,000 | | £210,000 | | |
| Total revenue | | | | | | £310,000 |
| Total capital | | | | | | £0.00 |

Expected outcomes

Drive investment

- 2.10. The Royal Docks will be increasingly successfully positioned as a place for investment, as shown by the realisation of existing projects and their projections, alongside new as yet unidentified ones. Together this will total at least £2bn over the delivery plan period, as well paving the way for further similarly scaled interventions to 2029. By neighbourhood, there will be a focus on CHQ and RAD as areas where there is existing momentum, and the greatest potential to deliver tangible change in place and for local people.

Build new places to work and enjoy

- 2.11. In terms of new developments, by 2026 there will two new spaces open and in operation – Compressor House and the Royal Docks Centre of Sustainability, together comprising over 1,000 sqm. In terms of places, with support of an RDT-led F&B programme, there will be a series of new activations around CHQ and RAD that will be growing and securing the emerging identities for these neighbourhoods.

Grow the business ecosystem

- 2.12. As the area matures as a business location, more and more businesses will have moved into the existing and new commercial spaces in the Royal Docks. By 2026 there are profiled to be at least 25 new organisations moving in. Within this, c.10 per cent will be in the creative and cultural industries (CCI); and c.50 per cent will be in the broad tech sector. Collectively, supported by targeted non-physical interventions by the RDT and others, the Royal Docks will have an increasingly vibrant business ecosystem that offers physical spaces of the right quality, form and price to attract and retain a combination of local entrepreneurial spirit and global commercial identity.

Create good-quality jobs

- 2.13. The new commercial spaces, and the businesses within, will support new employment opportunities. By 2026 there will be capacity for over 250 new jobs, with 400 new jobs actually realised (through delivery against existing capacity). The majority of these will be in skilled roles, and the Royal Docks will once again be becoming a growing cluster for employment.
- 2.14. Construction activity in the Royal Docks will have required 13,000 roles to March 2026, over 30,000 by March 2029, and subject to further opportunities being ready to require similar scales in years after 2029. With RDT involvement and leadership, the team will help ensure these opportunities are maximised for local residents, as well as helping local supply chains benefit from the investment.
- 2.15. The new cultural activations in the area – led by the ExCeL Chapters investment (new cultural and F&B spaces) but also Silverworks Island, the RDT programme – will have provided on average 16,000 days' worth of employment of varying forms to reflect the mix of opportunity. The area will be increasingly known as a place for cultural activity.

Support career pathways

2.16. Alongside new spaces for employment and business opportunities, there will be a maturing support package that helps local people access the opportunities that the new investment affords. This will have built on the successes of the Internship programme, and increasingly close working relationships with both the London Borough of Newham (LBN) and delivery partners, such as UEL and local colleges.

Expected outputs

2.17. The expected outputs are detailed in the table below:

| Objectives | Indicators | Outputs by March 2026 |
|------------------------------------|--|------------------------------|
| Drive Investment | Total value invested | £1bn+ |
| | Value of direct investments by RDT | £32.5m |
| | Value of indirect investments by development partners | £830m |
| | External funding contributions by value | £170m |
| Build New Places to Work and Enjoy | Total commercial floorspace (GEA) | 1,100 m ² |
| | Office space created (GEA) | 130 m ² |
| | Retail and Hospitality space created (GEA) | 38,000 m ² |
| | Industrial space created (GEA) | 0 |
| | Cultural and event space created (GEA) | 525 m ² |
| | Disused commercial space or empty building brought back into use (GEA) | 650 m ² |
| | New affordable workspace created (GEA) | 480 m ² |
| | Other space (e.g. health, school, community etc) (GEA) | 0 |
| Grow the Business Ecosystem | Number of new businesses moved into the Royal Docks | 25 |
| | • Of these, no. in the CCI | 5 |
| | • Of these, no. in broad tech sector | 10 |
| | • Of these, no. in retail and hospitality | 5 |
| | • Of these, no. in 'other' sectors (e.g. education, public, etc) | 5 |
| | No. of large-cap businesses | 0 |
| | No. of SMEs | 25 |
| | No. of new start-ups | 15 |
| | No. of Black, Asian and Minority Ethnic-led businesses | 10 |
| | No. of social enterprise/charities | 5 |
| | No. of businesses supported by RDT with EZ funding | 15 |
| | No. of businesses signing up to London Living Wage accreditation | 10 |
| Create New Jobs | Job capacity unlocked by new floorspace completions | 250 |
| | • Of these, no. in the CCI | 10 |
| | • Of these, no. in broad tech sector | 80 |
| | • Of these, no. in retail and hospitality | 140 |
| | • Of these, no. in 'other' sectors (e.g. education, public, etc) | 20 |
| | Jobs realised | 400 |
| | • Of these, no. in the CCI | 10 |
| | • Of these, no. in broad tech sector | 125 |
| | • Of these, no. in retail and hospitality | 160 |
| | • Of these, no. in 'other' sectors (e.g. education, public, etc) | 105 |
| | No. of skilled jobs created | 300 |
| | No. of construction jobs | 13,000 |
| | No. of work placements – internships and apprenticeships | TBD |
| No. of cultural/short-term jobs | 16,000 days | |
| Career Pathways | No. of interns/apprentices who go onto secure employment | TBD |
| | No. of training courses delivered with EZ funding | TBD |

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010, as a public authority, the GLA must have 'due regard' of the need to:
- eliminate unlawful discrimination, harassment and victimisation
 - advance equality of opportunity
 - foster good relations between people who share a relevant protected characteristic and those who do not.
- 3.2. Protected characteristics, under section 149 of Equality Act, are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status.
- 3.3. The Royal Docks Delivery Plan projects are aimed at implementing several of the Mayor's policies – such as the London Plan; the Healthy Streets Approach; the Culture Strategy; the London Housing Strategy; and the Transport Strategy. The projects are aligned with the Mayor's Equalities Framework to consider the requirements of relevant equalities groups. Impact assessments at a project level will determine whether any persons with protected characteristics will be unduly impacted by the activities described in this paper, and the course of action needed to mitigate any impacts.
- 3.4. The implications of this proposal have been assessed against the public sector equality duty, and it is considered that if implemented appropriately it will have a positive impact. The work of the RDT is strategically driven by inclusive growth and community wealth building principles. This means that seeking to address inequality is a core driver for all decisions that are made within the programme. In particular, decisions made in developing New Places to Work and Enjoy, through the vehicle of the Royal Docks GGF, will be guided by the impact they will have on building community wealth and growing an inclusive economy (amongst other things). And investment in Career Pathways is about in particular supporting local talent, with an emphasis on targeting those with protected characteristics.

4. Other considerations

Declarations of interest

- 4.1. There are no known conflicts of interest to declare for those involved in the drafting or clearance of this decision form.

Risks arising/mitigation

- 4.2. The risks, and mitigating actions, are detailed in the table below:

| Risk | Likelihood | Impact | Mitigation |
|---|-------------------|---------------|--|
| Continuing slow construction programmes, in particular at Albert Island, means future business rate projections could reduce – thus making it harder to approve new revenue projects. | Medium | High | <ul style="list-style-type: none">• In many cases projects are tied to the construction programmes, in that with slower build programme there is less imperative for the accompanying projects – accept the risk.• Also an issue of timing – ensure projects are sufficiently developed in detail and project planning, such that once construction programmes begin the supporting projects can quickly add value. |

| | | | |
|--|--------|------|---|
| | | | <ul style="list-style-type: none"> Continued good stakeholder management and partnership working to assist all partners to unblock issues and give confidence where construction challenges maybe threatening the wider economic development projects. |
| Failure of new owners of RAD Phase One (DPK) to fill their assets(s) at all, and/or with strategically important tenants, which will have immediate financial and medium-term reputational consequences for the Royal Docks. | Medium | High | <ul style="list-style-type: none"> Work closely with DPK, including exploring jointly funded projects. Royal Docks brand vehicle to be used when relevant and helpful. Cluster coordination so that DPK can best integrate into the wider ecosystem of the area (e.g., UEL, Albert Island etc) |
| Changing nature of work post-pandemic means new build projects are inherently riskier due to uncertainty of demand and function. | Medium | High | Close working with partners, focussing on unique Royal Docks’ assets and opportunities. |
| Lack of specificity and clear strategy from development sites results in inability to accurately or confidently allocate support funding through the GGF. | Medium | High | <ul style="list-style-type: none"> Close working relationships with partners. Leveraging the role of GLA/LBN and Royal Docks brand and networks to clarify and support strategies. Robust development agreement project management to ensure clear economic strategies emerge. |

5. Financial comments

- 5.1. The Executive Director of Housing and Land’s approval is sought for revenue expenditure up to £310,000 for a two-year programme of activity from 2024-25 to 2025-26 that aims to deliver business support and innovation initiatives, support career pathways, and cultivate a thriving business ecosystem, all while building exciting new workspaces in the Royal Docks. The profile and spend detailed in section 2 and the budget breakdown table under 2.9 above.
- 5.2. The funding for this expenditure is expected to be from the ringfenced EZ business-rate income collected within the Enterprise Zone, as agreed in MD3230. Expenditure budget for this and EZ business-rate income funding has been factored into the 2024-25 to 2026-27 Royal Docks budget plans, however, this is subject to final 2024-25 budget approval. Therefore, to mitigate against risk of insufficient funding, a break clause should be included in the contracts, should funding change for future years. Any shortfall in income for future years would also be expected to be met with available funds from the Royal Docks EZ Reserve Account.

6. Legal comments

- 6.1. The foregoing sections of this report indicate that the decisions requested of the Executive Director concern the exercise of the GLA’s general powers, falling within the GLA’s statutory powers to do such things considered to further, or that are facilitative of, or conducive or incidental to, the promotion of economic development and wealth creation, social development and the improvement

of the environment in Greater London. In formulating the proposals in respect of which a decision is sought, officers have complied with the GLA’s related statutory duties to:

- pay due regard to the principle that there should be equality of opportunity for all people
- consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom
- consult with appropriate bodies.

6.2. In taking the decisions requested, the Executive Director must have due regard to the Public Sector Equality Duty – namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010; and to advance equality of opportunity, and foster good relations, between persons who share a relevant protected characteristic (age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation) and persons who do not (section 149 of the Equality Act 2010). To this end, the Executive Director should have particular regard to section 3 (above) of this report.

6.3. All procurements of works, services and supplies required must be procured in accordance with the GLA’s Contracts and Funding Code; and, where the value exceeds £150,000, in accordance with the Public Contracts Regulations 2015 (the Regulations). Furthermore, the officers must liaise with TfL’s procurement and supply chain team, which will determine the detail of the procurement strategy to be adopted in accordance with the Contracts and Funding Code and the Regulations. Officers must ensure that appropriate contractual documentation be put in place and executed by chosen service provider/supplier and the GLA before the commencement of the attendant works, services or supplies.

6.4. Sections 1 and 2, above, indicate that the contribution of part of the sum sought amounts to the provision of grant funding and not payment for works, supplies or services. Officers must ensure that the funding be distributed fairly, transparently, in accordance with the GLA’s equalities and with the requirements of section 12 of the GLA’s Contracts and Funding Code.

6.5. Furthermore, officers must ensure that an appropriate funding agreement is put in place between and executed by the GLA and the recipient before: any commitment to fund is made; and funding is paid to the recipient.

7. Planned delivery approach and next steps

7.1. The next steps for the project are outlined below:

| Activity | Timeline |
|--|-----------------|
| Start F&B programme | April 2024 |
| Start business support and innovation activity | April 2024 |
| Start career pathways for creative producers | April 2024 |
| Compressor House open | January 2025 |

Appendices and supporting papers:

None.

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form will be published either within one working day after it has been approved or on the defer date.

Part 1 – Deferral

Is the publication of Part 1 of this approval to be deferred? NO

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form? NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Matt Davies has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Simon Powell has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 4 March 2024.

✓

INTERIM CHIEF FINANCE OFFICER:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature:



Date:

04/03/2024