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| <p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">10 July 2017</p> |  |
| <p>THE ESTABLISHMENT OF A GROWTH AND INNOVATION PARTNERSHIP WITH IMPERIAL COLLEGE LONDON</p> | |
| <p>Report of the Cabinet Member for Economic Development & Regeneration – Councillor Andrew Jones</p> | |
| <p>Open Report</p> | |
| <p>Classification - For Decision Key Decision: Yes</p> | |
| <p>Wards Affected: All</p> | |
| <p>Accountable Director: Jo Rowlands, Director of Regeneration, Planning, and Housing Services</p> | |
| <p>Report Author: David Burns, Head of Housing Strategy</p> | <p>Contact Details: Tel: 020 8753 6090 E-mail: david.burns@lbhf.gov.uk</p> |

1. EXECUTIVE SUMMARY

- 1.1. This report sets out the potential for a partnership between the Council and Imperial College London to drive local economic growth and innovation, and develop a new model of local engagement and collaboration.
- 1.2. This report recommends the creation of a formal partnership with College London to embed this relationship and create a framework for working together on joint objectives. This will be known as a Partnership for Growth and Innovation
- 1.3. The report seeks delegated authority to agree the details of the Partnership for Growth and Innovation and the necessary budget to implement it.

2. RECOMMENDATIONS

- 2.1. Cabinet to approve in principle the creation of a Partnership for Growth and Innovation between the Council and Imperial College London to drive local economic growth through collaboration.

- 2.2. Cabinet to delegate authority to the Director for Housing, Growth and Strategy in consultation with Cabinet Member for Economic Development and Regeneration to agree the terms of the proposed partnership and to develop the initial business plan.
- 2.3. Cabinet to delegate authority to the Director for Housing, Growth and Strategy in consultation with Cabinet Member for Economic Development and Regeneration to agree the nomination and appointment of officers to the Enterprise Advisory Group, which will support the Partnership's work
- 2.4. Cabinet to approve a budget of £200,000 for two years to fund the operation of the joint venture using existing s.106 funding identified for economic development.

3. REASONS FOR DECISION

- 3.1. Hammersmith and Fulham has a vibrant local economy that makes a significant contribution to the London and UK economies, and the borough is now ranked as the 6th most competitive local economy in the UK with an estimated Gross Value Added of £8.1bn. In recent decades, there has been substantial change in the composition of the businesses with a decline in manufacturing and an increase in retail and leisure. More recently, knowledge based industries and life sciences have emerged as key growth drivers. The Council's Local Plan will support these industries and the inward investment necessary to sustain them, and our economic development strategy also supports this.
- 3.2. Imperial College London is one of the leading research universities in the world. They have a long-standing presence in Hammersmith and Fulham and are now expanding rapidly their White City Campus. The College is committed to making a positive impact as an anchor institution within the borough and to achieving this through collaboration with the Council.
- 3.3. The presence of Imperial and the ambitions of the Council to drive industrial growth create a unique opportunity for joint working. The joint vision is to fuse the capabilities of Imperial College London as a leading research university together with the skills, talents and dreams of the local community in Hammersmith and Fulham. By working in partnership, Imperial College London and the Council can harness the benefits of research, education and translation at the local level and develop a new model of collaboration between universities and local government.
- 3.4. This report proposes a Growth and Innovation Partnership in the form of a voluntary partnership as the most effective way of achieving this vision, with the potential for contractual or specific joint venture vehicles in the future.

4. BACKGROUND

4.1. The Hammersmith and Fulham Economy

4.2. Hammersmith and Fulham has a vibrant local economy, which has developed as a centre for a range of creative and media industries. In recent decades, there has been a substantial change in the composition of businesses with a decline in manufacturing and an increase in retail and leisure as well as emerging sectors such as knowledge based industries and life sciences creative industries, research and innovation.

4.3. *Imperial College London in Hammersmith and Fulham*

4.4. Imperial has a long-standing presence in Hammersmith and Fulham. Their teaching and research is integrated with frontline medical care through the Imperial College Healthcare NHS Trust which serves the entire Borough.

4.5. Imperial is committed to making a positive impact as an anchor institution in the Borough, with the White City Campus acting as the nucleus of an innovation district. Their ambition is to fuse a global research-intensive university with the skills, talents and aspirations of the local community.

4.6. Imperial is rapidly expanding through the development of the White City Campus. This 23-acre innovation campus will bring together researchers, partners and entrepreneurs to translate and commercialise cutting-edge research for the benefit of society. The campus is already home to more than 600 postgraduate students in bespoke accommodation, as well as a cluster of tech spin-outs and the Inventions Rooms at White City that will include an Advanced Hackspace. Work is also underway to open a unique Engagement and Creativity Hub at White City that will include an Advanced Hackspace, Reach Out Makerspace and Interaction Zone for engagement activities and events.

4.7. *Collaboration opportunities*

4.8. There are a broad range of issues on which the College and the Council can collaborate. Each of these areas will require further elaboration as to the intended outcomes and what each side would be committing. There are varying degrees of effort and resources required to deliver on the potential.

4.9. The initial focus of the partnership envisaged in the Memorandum of Agreement will be on supporting enterprise and innovation, with the aim of creating a world-class innovation ecosystem within the borough. As studies have shown, creating innovation ecosystems requires co-location of organisations spanning a range of activities, nurturing informal and formal connections, and a shared sense of community. This requires attracting talent, access to infrastructure, affordable office space and a social environment where residents and visitors want to spend time.

4.10. In time the partnership could be extended to support other objectives and support education, jobs and training, and health and well-being. These initiatives would contribute to creating the conditions for long-term growth and opportunity but would require development and coordination

with other partners, and further work is required by both parties before implementation.

- 4.11. Discussions between the Council and Imperial have concluded that a formal voluntary partnership would be the best way to crystallise these opportunities in a clear governance structure, with an identified business plan and objectives.
- 4.12. A shared goal and four key objectives that any partnership should seek to deliver have been identified. The goal is to make Hammersmith and Fulham a beacon of innovation and growth; a leading place to do business, education, and research on the global stage. The borough already has a successful economy, but there are also significant pockets of deprivation. We want to create opportunity for all by empowering local people and local businesses, supporting a clustering of technology and creative industries, and leveraging the full potential of Imperial's presence in the borough.

4.13. The objectives of the proposed partnership are:



4.14. The partnership would operate across the borough, but with an initial focus on the White City Opportunity Area, where there is potential to create a world-leading innovation district and where there are some of the most persistent pockets of economic and social disadvantage. The focus on employment opportunities for all, recognises that too many people are left behind in usual regeneration and economic development work and this venture will work to avoid this.

4.15. Of the opportunities identified above, the initial focus is proposed to be the appointment of a full-time Chief Enterprise Officer who will:

- Develop a business plan for the partnership
- Champion the borough as a location for innovative start-ups and scale-ups in the tech and creative industries

- Oversee the development of individual initiatives and policies that will support the objective of creating an innovation eco-system in the borough

5. OPTIONS CONSIDERED

5.1 To decide the most appropriate vehicle, the key is to refine the purpose and commercial terms of the partnership. The discussions so far have focussed on joint working and leveraging of resources for maximum impact, rather than operating for a commercial purpose and revenue generation and this has guided decision making when reviewing partnership options.

5.2 Three main options have been identified and reviewed to form a partnership:

- a) A voluntary partnership governed by a board that is accountable to either or both bodies (for example like a Local Enterprise Partnership)
- b) A formal collaboration agreement or contractual joint venture
- c) A special purpose corporate vehicle such as a joint venture company, either an LP, LLP or company limited by shares.

5.2 In all options the partnership would on establishment adopt an agreed business plan, setting out in detail the aims and objectives and the strategy for achieving them. It would then develop business cases for projects, to be agreed by the partnership for implementation.

5.3 All options would also require a protocol setting out how the partnership would function, including practical arrangements for frequency of meetings, quorum etc.. In options b) and c) a collaboration agreement or joint venture agreement would set out the governance and decision making structures, how any initial investment and ongoing funding would operate, intellectual property rights, deadlock and termination provisions. The partnership could be time limited or limited to projects.

5.4 A voluntary partnership would be the simplest to set up, and would enable the joint appointment of a Chief Enterprise Office in short order. This would mean a business plan could be quickly developed and implemented and both parties would contribute resources on a voluntary basis. It would mean that any services that were being provided through the partnership would not have a contractual basis, and would be more focused on commissioning. Some contracts may need to be procured. However, it would not prevent the development of formal contractual relationships as necessary.

5.5 Corporate vehicles such as those identified in c) are more commonly used for the operation of commercial services, revenue generation or property development. While this may be a future part of the relationship, the initial focus is on sharing and leveraging resources in existing operations against agreed mutual objectives. This would suggest that a corporate vehicle is not appropriate at this time.

5.6 If the Council wishes to commission services from Imperial, or both parties wish to commission jointly, a contractual joint venture setting out the commitments may be more appropriate. This form of partnership would be relatively lean but

would have access to other funding sources, including opportunities to use existing council funding streams.

5.7 Having reviewed all three options, option a) best fits with achieving the objectives of the Council and the College. The partnership aligns with the needs of the College as well as the Council as the best method for promoting industrial led growth, partnerships with the Council and private sector, business development, championing business start ups/spin-offs etc, CPD in schools and other education support, focused employment work support – with ability to assign appropriate resources.

5.8 If the intention was to exploit land or assets or to trade for profit then a corporate vehicle would be more appropriate. However, the use of a simpler structure initially would not rule out future corporate vehicles and the contractual joint venture can include an opportunity to explore these opportunities. However, they would be subject to further cabinet decisions.

5.9 Proposed Structure

5.10 The basis for the partnership, identifying the objectives and supporting structures are set out in the draft partnership agreement contained in appendix 1. The initial focus of the Partnership will be on supporting.

5.11 The initial focus of the Partnership Agreement will be on supporting enterprise and innovation, with the aim of creating a world-class innovation ecosystem within the borough. As studies have shown, creating innovation ecosystems requires co-location of organisations spanning a range of activities, nurturing informal and formal connections, and a shared sense of community. This requires attracting talent, access to infrastructure, affordable office space and a social environment where residents and visitors want to spend time.

5.12 In time the Partnership could be extended to meet the other objectives and support education, jobs and training, and health and well-being. These initiatives would contribute to creating the conditions for long-term growth and opportunity but would require development and coordination with other partners, and further work is required by both parties before implementation.

5.13 The decision making levels within the partnership would be an enterprise advisory group, with delegated authority for day to day activities given to a lead officer (to be jointly appointed – the Chief Enterprise Officer), the line of management of whom would be based in LBHF. A simple governance model is recommended, with a single tier board of made up of 2 nominations from each partner and the jointly appointed lead officer, with the option to co-opt one independent board member each. The board would need to meet on a regular basis (monthly), and would set the strategic direction of the partnership, provide advice and guidance to the Chief Enterprise Officer.

5.14 Working groups could be established under the board who would steer work streams and report into the board, with members from the Council, Imperial and

continuing roles for volunteers from the independent commissions where appropriate

- 5.15 The partnership would need to report on a regular basis to the Council's cabinet and would also be expected to present its progress to scrutiny committees, at least on an annual basis. Once the partnership structure is established and an annual business plan approved by the Council it would be able to continue without further approvals (subject to budget limits). Further decisions would be needed for investment or further contracts, which would return to Cabinet for approval.

6. RESOURCES

- 6.1. The initial operation of the joint venture is to be funded by the Council with £100,000 a year for two years. This will partly be used to fund the employment of a Chief Enterprise Officer to drive forward the partnership. Imperial will contribute staffing resources, office space and other support to an equivalent value.

7. CONSULTATION

- 7.1. Not required.

8. EQUALITY IMPLICATIONS

- 8.1. The proposed partnership itself won't have specific equality implications, although its objectives are targeted at equalities issues. Individual projects that spin out from the partnership will have specific EIAs.

9. LEGAL IMPLICATIONS

- 9.1. Under the general power of competence contained in section 1 of the Localism Act 2011, local authorities may do anything an individual generally may do, subject to any prohibition or restriction contained elsewhere in legislation.
- 9.2. The proposals contained in this report, if approved in principle would not represent a provision of service or supply to either the council or Imperial College London. The proposed creation of a contractual collaboration between the parties would appear to be exempt from the public procurement rules provided certain conditions are fulfilled.
- 9.3. Irrespective of whether there is provision of services or supply, contracts concerning co-operation between 2 or more contract authorities (i.e. where there is no separate controlled body), under regulation 12(7) of the Public Contract Regulations 2015 ("the Regulations") will benefit from the exclusion of the Regulations in the following circumstances:

- the contract establishes or implements cooperation between the participating contracting authorities with the aim of ensuring that public services they have to perform are provided with a view to achieving objectives they have in common.
- the implementation of that cooperation is governed solely by considerations relating to the public interest.
- the participating contracting authorities perform less than 20% of the activities concerned by the cooperation on the open market.

9.4 The Regulations specify how the percentages are to be calculated in the situation described above.

9.5 In addition, Imperial College London is considered a public body for the purposes of the Regulations, considering more than 50% its funding is provided by the Government (either directly or indirectly) for them to achieve their aims and objectives. Therefore, on this basis the proposed collaboration agreement with Imperial College London would not be required to be competitively advertised in accordance with the advertising requirements of the Regulations.

9.6 It will only be appropriate to establish a separate vehicle in very specific circumstances as the local authority's objectives will be often achievable through a contract/collaboration arrangement, which may be a simple bilateral relationship or may bear the hallmarks of an unincorporated joint venture, and is therefore known as a contractual joint venture as proposed in the body of the report. The contractual arrangement is a traditional method for securing goods and services from the private or third sectors. In the future, should the collaborative joint venture decide to procure goods, services or works as part of its business plan then Officers will need to consider the implications of the Regulations with respect to those activities.

9.7 Officers are also advised to consider the governance arrangements (i.e. delegations etc.) for the individual nominated officers that will be appointed onto the board of the proposed joint venture, should Members be minded to agree the recommendations of this report.

9.8 The estimated value of the Council's spend under the proposed collaborative joint venture will be more than £100,000 therefore, in accordance with Contract Standing Order 8.12.1, prior approval of Cabinet is required.

10. FINANCIAL IMPLICATIONS

10.1. The budgeted cost to the Council of the joint venture is £200,000 over two years and will be funded from existing section 106 agreements.

10.2. The funding available has already been received by the Council.

- 10.3. Imperial College London will provide resources in the form of staff, office space and
- 10.4. It is likely that the partnership, given its simple and lean structure, is the most favourable option financially.
- 10.5. The partnership has the potential to increase business rates income in the longer term through using existing assets to increase the supply of workspace and through increasing demand for businesses to locate within the borough.
- 10.6. Implications completed by: Danny Rochford, Head of Finance, 020 8753 4023
- 10.7. **Comment of the Director of Planning and Development**
- 10.8. Section 106 agreements are agreements entered into between the Developers and the Local Planning Authority as part of the planning process specifically to mitigate any impacts of the development.
- 10.9. The contributions identified to be used for match funding were received for the purpose of delivering economic regeneration across the whole borough. They have not yet been allocated to any other project, and as such are available for use and there are currently no other proposals for their use. The use of the funds for this project would be lawful.
- 10.10. Comments completed by Peter Kemp, Planning Change Manager, on behalf of the Director for Planning and Development, 020 8753 6970

11. IMPLICATIONS FOR BUSINESS

- 11.1. *Details of any impact of the proposals in the report on businesses in the Borough.*
- 11.2. The partnership has a clear focus on supporting businesses in the borough and boosting economic growth.

12. OTHER IMPLICATION PARAGRAPHS

- 12.1. No other implications

13. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

| No. | Description of Background Papers | Name/Ext of holder of file/copy | Department/ Location |
|-----|----------------------------------|---------------------------------|----------------------|
| 1. | Imperial Joint Venture Options | David Burns | HRD/HTHX3 |

LIST OF APPENDICES:

Appendix 1 – Draft Partnership Agreement

Appendix 1

Memorandum of Agreement – Partnership for Growth and Innovation

Between:

- (1) **The Mayor and Burgesses of the London Borough of Hammersmith and Fulham** (“**the Council**” or “**LBHF**”) situated at Hammersmith Town Hall, King Street, London W6 9JU.
- (2) **Imperial College of Science, Technology and Medicine also known as ‘Imperial College London’** a UK institution of Higher Education constituted by Royal Charter (with registered number RC000231) whose correspondence address is Faculty Building, Exhibition Road, London, SW7 2AZ (“**the College**” or “**Imperial**”)

1. Basis of Partnership

- 1.1. The Council and the College agree to enter a voluntary partnership to further mutual goals of supporting local economic growth, enterprise and innovation as more particularly described in this Memorandum of Agreement. By working together, both parties can help to create the conditions for research, collaboration and enterprise to cluster in the borough.
- 1.2. The initial focus is to create the conditions for long-term innovation, economic growth and higher value jobs, delivering benefits to the whole community. This Memorandum of Agreement will provide the framework for local engagement and collaboration. As the partnership develops, it will have the opportunity to focus on further strategic objectives including skills and employment, and health and wellbeing.
- 1.3. Both parties interpret the partnership as a starting point and will explore broader and deeper partnerships, including specific legal structures where necessary, as the relationship develops, within the boundaries of the objectives described below.

2. Vision for Working Together

- 2.1. Our shared vision is to fuse the capabilities of the College as a leading research university together with the skills, talents and aspirations of the local community to make Hammersmith and Fulham the leading innovation and growth district in London.
- 2.2. By working in partnership, the College and the Council can work together to harness the benefits of research, education and innovation at the local level and develop new collaborative working between a university and local government.
- 2.3. Our shared goals are to:

- empower local people and businesses;
- support a clustering of technology and creative industries;
- leverage the full potential of the College's presence in the borough.

2.4. The initial focus of the partnership envisaged in this Memorandum of Agreement will be on supporting enterprise and innovation, with the aim of creating a world-class innovation ecosystem within the borough. As studies have shown, creating innovation ecosystems requires co-location of organisations spanning a range of activities, nurturing informal and formal connections, and a shared sense of community. This requires attracting talent, access to infrastructure, affordable office space and a social environment where residents and visitors want to spend time.

2.5. In time the partnership could be extended to support other objectives and support education, jobs and training, and health and well-being. These initiatives would contribute to creating the conditions for long-term growth and opportunity but would require development and coordination with other partners, and further work is required by both parties before implementation.

3. A Partnership for Growth and Innovation

3.1. The College and Council will bring different expertise and perspectives to the partnership and work together to support innovation and growth and create the conditions for a world-class innovation ecosystem within the borough.

3.2. The partnership will operate across the borough, with a predominant focus on the White City Opportunity Area. This part of the borough is where some of the most persistent pockets of economic and social disadvantage are located, and therefore a natural focus for activity.

3.3. The initial focus of the partnership will be providing:

- 1) A full time Chief Enterprise Officer employed by the Council;
- 2) An Enterprise Advisory Group made up of Council and College Representatives
- 3) Access to appropriate academic and operational staff and facilities

3.4. The Chief Enterprise Officer will:

- 1) Champion the borough as a location for innovative start-ups and scale-ups in the tech and creative industries
- 2) Develop a business plan for the joint venture between the College and Council to support innovation, enterprise and growth
- 3) Oversee the development of individual policies and initiatives that will support the objective of creating an innovation ecosystem in the borough.

3.5. The Chief Enterprise Officer will be supported by the College and provided with facilities in the White City Opportunity Area.

3.6. The Enterprise Advisory Group will (as also described in Appendix 1 to this Memorandum of Agreement) consist of:

1x external representative nominated by the College

1x external representative nominated by LBHF

2 x representatives from the College

2 x representatives from LBHF

3.7. The Enterprise Advisory Group will set the strategic direction and provide advice and guidance for the Chief Enterprise Officer who will be responsible for day to day activities.

3.8. The Enterprise Advisory Group will report on a regular basis to the Council's Cabinet and the College's President's Board.

3.9. The College will provide access to skilled academic and operational staff to support the partnership and dedicated office space in the White City Opportunity Area for the Chief Enterprise Officer.

4. Term and Key Milestones

4.1. The initial operation of the partnership is intended to be supported by both parties as envisaged in this Memorandum of Agreement for two years from the launch of the partnership.

4.2. The Council and the College agree that the key initial milestones for the partnership are:

| Milestone | Date |
|--|----------------|
| Launch of partnership | July 2017 |
| Appointment and meeting of Enterprise Advisory Group | September 2017 |
| Recruitment of Chief Enterprise Officer | September 2017 |
| Submission of business plan to Enterprise Advisory Group | December 2017 |
| Launch of First Project from Business Plan | 2018 |

5. IP, Confidentiality and Announcements

5.1. The College and the Council agree to respect each other's rights to intellectual property and any confidential information designated as such at the time of disclosure (including, for the avoidance of doubt, not to disclose any such confidential information to any third party (unless required by law) without the other party's prior written consent).

5.2. For the avoidance of doubt, nothing in this Memorandum of Agreement shall affect any party's existing intellectual property rights and, accordingly, any existing intellectual property rights of a party are and shall remain the exclusive property of that party (or, where applicable, the third party from whom its right to use such intellectual property rights have derived).

5.3. Neither party will make any public announcement or press release regarding this Memorandum of Agreement, or use the name or trade marks of the other party, without the other party's prior written consent.

5.4. Nothing in this Memorandum of Agreement shall constitute either party as the agent of the other party, nor authorise either of the parties to make or enter into any commitments for or on behalf of the other party.

This Memorandum of Agreement takes effect on the date it is signed on behalf of both parties.

Signed by [NAME OF DIRECTOR] for and on behalf of **The Council**
to confirm its agreement to the above

.....

Signed by [NAME OF AUTHORISED SIGNATORY] for and on behalf of **The College**
to confirm its agreement to the above

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Appendix 1: Enterprise Advisory Group

The Enterprise Advisory Group will consist of:

- 1 x external representative nominated by the College
- 1 x external representative nominated by LBHF
- 2 x representatives from the College
- 2 x representatives from LBHF

The Enterprise Advisory Group will set the strategic direction and provide advice and guidance for the Chief Enterprise Officer who will be responsible for day-to-day activities.

The Enterprise Advisory Group will report on a regular basis to the Council's Cabinet and the College's President's Board.

Resourcing

The initial operation of the partnership will be supported by both parties for two years.

- The Council's support will consist of recruiting and funding a Chief Enterprise Officer
- The College's support will consist of access to appropriate skilled academic and operational staff and dedicated office space for the Chief Enterprise Officer in the White City Opportunity Area.