

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2680

London Ownership Hub - continuation of funding

Executive summary:

The GLA wishes to continue to provide funding to Co-operatives UK to support its delivery of the London Ownership Hub project to help grow and support democratic business models across London.

The project will support advisers and entrepreneurs with aim of increasing employee and worker ownership and promoting the benefits associated with these models.

Decision:

That the Executive Director of Good Growth approves the following;

- expenditure of up to £75,000 (£18,750 from the 2023-24 Economic Fairness programme budget and £56,250 from 2024-25 Economic Fairness programme budget), which is in addition to the previous spending of £75,000 approved in DD2575, via the award of grant funding, as a contribution to Co-operatives UK's costs of its London Ownership Hub project, taking total expenditure to £150,000. This aims to support employee and worker-owned businesses.

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: Philip Graham

Position: Executive Director, Good Growth

Signature:



Date:

20/12/2023

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. London Ownership Hub DD3575 approved expenditure of up to £75,000 from the Economic Fairness programme budget, via the award of grant funding, as a contribution to Co-operatives UK's costs of the London Ownership Hub (LOH) project in 2023-24. This aims to support employee- and worker-owned businesses.
- 1.2. This funding ends on 16 January 2024. The project has achieved the following objectives:
 - training for business advisers from local authorities and independent business development agencies, on employee ownership and co-operative models; specific support needs for these businesses; and appropriate referral pathways
 - establishment of pathways from Grow London Local (MD3149) to the LOH for entrepreneurs and business owners interested in finding out more about employee ownership and co-operative governance models, and existing worker and employee owned businesses at all stages, that are in need of specialist support
 - a partnership agreement with Grow London Local to deliver training on ownership models to 30-40 new Wayfinder business advisers recruited as part of its expansion London-wide (training to be delivered in December 2023)
 - commissioning state of the sector research providing baseline information on employee and worker ownership in London, expected to be delivered in early 2024
 - mapping of user journeys for starting and scaling worker- and employee- owned businesses, including blockers, existing provision and recommended interventions
 - stakeholder mapping culminating in a Mayoral Roundtable on employee and worker ownership
 - producing of communication materials to promote employee and worker ownership and support entrepreneurs to access the support from the Employee Ownership Association (EOA), Co-operatives UK and other partners
 - an awareness-raising campaign for entrepreneurs and business owners to introduce employee ownership and co-operative models, with a pathway to ongoing programme support
- 1.3. The GLA wishes to continue its support to the LOH for a further year with the proposed award of the additional grant funding to Co-operatives UK. This decision therefore requests approval for a contribution of £75,000 funded from the 2023/24 and 2024/25. Economic Fairness budget, bringing the total cost of the project to £150,000.
- 1.4. Co-operatives UK proposed the establishment of an ownership hub in London working with the EOA and the GLA. Co-operatives UK is the membership organisation of independent co-operatives that works to promote, develop and unite co-operative enterprises. The EOA represents and supports the development of organisations that are employee owned, or transitioning to employee ownership and campaigns for more employee ownership.
- 1.5. The aim of the LOH are to support businesses at all stages including potential businesses and entrepreneurs, professional advisers and city-regions - to grow employee and worker ownership; and promote the associated economic and social benefits of these business models.

- 1.6. There are ownership hubs in South Yorkshire and West Midlands Combined Authorities. Co-operatives UK manage this network at a national level, supporting knowledge sharing and learning across the three regions. This feeds into a broader programme, the Regional Action Plan, developing strategies for more inclusive, participative and sustainable economies. The Regional Action Plan was launched in partnership with the Centre for Local Economic Strategies, the New Economics Foundation and the Centre for Thriving Places.
- 1.7. As part of the LOH, Co-operatives UK and the EOA provide: expert knowledge, communications and regional and national policy support, use of a customer relationship management tool to support user journeys; bespoke training packages; continuing professional development packages; access to networks including business peer networks; a website and digital content; and fundraising capacity and capability.
- 1.8. Additionally, Co-operatives UK oversees overall management of the project, including: recruitment and line management of a Senior Project Officer seconded to the Economic Fairness team; as well as legal and audit costs.
- 1.9. Co-operatives UK and the EOA are the key umbrella organisations for their respective sectors and count the overwhelming majority of UK co-operatives and employee-owned businesses as members. Their involvement as project partners brings the programme credibility and buy-in across the sectors, in addition to the networks and strong technical knowledge felt through their in-kind support detailed above.

2. Objectives and expected outcomes

- 2.1. The LOH works to create and develop support routes and resources for new and converting co-ops and employee-owned businesses.
- 2.2. The LOH proposal for year two will address the a number of barriers to the adoption of democratic ownership models identified in year one:
 - potential employee- and worker-owned businesses cannot access expert advice on governance models from traditional business support or business advisers, as awareness is low. The Hub will continue to train and develop a network of business advisers and professional services who are confident in advising on co-operative and employee owned models. In year 2 this work will be developed by following up with trained advisers, monitoring impact and developing a community of practice around ownership.
 - provision that does exist is difficult to navigate. The sector is under-served in terms of specialist support for businesses, particularly at early stages of their start-up or employee-ownership pathways. The Hub will embed referral pathways from Grow London Local through to specialist support offers including:
 - expert one-to-one advice from Co-operatives UK or EOA teams
 - access to national partner schemes such as Co-operatives UK start up support and the EOA Navigator programme including six months' free membership
 - in-house tailored business support, including subsidised one-to-one time with external experts (this is subject to Co-operatives UK successfully attracting additional external funding).

- there is a lack of general awareness around co-operative and employee ownership options. London Ownership Hub will provide clear information via Grow London Local and dedicated London Ownership Hub resources.
 - opportunities are being missed for organisations promoting worker and employee ownership to collaborate due to a lack of a pan-London network. The London Ownership Hub will regularly convene stakeholders.
- 2.3. The costs to the GLA will be £75,000 for 12-months. This is sourced from the Economic Fairness Programme budget (£18,750 from the 2023-24 budget and £56,250 from the 2024-25 budget), and will cover the following:
- salary, overheads and management costs for a local project manager, trained and managed by Co-operatives UK, cost £60,000
 - promotion, market development and engagement activities; cost £15,000
 - expert support from Co-operatives UK where required, and where proportionate, including CEO, Policy and Development Lead and policy team
 - expert support from the EOA, including but not limited to a dedicated project lead, access to the CEO, communications, policy and membership teams.
 - content creation and data collection for communications, reporting and marketing purposes.
- 2.4. It is proposed that Co-operatives UK be awarded grant funding to meet costs of its delivery of the LOH. Co-operatives UK would not be able to continue delivery in London without this funding.
- 2.5. The indirect financial implications associated with the Ownership Hub programme are as follows:
- Costs of creating public-facing communications and content relating to the LOH, including regular content shared across all GLA communications channels. The cost of this will be included in our annual communications work plan for Economic Development.
 - Costs of IT equipment, network access and IT support to the Local Project Manager for the term of the 12-month programme will be borne by the GLA.

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010, the Mayor and GLA are subject to the public sector equality duty and must have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation
 - advance equality of opportunity between people who share a relevant protected characteristic and those who do not
 - foster good relations between people who share a relevant protected characteristic and those who do not.
- 3.2. The “protected characteristics” are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage/ civil partnership status. The duty involves having appropriate regard to these matters as they apply in the circumstances, including having regard to the need to: remove or minimise any disadvantage suffered by those who share or are connected to a protected characteristic; take steps to meet the different needs of such people; and encourage them to participate in public life or in any other activity where their participation is

disproportionately low. This can involve treating people with a protected characteristic more favourably than those without one.

- 3.3. There are many inequalities in the labour market, from pay gaps to a lack of diversity in boardrooms. Beyond the labour market to the economy more broadly, the huge disparity of ownership restricts access to the wealth generated by enterprise. Creation of the LOH addresses systemic inequality in London's economy in several ways:
 - through creation of good jobs with fair pay and enhanced employee wellbeing. The findings of the EOA's Knowledge Programme show that, in comparison to privately-owned companies, worker- and employee-owned businesses invest substantially more into employee remuneration and wellbeing
 - through removal of barriers to ownership. Conventionally, business ownership is inaccessible to people who lack cash savings to invest, entrenching existing inequalities. The Employee Ownership Trust model removes this barrier, offering a route to ownership with no cash buy-in required of employees
 - through removing barriers to entrepreneurship: economically excluded groups are less likely to start companies due to gaps in skills, knowledge, confidence and connections, in addition to the financial insecurity. By providing no-cost support for early stage start and pre-start advice and support, these barriers are partially removed, helping to open business ownership to all Londoners
- 3.4. The Mayor's Good Work Standard, and his broader business engagement activities, all seek to improve outcomes for Londoners.
- 3.5. The outputs of the LOH will have a focus on supporting diversity and inclusion and the approach will prioritise working with Black, Asian and minority ethnic-owned business; female-owned businesses; LGBTQ+-owned businesses; voluntary community and social enterprises; and other under-represented groups in enterprise.
- 3.6. The LOH will encourage sustainable economic development and community wealth-building throughout London. London's communities will benefit from the Hub supporting and encouraging more democratic and employee-owned business models, as these not only result in increasing jobs and the retention of local talent but will also support fair pay and worker wellbeing.

4. Other considerations

- 4.1. The Ownership Hub and the proposed outcomes of this project are closely aligned with the Mayor's inclusive London strategy, and with his vision for making London a great place to work and do business.
- 4.2. Supporting and promoting democratic business models supports the delivery of the Mayor's Economic Development Strategy, specifically the Economic Fairness Programme objectives. Moreover, it provides support for delivering the London Recovery Programme mission, 'Helping Londoners into Good Work', by encouraging business models that support fair pay and worker wellbeing.
- 4.3. There are no known conflicts of interests for any of the parties involved in drafting or reviewing this decision paper.

5. Financial comments

- 5.1 Approval is requested for expenditure of up to £75,000 from the Economic Fairness budget as a contribution to Co-operatives UK's costs of its London Ownership Hub project.
- 5.2 The planned profile of the expenditure is shown below:

	23-24	24-25	Total
Revenue Expenditure	£18,750	£56,250	£75,000

- 5.3 This expenditure will be funded from the Economic Fairness programme budget within the Economic Development Unit. The budget for 2024-25 financial year is subject to formal approval as part of the Mayor's budget setting process. To mitigate any risk of the programme not being sufficiently resourced following conclusion of the budget-setting process, the grant agreement should include break clauses that can be exercised if required.

6. Legal comments

- 6.1 The foregoing sections of this report indicate that the decisions requested of the director concern the exercise of the Authority's general powers; falling within the Authority's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation in Greater London; and in formulating the proposals in respect of which a decision is sought officers have complied with the Authority'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; and
- consult with appropriate bodies.

- 6.2 In taking the decisions requested, the 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 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 share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010). To this end, the director should have particular regard to section 3 (above) of this report.

- 6.3 Paragraph 1 above indicates that the further contribution of £75,000 to Co-operatives UK to support its delivery of the London Ownership Hub amounts to the provision of grant funding and not payment for 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 Authority's Contracts and Funding Code.

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

- 6.4 Finally, given that this continuation in funding will bring the total value of the Authority's existing grant to above £100,000, officers are reminded to register the grant on the Department for Business and Trade's Transparency Database.

7. Planned delivery approach and next steps

Activity	Timeline
New grant agreement issued	January 2024
Delivery start date	February 2024
Evaluation report	November 2024
Delivery end date	January 2025

Appendices and supporting papers:

None

Public access to information

Information in this form (Part 1) 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 (Part 1) will either be published 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 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:

Rachel Williamson has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Alex Conway 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

A summary of this decision was reviewed by the Corporate Investment Board on 18 December 2023.

✓

INTERIM CHIEF FINANCE OFFICER:

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

Signature:



Date:

18/12/2023