

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD3268

### LEAP and Growth Hub Funding for 2024-25

#### Executive summary:

Mayoral approval is sought for the receipt and expenditure of funding in 2024-25 to support core functions associated with the former London Economic Action Partnership (LEAP), which has now been fully integrated into the GLA. This includes core LEAP grant funding of £234,285 awarded by the Department for Levelling Up, Housing and Communities (DLUHC); and £470,000 for London's Growth Hub (now delivered by London & Partners via Grow London Local) awarded by the Department for Business and Trade.

This funding will support ongoing staffing and delivery activity.

#### Decision:

That the Mayor approves receipt and expenditure of:

- £234,285 of grant funding from the Department for Levelling Up, Housing and Communities to support staffing costs associated with the former London Economic Action Partnership
- £470,000 of grant funding from the Department for Business and Trade to support delivery of London's Growth Hub, delivered by London & Partners via Grow London Local.

#### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

3/7/24

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. Local Enterprise Partnerships (LEPs) were business-led partnerships bringing together local and regional authorities with private-sector organisations and stakeholders. They determined economic priorities and undertook activities to drive economic growth and job creation; improve infrastructure and raise skills within the local area. London's LEP, the London Economic Action Partnership (LEAP) was established as a non-incorporated Mayoral body chaired by the Mayor and operated as part of the GLA.
- 1.2. A government review of LEPs concluded with the publication of the Levelling Up White Paper in February 2022, and subsequent guidance from government in April 2022. Following this, it was decided that all LEPs would be integrated into local democratic institutions. In London, LEAP was already significantly integrated into the GLA; however, further actions were taken to fully integrate it. This work concluded in March 2023. The government is continuing to provide funding to the GLA (and other authorities) to support core functions associated with the former LEPs.

#### LEAP core funds

- 1.3. LEAP core funding is a grant received annually from the Department for Levelling Up, Housing and Communities (DLUHC), which has previously been used to support core staffing, administration, memberships, marketing, research and small projects that aligned with LEAP's core priorities.
- 1.4. In past years, a grant of £500,000 has been awarded to all LEPs (regardless of the LEP's size), which is match funded by local partners. Following the decision to integrate LEPs, in 2023-24 this annual grant was reduced by 25 per cent in all areas. It has been further reduced in 2024-25, to reflect the integration work that has taken place or is in effect. The LEAP allocation for 2024-25 is £234,285.
- 1.5. It is proposed that 2024-25 LEAP core funding will be spent on salaries and associated on-costs for existing GLA staff delivering LEAP-related activity, including learning and development costs for staff.
- 1.6. Two permanent GLA posts in the Economic Development and Programmes Unit are proposed to be charged to LEAP core funds. These are:
  - Senior Policy Officer (GLA grade 8)
  - Principal Policy Officer (GLA grade 10).

#### Growth Hub funds

- 1.7. London's Growth Hub (previously London Business Hub) is one of 38 Growth Hubs led by LEP areas across England. Growth Hubs were established to bring together public and private-sector partners to promote, coordinate and deliver local business support; and provide a mechanism for integrating national and local business support, simplifying access for businesses.
- 1.8. Following the GLA's internal business support review in 2022-23, it was agreed (in MD3149) that London & Partners (L&P) would take responsibility for the delivery and management of the London Business Hub and its core business support service, Wayfinder. Under L&P's leadership, the London Business Hub was rebranded in Autumn 2023 as Grow London Local, to align with L&P's wider Grow London branding.
- 1.9. Since assuming responsibility, L&P has used resources from the UK Shared Prosperity Fund (UKSPF) to expand the remit of the Wayfinder business support service: improving coordination and

streamlining referrals to simplify the business support landscape and make it easier and more efficient to access the right support to start, sustain and grow a business in London.

- 1.10. The Department for Business and Trade (DBT) has funded London's Growth Hub since 2016. Until 2020-21, DBT provided two-year allocations to each of the Growth Hubs; since then, it has only provided funding for one year at a time; and the level of funding provided has gradually reduced since 2022-23. London's allocation of Growth Hub funding for 2024-25 is £470,000, of which £40k is ringfenced for its role as cluster lead for the South East England region.
- 1.11. It is proposed that the 2024-25 Growth Hub grant will be passed to L&P to supplement its UKSPF and Adult Education Budget funding and enable it to continue the delivery and expansion of London's Growth Hub, notably the Grow London Local website. The ringfenced funding for the facilitation of the South-East cluster will also be passed to L&P to carry out the lead role on behalf of the GLA. This will be actioned via a grant funding agreement which will include targets around website usage and number of businesses using the online diagnostic service. The GLA will remain accountable to DBT for the Growth Hub funding.

## **2. Objectives and expected outcomes**

- 2.1. Historically, LEAP funding has supported multiple objectives of the Mayor's Economic Development Strategy. It also supported the post-COVID-19 Economic Recovery Framework jointly agreed by the Mayor and London Councils. With the commencement of a new Mayoral term, LEAP core funding 2024-25 will support the staffing resource that leads on economic strategy, governance and delivery – the three areas for which the government holds the GLA to account in relation to the LEAP funds.
- 2.2. The provision of this funding will also support the following specific objectives for the Growth Hub:
  - continued provision of the Grow London Local website
  - achieving 2,000 online diagnostics
  - drawing 75,000 unique visitors to the platform.

## **3. Equality comments**

- 3.1. Under section 149 of the Equality Act 2010, as a public authority, the Mayor of London must have 'due regard' of the need to eliminate unlawful discrimination, harassment, and victimisation; and to advance equality of opportunity, and fostering good relations, between people who have a protected characteristic and those who do not. This involves having due regard to the need to remove or minimise any disadvantage suffered by those who share a relevant protected characteristic, that is connected to the characteristic; taking steps to meet the different needs of such people; and encouraging them to participate in public life or in any other activity where their participation is disproportionately low.
- 3.2. London's Growth Hub, Grow London Local, plays an important role in supporting diverse entrepreneurs and business owners, with targets set to ensure underrepresented businesses are supported through its business support service. Efforts are made to engage with hard-to-reach communities including the use of translators; production of marketing material in various languages; and outreach via local community groups. The website also hosts a range of London-based business-support schemes. This includes providing information and events aimed specifically at women; individuals from Black, Asian and Minority Ethnic backgrounds; and other underrepresented groups. As Grow London Local is not a public-sector website, L&P is not legally required to meet level 2 (AA) of the Web Content Accessibility Guidelines. However, it will endeavour to work with its website

delivery partners to implement accessibility compliance to a similar level. Consideration of accessibility requirements is also taken when selecting any physical spaces used for hosting events.

#### 4. Other considerations

4.1. The risks associated with this decision are detailed in the table below:

Risk description	Mitigation
Growth Hub funds: L&P does not recruit or support sufficient SMEs through the Grow London Local website online diagnostic to meet grant funding agreement targets.	L&P will increase marketing efforts, setting out the benefits of using the 'self-serve' option via the website, in parallel with in-person business support services. Progress will be closely monitored by the GLA's grant manager.
Growth Hub funds: the DBT grant must be spent within the financial year otherwise it can be clawed back. Any delays to spend can cause a risk.	The GLA grant manager will closely monitor spend and milestone payments made to L&P for delivery to ensure no slippage occurs.
LEAP core funds: internal staff changes resulting in underspend of grant funding	GLA officers in the Economic Development and Programmes Unit will collate a list of other potential projects for which underspend could be used, should the need arise. This ensures the grant can be spent in full, in-year.

##### Links to Mayoral strategies and priorities

- 4.2. The proposed use of the Growth Hub funding is consistent with the Mayor's objectives to champion and support London's micro, small and medium-sized businesses through the Grow London Local website, which is being delivered by L&P.
- 4.3. The need for support for London's SMEs, as provided by the Grow London Local service, is recognised in the Mayor's Economy Development Strategy and is expected to form a core element of the proposed London Growth Plan.

##### Conflicts of interest

- 4.4. The Deputy Mayor of London for Business and Growth is the Chair of London and Partners and has not reviewed this Mayoral Decision request.

##### Subsidy control

- 4.5. The Subsidy Control Act 2022 requires that grant funding from public bodies to enterprises comply with the Act's subsidy control principles. Officers have assessed the project and are satisfied that the proposal does not constitute a subsidy as set out in current subsidy control guidance.
- 4.6. The government's UK subsidy control regime: statutory guidance was updated in December 2023. Paragraph 15.16 of the guidance states:
- "Offering goods or services on the market necessarily involves exchange, usually in the form of charging money for the goods or services. This means that, to the extent organisations provide goods and services for free, they are not engaged in economic activity and should not be considered enterprises for the purposes of the subsidy control regime. As a result, financial assistance that covers the costs of providing goods or services for free (for example, a local authority grant to an organisation that provides free food to the public, or free advice to the public or to businesses) will not be subsidy."*
- 4.7. L&P will be providing free advice to businesses as part of the Grow London Local grant. As such, it will not be deemed to be engaged in economic activity, and should not be considered an enterprise for

the purposes of subsidy control. The grant to be awarded to L&P by the GLA will not constitute a subsidy. Footnote 106 to section 15.16 notes:

*"However, if the organisation conducts both economic and non-economic activity, there must at least be operational separation between the two activities, or another appropriate form of ringfencing such as described in paragraph 15.19, if any part of that organisation is to be treated as not being an enterprise."*

4.8. Paragraph 15.19 states:

*"Where public authorities provide financial assistance in support of a person or body's non-economic activities, such financial assistance will not be considered to constitute a subsidy where it is ensured that the financial assistance cannot be used to cross-subsidise the person or body's economic activities. This can be ensured by the use of a clear separation of accounts or other methods of ringfencing."*

4.9. L&P has confirmed that it has financial controls and guidelines in place to ensure that no cross-subsidy of economic activity takes place.

## **5. Financial comments**

5.1. Approval is requested for the receipt and expenditure of:

- £234,285 of grant funding from DLUHC to support staffing costs associated with the former LEAP
- £470,000 of grant funding from the Department for Business & Trade to support delivery of London's Growth Hub, delivered by L&P via Grow London Local.

5.2. The £234,285 LEAP Core funding will be used to fund two staffing posts: a Senior Policy Officer (GLA grade 8) and a Principal Policy Officer (GLA grade 10).

5.3. The £470,000 Growth Hub funding is expected to be transferred to L&P as grant fund. The detailed profile will be confirmed when the grant funding agreement is signed.

5.4. Both grants will be spent by 31 March 2025.

5.5. All relevant budget adjustments will be made.

## **6. Legal comments**

6.1. Under section 30 of the Greater London Authority Act 1999 (GLAA), the GLA may do anything that it considers will further one or more of its principal purposes, which are promoting: economic development and wealth creation in Greater London; social development in Greater London; and the improvement of the environment in Greater London.

6.2. In determining whether or not to exercise its power to further one or more of its principal purposes, the GLA is required to consider the effect this may have on the remaining purpose or purposes – in so far as that is practicable – and, over time, to secure a reasonable balance between furthering each of its principal purposes.

6.3. Section 33 of the GLAA requires the GLA to make appropriate arrangements with a view to securing that, in the exercise of its general power, there is due regard to the principle that there should be equality of opportunity for all people. The GLA is also subject to the public sector equality duty imposed by section 149(1) of the Equality Act 2010 in relation to the exercise of its functions (see section 3, above).

- 6.4. Section 34 of the GLAA provides for the GLA to be able to do anything that is incidental to the exercise of its functions, including its general powers under section 30.
- 6.5. Sections 1 to 4, above, concern the award of grant funding by the GLA. Officers must ensure that such grant funding is distributed fairly, transparently, in a manner that affords value for money, and in accordance with the requirements of the GLA's Contracts and Funding Code and government funding requirements.
- 6.6. The Subsidy Control Act 2022 requires that grant funding comply with its subsidy control principles. Subject to paragraph 6.7, below, the officers have set out at section 4, above, how the proposed grant complies with those principles.
- 6.7. If the Mayor makes the decisions sought officers must ensure that:
- as the proposed grant exceeds £100,000, the grant is registered on the DBT's Transparency Database
  - that a grant-funding agreement is put in place between, and executed by, the GLA and L&P before any commitment to fund is made.

## **7. Planned delivery approach and next steps**

- 7.1. The project will be delivered according to the following timetable:

<b>Activity</b>	<b>Timeline</b>
Grant-funding agreement awarded	July 2024
Proposed expenditure	April 2024 – March 2025
Final claim to DBT	March 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 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? YES

If YES, for what reason: If approved, the MD should be published after the grant-funding agreement has been issued to L&P.

Until what date: 31 July 2024.

### 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:

Lucienne Blakely-Droz has drafted this report in accordance with GLA procedures and confirms the following:

#### Sponsoring Director:

Phil Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

#### Mayoral Adviser:

Richard Watts has been consulted about the proposal and agrees the recommendations.

#### Advice:

The Finance and Legal teams have commented on this proposal.

#### Mayoral Delivery Board

This decision was agreed by the Mayoral Delivery Board on 1 July 2024.

### INTERIM CHIEF FINANCE OFFICER:

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

#### Signature:



#### Date:

02/07/2024

### CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor.

#### Signature:



#### Date:

02/07/2024

