

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2575

Title: London Ownership Hub

Executive summary:

The Greater London Authority (GLA) wishes to provide funding to Co-operatives UK to support its delivery of its London Ownership Hub project to help grow and support democratic business models across London, which aligns with the GLA's priorities.

The Hub project will offer support to businesses, professionals and regions in order to increase employee and worker ownership, and to promote the benefits associated with these business models.

Decision:

That the Executive Director of Good Growth approves expenditure of up to £75,000 (from the Economic Fairness programme budget), by way of the award of grant funding, as a contribution to Co-operatives UK's costs of its London Ownership Hub project, which 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:

28/3/22

PART I – NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

A Mayoral manifesto commitment established one the GLA's priorities to provide:

“support for democratic business models like cooperatives, mutuals, social enterprises, employee-owned, municipally owned and community-owned businesses, and convene anchor institutions, including councils and other public authorities, to develop and share approaches that will help local communities to thrive, now and in the future.”

- 1.1. There are at least 600 co-operatives in London. They employ 8,000 people and report a turnover of £750m. Examples include credit unions; and food, housing, and energy co-operatives.
- 1.2. Co-operatives UK is the membership organisation of independent co-operatives that works to promote, develop and unite co-operative enterprises.
- 1.3. The Employee Ownership Association (EOA) represents and supports the development of organisations that are employee-owned, or are transitioning to employee ownership, across the UK; and campaigns for more employee ownership.
- 1.4. Co-operatives UK has proposed establishment of an Ownership Hub in London.
- 1.5. The aim of the Ownership Hub is to support businesses, professional advisers and regions to grow employee and worker ownership; and to promote the associated economic and social benefits of these business models.
- 1.6. The Ownership Hub will help to expand community ownership of assets, as a tool for sustainable and inclusive economic development.
- 1.7. As part of the Ownership Hub, experts from Co-operatives UK and the EOA will provide expert knowledge. This includes a dedicated employee to work with the London Business Hub, and other relevant networks, to deliver: a programme of upskilling for advisers and business support providers; and one-on-one guidance for potential owners in London.

2. Objectives and expected outcomes

- 2.1. A key outcome of the creation of the Ownership Hub London is the creation and delivery of local support packages for new and converting co-ops, employee-owned businesses, and community enterprises.
- 2.2. By supporting local businesses, links are strengthened between regeneration activities, collaboration and local ownership.
- 2.3. The delivery and operation of Co-operatives UK's Ownership Hub will assist in growing employee and worker ownership in London in terms of the number and types of businesses and owners. A

pipeline of prospective employee- and worker-owned businesses will also be established, which may be accessed for future Democratic Business Model projects.

2.4. The Ownership Hub will help grow worker and employee ownership by pursuing the following four aims:

- to create 'good work for all' (which aligns with GLA priorities)
- to retain local jobs
- to enhance and increase local ownership on London's high streets
- to link with London's Recovery Programme missions and community wealth-building approaches, embedded in the Anchor Institutions' Network.
- To support 'good work for all': The GLA will use its network of good-work employers to inform the community of Co-operatives UK's Ownership Hub offer. This consists of 250-plus extended members of the Good Work Standard community; and businesses that we regularly engage through schemes such as the London Climate Leaders Forum, the London Food Board, the Infrastructure Forum and the London Business Hub.
- The retention of local jobs: The Ownership Hub will be a resource for businesses at risk, including those who have accessed survival and succession-focused programmes.

The Ownership Hub will support more small and medium-sized enterprise owners to convert to employee and worker ownership, and to retain jobs in local economies.

- To enhance and increase local ownership on our high streets: The Ownership Hub will provide opportunities to target messaging and resources to particular locations such as a high street, a Business Improvement District or a borough.

As outcomes of the Ownership Hub, local authorities can integrate ownership hub activities with their existing plans – for example, the London Borough of Hackney as a social enterprise borough; London Borough of Newham's focus on community wealth-building; and London Borough of Lambeth's co-operative council model.

- To link with London's Recovery Programme: The London Ownership Hub will explore opportunities to form more innovative partnerships and will be able to provide enhancements to initiatives such as the London Recovery Board's Open Innovation Programme, by offering support to partners and businesses engaged in this programme.

2.5. The growth of employee and worker-owned business as a result of the Ownership Hub would help enable London to play its part in Co-operatives UK's 1 Million Owners campaign; and increase the UK's employee and worker ownership count by five-fold by 2030.

2.6. The Ownership Hub will serve as a bridge to other mayoral priorities, such as the Good Work Standard. Within the first year of the scheme, employee and worker-owned businesses will be recognised and celebrated for their good work. It would be measured by an increase in the number of employee- and worker-owned businesses paying the London Living Wage.

2.7. A key outcome will be an impact report assessing the success of the initiative, as well as recommendations for future activities related to employee and worker-owned businesses.

- 2.8. The Ownership Hub programme will be delivered over 12 months. It will take three months to establish the Ownership Hub; the remaining period will be used to deliver activities.
- 2.9. The cost to the GLA will be £75,000 for the 12-month period (with Co-operatives UK covering all associated legal and audit costs). This is sourced from the Economic Fairness Programme Budget, and will cover the following:
- salary for a local project manager, recruited and trained by Co-operatives UK; cost per annum £55,000
 - promotion, market development and engagement activities; cost per annum £20,000
 - expert support from Co-operatives UK where required, including but not limited to the CEO; the Head of Development Unit; the Senior Programme Manager; the Programme Manager and Programme Co-ordinator; the Research Officer; and the Policy Officer
 - expert support from the EOA, including but not limited to a dedicated project lead and project support with access to the CEO; the Head of Communications; the Partnerships Executive; and the extended team, including insight via its Membership function, and Operations and Finance
 - content creation and data collection for communications and marketing purposes for the Ownership Hub, including:
 - strategic direction/budget decision-making
 - market development and bidding for future funding
 - market research, market communications and support
- 2.10. Following completion of the project there will be several resources available to continue sharing knowledge and raising awareness of democratic business models for London business owners. This includes:
- resource packs for business advisors covering the key aspects of the training that the business advisors have received
 - resource packs for businesses covering the key aspects of the employee and worker ownership models – focused on businesses looking to adopt one of these models
 - online training content including recordings of all training conducted and ‘highlight’ videos explaining specific concepts
 - local GLA teams upskilled to deliver training including slide decks to enable GLA staff to conduct the Ownership Hub training as part of their wider business engagement activities.
- 2.11. It is proposed that Co-operatives UK be awarded grant funding to meet costs of its delivery of a London Ownership Hub. This project is an extension of projects that it has delivered in other cities, such as Sheffield; Co-operatives UK would not be able to replicate this delivery in London without this funding.
- 2.12. The indirect financial implications associated with the Ownership Hub programme are as follows:

- costs of creating public-facing communications and content relating to the Ownership Hub, 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 is connected to a protected; 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. There can be barriers facing entrepreneurs because of their ethnicity, gender or disabilities; removing these barriers would make London a fairer place and cement its status as Europe’s business capital. Creating the Ownership Hub presents an opportunity for removing entrepreneurship barriers, and addressing inequalities in the labour market, by reshaping how companies structure themselves for the good of London’s communities.
- 3.4. The Mayor’s Good Work Standard, and his broader business engagement activities, all seek to improve outcomes for Londoners. Londoners spend a great proportion of their time at their workplaces. We have a significant role to play in supporting the financial wellbeing and healthy lifestyles of Londoners and all protected groups among them. The outputs of the Ownership Hub will have a focus on supporting diversity and inclusion, and working with Black and Asian Minority Ethnic-owned business; female-owned businesses; LGBTQ+-owned businesses; voluntary community and social enterprises; and other under-represented groups in enterprise.
- 3.5. The Ownership Hub 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 helping to retain local talent but also support fair pay and worker wellbeing.

4. Other considerations

Risks

- 4.1. The budget for this project is currently within the financial year 2021-22. The project is expected to be delivered outside this window, in 2022-23. The Economic Fairness team submitted a request to the finance team to carry forward this budget, and is currently awaiting a decision. In the event this carry-forward request is denied, the team will seek approval to pay Co-operatives UK the full amount of £75,000 upfront. However, there are risks associated with doing so, since we lose our negotiating power to address any delivery issues that may arise.
- 4.2. The Ownership Hub has been designed as a two-year project and the GLA is proposing funding for an initial 12-month period. As funding is not yet confirmed for year two, there is a risk that Cooperatives UK will terminate the project after one year, which means a shorter period to embed knowledge, support and awareness. However, due to Co-operatives UK recently launching a similar programme in South Yorkshire, the time to initiate the Ownership Hub project in London will be reduced. The Ownership Hub will provide 9 months of activity in year one and the GLA may be able to fund future years depending on success of the project in year one and the budget approval process for 2023-24.

Mayoral strategies and priorities

- 4.3. The Ownership Hub and the proposed outcomes of this project are closely aligned with the Mayor's inclusive London strategy, and his vision for making London a great place to work and do business.
- 4.4. 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.
- 4.5. 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. The sum of £75,000 is required for the provision of the London Ownership Hub, which aims to promote socio-economic benefits by helping to grow and support democratic business models across London.
- 5.2. As Co-operatives UK has established existing hubs in other cities, the GLA would like to partner with this organisation in delivering London's very own Ownership Hub. In doing so, this decision seeks permission to issue £75,000 as a grant contribution towards this project.
- 5.3. An appropriate contract will be drawn up with Co-operatives UK in which conditions pertaining to the grant will be clearly set out. It is anticipated that small initial upfront payments will be made to help with start-up costs, but the majority will be linked to specified milestones.

- 5.4. The hub will be in operation for nine months, following an initial three-month set-up period. A significant proportion of the budget will be spent on the salary for a local Project Manager, with the remainder going towards ancillary activities. Co-operatives UK will be responsible for the recruitment and training of this position. Furthermore, as co-partners of the London Ownership Hub, Co-operatives UK will contribute its members' expertise, and cover all legal and audit costs.
- 5.5. The £75,000 grant will be spent in 2022-23 and funded by an approved Q3 budget carry-forward from the 2021-22 Economic Fairness programme, which has now been built into the Authority's budget and spending plans for 2022-23. The grant agreement will be formally settled once the 2022-23 budget has been officially approved. Payment of the grant will be subject to satisfactory monitoring of performance against deliverables that are to be outlined within the funding agreement that will govern this arrangement. This requirement, as well as the standard break clauses, will be incorporated into the agreement to ensure that performance and risk is managed effectively for the duration.

6. Legal comments

- 6.1. The foregoing sections of this report indicate that the decisions requested of the Mayor fall within the exercise of the GLA's statutory duties to promote tourism to, in and through Greater London; and powers to promote and/or to do anything that is facilitative of, or conducive or incidental to, economic development and wealth creation within 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
 - consult with appropriate bodies.
- 6.2. In taking the decisions requested of him, the Mayor 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 (race, disability, gender, age, sex, sexual orientation, religion or belief, pregnancy and maternity, and gender reassignment) and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.
- 6.3. Officers have indicated that the expenditure proposed amounts to the provision of grant funding as a contribution to related third-party project costs, and not a payment for services to be provided. They must therefore ensure that the proposed funding is disbursed in a fair and transparent manner, in accordance with the GLA's Contracts and Funding Code; and that a funding agreement is put in place between, and executed by, the GLA and Co-operatives UK before any commitment to provide the funding is made.

7. Planned delivery approach and next steps

Activity	Timeline
Procurement of contract [for externally delivered projects]	March 2022
Announcement [if applicable]	April 2022
Delivery start date [for project proposals]	June 2022
Final evaluation start and finish (self)	February – March 2023
Delivery end date [for project proposals]	April 2023
Project closure [for project proposals]	April 2023

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 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:

Helen Simpson 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

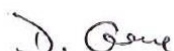
This decision was agreed by the Corporate Investment Board on 28 March 2022.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature



Date

28/3/22