

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2055

### Title: London Growth Hub

#### Executive Summary:

This form seeks decisions in relation to Government grant to support the London Growth Hub, the London Local Enterprise Partnership's (LEP) online business support portal for London's small businesses, start-ups and entrepreneurs.

The proposals support several Mayoral commitments and initiatives, including:

- **Supporting competitiveness and productivity** by ensuring London's businesses have access to support that will help them start, sustain and grow;
- Supporting London's small businesses, start-ups and entrepreneurs to find **affordable workspace and premises**;
- Ensuring London's small businesses, start-ups and entrepreneurs are provided with support relating to the impact of the outcome of the **referendum on Britain's membership of the EU**;
- Promoting the #LondonIsOpen campaign through a series of business-facing events and marketing activity to promote the Growth Hub and the **#LondonIsOpen** branding.

It should be noted that the terms of the grant offer from government state that this funding must be spent on activity to support the further development of the Growth Hub and, that all funding must be spent in-year.

#### Decision:

The Mayor approves:

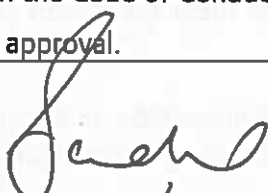
1. the receipt of grant funding from the Department for Business, Environment & Industrial Strategy and the associated expenditure totalling £1,040,000 (£520,000 in 2016/17 and £520,000 in 2017/18) to further develop the London Growth Hub (the "Grant") as outlined in section 2 of this form, noting that this additional funding will replace c£180,000 of expenditure from the LEP's Growing Places Fund ("GPF") on this project.
2. a proposal that the GPF funding be reserved for use to maintain the London Growth Hub in future years in order to avoid a significant drop-off in funding at the end of 2017/18 (which could lead to the closure of the service).
3. that detailed proposals for the proposed face-to-face business support services in 2017/18 be agreed by the London LEP.

#### 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:

6/12/16

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

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

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

The London Growth Hub is one of 39 LEP-led 'Growth Hubs' across England which were established in order to bring together public and private sector partners to promote, co-ordinate and deliver local business support and provide a mechanism for integrating national and local business support so it is easy for businesses to access. In London the Growth Hub has been developed as an online portal that signposts businesses to existing support.

Additional funding provided by the Department for Business, Innovation & Skills ("BIS") (now the Department for Business, Environment & Industrial Strategy ("BEIS")) in 2016/17 and 2017/18 provides an opportunity to develop the model further and consider direct interventions and pilot schemes under the 'Growth Hub' banner.

In February 2016, BIS confirmed that they would make grant funding available to LEPs in 2016-17, and 2017-18, to deliver a schedule of work that will "further develop Growth Hubs". The Grant provided to London (£520,000 in 2016/17 and £520,000 in 2017/18) specifies that the funding is to be used "for the giving of advice to business by London LEP by supporting the further development of the growth hub, aligned to Government's objective to simplify access to support for businesses". The grant must also be spent in-year with no option to roll funding forward and no additional funding due to be provided beyond 2017/18. It should be noted that this creates a significant drop-off in funding at the end of 2017/18 that could lead to the closure of the service if alternative funding activity is not secured.

This grant funding supplements existing approved funding from the LEP's Growing Places Fund. This form recommends that the remaining £179,233 of committed expenditure be transferred to this new ring-fenced budget, thereby freeing up the unring-fenced GPF budget. The Deputy Mayor for Planning, Regeneration and Skills and the Deputy Mayor for Business have been consulted as to whether the £179,233 of GPF funding should be released for reallocation or reserved for use to maintain the London Growth Hub in future years and their view was to reserve this money to support the Growth Hub beyond 2017/18 should the model not be fully self-financing by this point (see proposals for 'Phase 3' under section 2 below for further detail).

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

The following project deliverables are proposed:

##### Phase 2 web portal

Following the launch of the first phase of the Growth Hub in March 2015, which delivered the initial web portal (Phase 1), Phase 2 involved an upgrade to a more sophisticated web portal under the direction of the LEP's former SME Working Group, including project sponsors from the FSB, Capital Enterprise and the ICAEW. The new site is now hosted at [growthhub.london](http://growthhub.london) and was launched by the Deputy Mayor for Business on 18 November. The web portal features a comprehensive business support events calendar, business support finder and a map of open workspaces in the capital, as well as business case studies, an online forum and links to a range of useful external resources.

Whilst this activity is already approved and committed against the previous GPF budget, it is proposed that expenditure during 2016/17 be transferred to this budget.

*Outputs: Performance of the portal will be measured through the number of businesses supported. This data will be collated through web analytics and tracked through follow-up surveys with registered users.*

*Relationships are being developed with business support providers in order for us to track the success of referrals from the online portal. Targets will therefore be set once this work has concluded.*

### Business support events programme

In order to supplement existing public and private sector business support events and offer to raise awareness of the London Growth Hub, a 'call for proposals' was launched in late September 2016 to identify partners interested in sponsoring or co-hosting a programme of events from October 2016 onwards. So far 22 organisations have expressed an interest in working with us to develop events that are cost neutral to the LEP. Approval is also being sought to support a series of larger events that are likely to have cost implications and will be developed over the coming months.

*Outputs: The number of businesses supported through each event will be collated through follow-up surveys and monitoring of referrals to business support providers.*

### Face-to-face business support services

Under the terms of our grant offer from BEIS, there is an expectation that the funding will be used in part to provide face-to-face triage and diagnostic services. It is proposed that we deliver this through:

- the provision of business support advisers for a 2-3 month period in early 2017. This would follow the launch of growthhub.london and provide an offer to businesses as a hook for the web portal marketing campaign. The advisers would be based in a selection of open workspaces and support small businesses, start-ups and entrepreneurs with general business advice that would have a strong focus on advice relating to the impact of the outcome of the referendum on Britain's membership of the EU. As part of the Growth Hub programme, and closely aligned to the Mayor's priorities to provide affordable workspace to London's SMEs, we shall explore, once the new LEP has been established, the development of a project that will support small businesses, start-ups and entrepreneurs to find the right type of workspace they require.
- exploring how to establish an SME engagement panel that will provide evidence from SMEs on challenges faced by their sector. The panel may be integrated as part of growthhub.london.
- a proposal to provide advice to support small businesses, start-ups and entrepreneurs find workspace and premises for delivery in 2017/18. This proposal will be tested with businesses and the newly appointed LEP.

The Part 2 confidential section of this form provides further detail on these proposals, which are being progressed for Mayoral approval.

Any remaining funding for 2017/18 will be considered by the new LEP for allocation.

### Marketing campaign

An initial programme of marketing activity is now being taken forward (using existing approved budget) ahead of the formal launch of the site. This includes:

- production of video case studies of small businesses, start-ups and entrepreneurs talking about the business support they have received in order to start, sustain or grow their business. These videos will feature the #LondonIsOpen branding.
- flyers and banners for distribution at events, existing business support hubs (e.g. British Library Business & IP Centre, City Library etc.) and open workspaces; and
- exhibiting at key business events such as the Great British Business Show in Excel on 17<sup>th</sup> and 18<sup>th</sup> November 2016;

- organic and paid for social media; and
- awareness raising among London's boroughs, business support bodies, BIDs, workspace providers and business membership organisations.

This will be followed by a more comprehensive marketing campaign delivered with support from the GLA Marketing team and the GLA's marketing agency. This will include:

- targeted display advertising on selected online channels;
- ongoing programme of organic and paid for social media;
- awareness raising among London's boroughs, business support bodies, BIDs, workspace providers and business membership organisations.

### Phase 3 web portal

All Growth Hubs are being encouraged to develop self-financing models for 2018/19 onwards and BEIS envisage the 2016/17 and 2017/18 funding allocation will be used in part to support development of such a model. It is therefore proposed that a significant element of the Growth Hub funding be ring-fenced to develop and deliver functionality that will be revenue generating and to also explore other models of revenue generation (e.g. sponsorship and charging structures).

It is proposed that an initial phase of discovery work be commissioned for delivery during Q4 of 2016/17 with further delivery in Q1-Q3 of 2017/18 ready for implementation in January 2018. The initial phase of activity would also allow further work on growthhub.london that would respond to user feedback on the Phase 2 site.

Mayoral approval to pursue this activity is being sought, with additional guidance on the project provided through the Mayor's office and the reconstituted LEP.

### Associated staffing

Approval has already been obtained (LEP Urgency Decision 18 April 2016 and subsequently STAF683) to use the BEIS grant to fund a 12 month contract for a Project Officer which commenced in July 2016. Funding arrangements for beyond July 2017 will be considered by the LEP as part of the overall 2017/18 grant expenditure.

## **3. Equality comments**

The new site will be available and fully functional across different devices including desktop, tablet and mobile and will be compliant with Priority 1 (level A) and Priority 2 (level AA) of the W3C Web Content Accessibility Guidelines (WCAG).

Efforts are being made to ensure the Growth Hub User Group and wider consultation and user acceptance testing participants reflect the diverse make-up of London's business community and that the site takes into account the needs of business that share protected characteristics under the Equality Act 2010. For example, this has included regular engagement with representatives from the Royal London Society for Blind People and BME and female owned businesses.

The general duty to promote equality arising from the Equality Act 2010 which requires the Mayor to have due regard to the need to "encourage people who share protected characteristics (which there are nine; age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation) to participate in public life or in other activity in which their participation is disproportionately low". This sits alongside the Mayor's duty, set out in the Greater London Authority Act 1999, to have regard to the need to promote equality of opportunity, eliminate unlawful discrimination and

promote good relations between different minority groups.

#### **4. Other considerations**

The BEIS funding for 2016/17 and 2017/18 must be spent in-year and it is anticipated that no funding will be provided in future years. Development of a self-sustaining model is therefore essential in order to ensure the portal can continue once BEIS funding has ended.

The terms of the Grant specify that the BEIS (formally known as BIS) shall be “under no obligation to pay the Grant, already paid may become repayable, in whole or in part, if in the absolute discretion of BIS if it considers that there is a change in the nature or scale of the Project which BIS considers is substantial”. Efforts therefore need to be made to ensure that activity is in line with the project approach and deliverables included in the Part 2 confidential section of this form and the terms of the Grant as summarised here.

#### **5. Financial comments**

- 5.1 This report is seeking approval for expenditure to support the London Growth Hub over the 2016-17 and 2017-18 financial-years, with expenditure totalling £1,040,000 to be wholly funded by grant from the Department for Business, Environment & Industrial Strategy (BEIS). The table in Part 2 provides for an indicative expenditure budget over the two financial-years (and as described in the main body of this report).
- 5.2 As detailed within the main body of this report, the grant from BEIS has to be spent in-year and there will be no further funding beyond the 2017-18 financial-year. Consequently, in order to ensure that there is some funds in place to maintain the London Growth Hub beyond 2017-18, the unspent £179,233 allocated to the project from the Growing Places Fund as approved by DD1351 be ring-fenced to support Growth Hub and to ensure continuity of service beyond 2017-18. In the meantime, efforts will be made by project officers to find a self-sufficient model through revenue generation (e.g. sponsorship or charging structures).
- 5.3 One of the terms and conditions of the grant award notes that BEIS shall be “under no obligation to pay the Grant, already paid may become repayable, in whole or in part, if in the absolute discretion of BIS if it considers that there is a change in the nature or scale of the Project which BIS considers is substantial”. It is therefore, essential that officers ensure that all project expenditure is eligible under the original project scope and in the event that there are changes to the project activity; the eligibility of the revised spend is validated by BEIS prior to proceeding with the revised proposal.
- 5.4 Any changes to this proposal, including budgetary implications will be subject to further approval via the Authority’s decision-making process. All appropriate budget adjustments will be made.

#### **6. Legal comments**

- 6.1 The foregoing sections of this report indicate that:
- 6.1.1 the decisions requested of the Mayor (in accordance with the GLA’s Contracts and Funding Code) fall within the GLA’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, social development or the promotion of the improvement of the environment in Greater London; and
- 6.1.2 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 (further details on equalities are set out in section 3 above)
- 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 The services required must be procured by Transport for London Procurement who will determine the detail of the procurement strategy to be adopted in accordance with the GLA's Contracts and Funding Code.

6.3 Officers must ensure that appropriate contract documentation is put in place and executed by the successful bidder(s) and the GLA before the commencement of the services

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

- Formal launch of the web portal live at growthhub.london – 17/18 November 2016
- Marketing campaign commences – November 2016
- Start procurement process for the face to face business support Co-working together – December 2016
- Additional face-to-face business support service/s commence – January/February 2017
- Business support events programme commences – December 2016
- Phase 3 web portal (self-financing model) development – January 2017
- Phase 3 web portal (self-financing model) go live – by January 2018

**Appendices and supporting papers: None**

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) 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 approval or on the defer date.

**Part 1 Deferral:**

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

If YES, for what reason:

Until what date:

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – Yes**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to  
confirm the  
following (✓)

**Drafting officer:**

Jamie Izzard has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

**Sponsoring Director:**

Fiona Fletcher-Smith has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Ben Johnson and Rajesh Agrawal have been consulted about the proposal and agreed the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**Corporate Investment Board**

This decision was agreed by the Corporate Investment Board on the 5 December 2016.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature

*M. J. Bellamy*

Date

5.12.16

**CHIEF OF STAFF:**

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

Signature

*D. Bellamy*

Date

5/12/2016

