

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2664

Title: Innovation and Resilience

Executive Summary:

The London Resilience Fund (working title) will bring together innovators, small businesses, and civic society organisations to deliver projects that will create the tools to help London's economy emerge from the current crisis, and fare better during future stresses and shocks.

The programme will provide grant funding to support recipients' testing, prototyping and co-design of innovations that will support London's community of small businesses, social enterprises and community groups to 'bounce forward' - supporting them to adapt, diversify and deliver their products or services in new ways.

The objectives of this project are to:

- accelerate the development of products and services which will help London emerge from this crisis stronger and better prepared to deal with future shocks
- involve small businesses and civic society in the R&D process, which has been shown to correlate with business survival and longevity
- create intellectual property which is open source, open licence, open standard, interoperable and which leverages open data to maximise innovation adoption and spur wider development and progress beyond the timeline of this programme
- provide much needed funding to keep London innovating.

Decision:

That the Mayor approves expenditure of up to £1,000,000 to deliver the London Resilience Fund, which aims to support projects which facilitate the future resilience of London.

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.

Date: 07 08 2020

Signature:



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

Decision required – supporting report

1. Introduction and background

- 1.1 The Covid-19 pandemic poses significant challenges to small businesses and community organisations, and many will face difficulties in adjusting to the new circumstances they find themselves in. The London Resilience Fund aims to support London’s community of small businesses and community organisations to adapt, diversify and deliver services in new ways. London’s small businesses and community organisations are the backbone to most local communities providing essential jobs, services and emergency support. Helping their adaptation and survival will therefore also help to enable the adaptation of local communities themselves.
- 1.2 Investing in innovation during periods of crisis has been shown to be beneficial to businesses in the longer term, and innovators typically maintain stronger post-crisis profitability and demonstrate greater resilience¹. Firms with a track record of R&D and innovation perform better through periods of recession, particularly where that innovation is based on new technology². Sustaining innovation through and after a crisis is clearly a challenge, but it has been shown that awarding small grants to support innovation can make a huge difference³.
- 1.3 Covid-19 has exacerbated existing stresses on London’s economy and society (from food insecurity to poor infrastructure and inequality). The London Resilience Fund has been designed to help London’s small business economy and civil society to respond and ‘bounce forward’ more resilient than before.
- 1.4 It is proposed that £1m is allocated for the delivery of the Resilience Fund, which will:
- build on the work of the 2020 London Resilience Strategy through supporting the development of innovation to help address gaps identified in London’s resilience, collaborating alongside London’s SMEs and community organisations to boost their levels of preparedness, awareness, skills and capacity;
 - provide grants of up to £50,000 per recipient as a contribution to the costs of testing, creating or catalysing the adoption of innovations to make London more resilient; and
 - produce intellectual property which is a combination of: open source, open standard or open licence, to ensure that it is accessible to maximise adoption across the economy.

Innovation & Resilience

- 1.5 The London Resilience Fund will support the development of innovation that will boost local business resilience, the resilience of social enterprises and community organisations helping local communities through the pandemic. Innovation that will be brought forward will range from new forms of data capture and digital infrastructure (for example to support the operational resilience of businesses, including adaptation and recovery planning) to tools, such as AI and machine learning, to support for example predictive analysis.
- 1.6 Case study example: last year Data Kind worked with the Welcome Centre, a Huddersfield based food bank, to build a machine learning model to predict which of centre’s clients would be more likely to become dependent on the food bank’s services in order to prioritise beneficiaries for

¹ Amore, M. D. (2015). “Companies learning to innovate in recessions.” *Research Policy* 44(8): 1574-1583.

² Spescha, A. and M. Woerter (2019). “Innovation and firm growth over the business cycle.” *Industry and Innovation* 26(3): 321 - 347.

³ Economic Research Centre (2019) Knowledge to money: Assessing the business performance effects of publicly-funded R&D grants

additional support. The tool can now be scaled up across other food banks and service areas facing challenges of high dependency and usage.

1.7 Innovations should help businesses and organisations to deliver their services in new ways, for example, helping community groups to leverage collective action across networks remotely, or using data and technology to identify and address vulnerabilities in supply chains, local food or energy production. In more emergent areas where innovations have been accelerated at pace during the current crisis further R&D may be required, for example into the ethical use of data and digital solutions as they are applied across different sectors. Adaptability is key to remaining resilient. Organisations who can make best use of data and technology to pivot their way of working have been shown to have greater sustainability.

2. Objectives and expected outcomes

2.1 This proposal is for a £1m fund, which will be used to fund projects up to a maximum value of £50,000 per recipient to test and prototype new services and processes which will help London's small businesses and civic society emerge from the current crisis stronger and more resilient.

2.2 The London Resilience Fund will support:

- the acceleration of developing products and services which will help London emerge from this crisis stronger and better prepared to deal with future shocks;
- small businesses and civic society to engage in R&D activity, which has been shown to correlate with business survival and longevity, and increased innovation rates; and
- the creation of intellectual property which is open source, open licence, open standard, interoperable and which leverages open data to maximise innovation adoption and spur wider development and progress beyond the timeline of this programme.

2.3 The process will follow best practice in terms of grant-making and project governance, and this will be augmented by the creation of an expert steering group who will be responsible for providing an outside perspective to the programme and the projects within it. Additionally, they will add value for the participants by bringing expertise, networks and guidance, and leading on the long-term scaling of the innovations.

2.4 It is intended that the combination of projects of the type that will be eligible for funding and any services to be commissioned will assist to deliver the following streams of activity:

Activity Stream	Indicative Tasks
Mapping London's Risk Exposure	<ul style="list-style-type: none"> - Survey design - Outreach across sectors to collect standardised information on risk - Compilation of open research project - Bringing together of relevant datasets
Mapping London's Capabilities	<ul style="list-style-type: none"> - Survey design - Outreach to London innovators to collect standardised information on capabilities relevant to identified risks - Capability mapping
Idea Exchange	<ul style="list-style-type: none"> - Web tool build and launch to bring together potential project founders - Sessions on problem and project discovery; sharing knowledge of market need and technical capability - Facilitation workshops, delivered online, to support the formation of project groups

Assessment	<ul style="list-style-type: none"> - Development of project assessment criteria and standard key performance indicators - Widely publicised application process - Formation of expert panel to guide the judging and provide softer support to maximise impact - Multi-stakeholder assessment of projects through GLA OPS
Testing and Prototyping	<ul style="list-style-type: none"> - Grant agreements, reporting processes and KPIs signed off - Projects launched (inc. announcements) - SMEs, innovators and civil society groups collaborating on delivery

2.5 The programme will deliver the following outputs:

Measurement	Target	How it will be captured
Number of innovative businesses receiving grants	Up to 30	Our records
Funding provided to market partners (SMEs in London's everyday economy and community organisations)	Up to £10,000 per partner	Our records, application, delivery
IP creation	Up to 30 innovative products, services or processes	Engagement during and after delivery
IP which is open source and/or open standard	Up to 30 innovative products, services or processes	Engagement during and after delivery
Match funding leveraged	At least 20% and up to 50% (revenue or in kind)	During application process
Collaborations supported	Up to 30	During application process
Mentorship and wider business support hours	At least 10 hours of support per firm	Our records
Number of innovations tested or prototyped	Up to 30	During application process and delivery
Small businesses and community organisations accessing tools to boost future resilience	500	Our records

2.6 In order to deliver the above benefits to businesses and Londoners, the following budget is proposed:

Cost name	Costs and assumptions	Related Activity Streams
Grant funding to projects, to be distributed between all parties	Up to £915,000 distributed across up to 30 projects	<ul style="list-style-type: none"> - Testing and prototyping - Assessment
Research and engagement support	£30,000 for drafting, collating and presenting research	<ul style="list-style-type: none"> - Mappings London's Risks - Mapping London's Capabilities
Marketing and outreach	£30,000 for a targeted outreach campaign led alongside partner organisations	<ul style="list-style-type: none"> - Mapping London's Risks - Mapping London's Capabilities

Web tool	Up to £25,000	<ul style="list-style-type: none"> - Idea Exchange - Testing and prototyping
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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 to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who have a protected characteristic and those who do not.
- 3.2 Evidence has shown that BAME Londoners have been disproportionately impacted by the current crisis both in terms of the health impact, as well as often facing specific barriers to accessing support available from HM Government. Additionally, the economic impact on BAME is expected to be higher.⁴
- 3.3 The principal threats to London's city-wide resilience as outlined in the London City Resilience Strategy⁵ include: poor social cohesion, inequality, poor health and wellbeing and poor housing. These are all issues which disproportionately impact BAME Londoners, and they provide the subject matter for what many of the projects which will be funded will focus.
- 3.4 The project will be promoted through a marketing campaign, which will reflect the diversity of London, and will seek to actively promote good relations between people of different characteristics. Moreover, by reaching out through peer-to-peer networks, as well as through London's Business Improvement Districts and local authorities, we will ensure that the opportunity to fund raise reaches business founders across the whole of the city, including those who are not typically able to access this kind of funding.
- 3.5 The London Resilience Fund will work with delivery partners to ensure a engagement with community and faith groups in order to access harder to reach communities to avoid discrimination and make sure there is equality of opportunity.

4 Other considerations

4.1 Risk Register:

Risk Description	Owner	Probability (Low, Medium, High)	Impact (Low, Medium, High)	Mitigation
Delays to project timeline from inability to conduct outreach during lockdown	GLA	Low	Medium	The majority of the underlying work which forms the basis of the outreach will be undertaken by GLA staff in advance of launch. Existing programmes which are underway (such as the Growth Hub, Pay it Forward and the Community Response Fund) provide additional outreach support to SMEs and community organisations during lock down. All outreach and

				collaboration can be undertaken during the existing working restrictions of Covid-19.
Insufficient engagement from SMEs and community groups during the project creation and delivery process	GLA	Medium	Medium	<p>This risk will be mitigated by:</p> <ol style="list-style-type: none"> 1. The innovators who form the core of delivery are incentivised to find and bring partners on board 2. The SMEs and civil society partners will be compensated for their time spent on projects 3. The projects will be of direct benefit to collaborating partners, and the innovation output will be made available in an accessible and immediately useable format and free at the point of use 4. The GLA has strong networks with outreach across London's third sector, and SME community
Challenges in assembling an expert panel	GLA	Low	Medium	This risk will be mitigated by drawing on GLA colleagues connections with external experts across key policy areas. Initial conversations have already taken place with key individuals who have expressed great interest in being involved to help shape the outcomes of the project on the ground, many of whom have already volunteered significant time into the initial scoping of this project.
Insufficient engagement from diverse communities	GLA	Medium	Medium	This risk will be mitigated through working closely with colleagues in the communities and social policy team and with existing networks across London's civil society organisations to enhance our outreach to those whose voices are not usually heard.
There is no follow-on support for projects	GLA	Medium	Low	The expert steering group will provide access to softer follow on support to maximise the impact of the innovations, including access to mentorship and follow on funding. As the programme focus is on the creation of open source and open standard IP, the innovations are expected to develop and progress beyond the timeline of this programme. All innovations will be made accessible and freely available on a Mayor of London platform available through the Growth Hub and other portals.

Links to Mayoral Strategies and priorities

London City Resilience Strategy 2020

- 4.2 The programme has been designed to boost London’s resilience by helping its firms and community organisations to better withstand current and future shocks. In addition, by targeting support at London’s civil society organisations who are helping to address London’s major stresses (from inequality to food insecurity and poor health and wellbeing), the programme will help to accelerate progress towards enabling positive social change.
- 4.3 Through working to improve the resilience of SMEs, including across the everyday economy, the programme will also help to prevent the impacts of Covid-19 and any subsequent shockwaves from causing disproportionate damage to the sectors which employ the majority of Londoners.

Economic Development Strategy

- 4.4 The programme meets the Mayor’s Economic Development Strategy objectives to support the adoption of innovation, including digital technologies, across the economy and society, and to enable the benefits of innovation to be more widely shared. This is aligned with the UK’s Industrial Strategy, and London’s approach to its evolving Local Industrial Strategy.
- 4.5 This work sits alongside the LEAP’s activity to help London SMEs respond to the Covid-19 crisis, including:
- Funding London – which will provide bridging investment to earlier stage companies missed by the Government’s Future Fund, whilst leveraging investment from angel investors; and
 - Pay it Forward (match funding) – which will provide cashflow to companies who have been forced to close their physical premises as a result of covid-19.

5 Financial comments

- 5.1 Approval is being sought for the expenditure of £1,000,000 to set up the London Resilience Fund.
- 5.2 This proposal is directly linked to the city’s resilience phase of recovery in which London businesses can apply for grant funds of between £30,000 - £50,000 to help adapt their products and services to a new way of operating. In addition, the fund will also support the development of innovation through marketing, research and web tools to help prepare London’s SME’s and community organisations become more agile for any future pressures.
- 5.3 In essence the requested £1,000,000 will be funded from recycled returns obtained from the growing places fund which the Authority has taken receipt of. However, because these are strictly capital funds it is proposed an exchange will take place between uncommitted revenue funds identified within the Skills for Londoners (£1,400,000) and Further Education programmes (£660,000). The proposal is to use £400,000 and £600,000 respectively to enable the London Resilience Fund to be created. The profiles for each of these are shown below with the original and revised budget

Original Budget Profile	2020-21 (000)	2021-22 (000)	2022-23 (000)	2023-24 (000)	Total
Skills for Londoners Revenue Budget	220	280	350	1,765*	2,615
Further Education Revenue Budget	310	200	150	285	945
Total	530	480	500	2,050	3560

Revised Budget Profile	2020-21 (000)	2021-22 (000)	2022-23 (000)	2023-24 (000)	Total
Skills for Londoners Revenue Budget	220	280	350	1,365	2,215
Further Education Revenue	310	35	0	0	345
London Resilience Fund	1,000	0	0	0	1,000
Total	1,530	315	350	1,365	3,560

** A separate decision is being considered for approval relating to a Pay It Forward project (MD2636) in which £1,000,000 has been requested from the unallocated Skills for Londoners programme. This figure is based upon the assumption this has been approved.*

- 5.4 Due to the amount requested, this will require drawing upon funds previously profiled as future spend to enable the expenditure to take place this financial year. This will have a net nil financial impact on the GLA's budget as the funding source for this programme stems from MHCLG as part of the Growth Deal funding which the Authority has taken receipt of. As such, because the proposed uncommitted funds do not belong to the Authority they cannot be offered as savings and must be spent as outlined in the Growth Deal agreement.
- 5.5 Growth Deal funds allow expenditure to take place at any time across a fixed period and permits repurposing towards projects which create jobs, support businesses and encourage growth. To enable this, permission must first be sought from the LEAP investment committee. In this instance it was obtained on 24th June 2020.
- 5.6 It is important to note that this funding is a fixed amount and cannot be supplemented, therefore drawing upon funds early will result in the diminished availability in future years as set out in the table above.

6 Legal comments

- 6.1 The foregoing sections of this report indicate that:
- 6.1.1 the decisions requested of the Mayor concern the exercise of the GLA's general powers, falling 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 in Greater London; and
- 6.1.2 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 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, sexual orientation, religion) 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 Should the Mayor be minded to make the decision sought officers must ensure that to the extent that expenditure is to be incurred on the:
- 6.3.1 award of grant funding that funding is distributed fairly, transparently, in accordance with the GLA's equalities policies and in manner which affords value for money in accordance with the GLA's Contracts and Funding Code and appropriate funding agreements are put in place between and executed by the GLA and the recipients before any commitment to fund is made;
 - 6.3.2 purchase of services or supplies for delivery of the proposed fund are procured by TfL Commercial and in accordance with the GLA's Contracts and Funding Code and the GLA and service providers/suppliers enter into and execute contracts for the provision of the same before the commencement of such services and supplies; and
 - 6.3.3 all GLA HR protocols are followed and approvals obtained as may be applicable.
- 6.4 As officers have indicated that a key aim of the fund is to facilitate the development of innovative items on a wide and openly accessible basis they must ensure that contracts for services/supplies and funding agreements make express provision in this regard and such provisions are enforced.

7 Planned delivery approach and next steps

Activity	Timeline
Announcement	August 2020
Delivery Start Date	October 2020
Final evaluation start and finish	August 2021
Delivery End Date	November 2021
Project Closure:	November 2021

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

If YES, for what reason:

Until what date: (a date is required if deferring)

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:

Nick Swanson 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:

Rajesh Agrawal has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

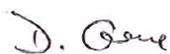
Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 27 July 2020.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature



Date

29 July 2020

CHIEF OF STAFF:

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

Signature

Approval received via email from Nick Bowes, Mayoral Director, Policy (on behalf of the Chief of Staff), to Felicity Harris on 29 July 2020.

Date

29 July 2020