

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2999

Title: LEAP and London Business Hub Funding for 2022-23

Executive Summary:

Mayoral approval is sought for receipt and expenditure of core funding provided to the London Economic Action Partnership (LEAP) by HM Government in 2022-23. This includes core LEAP grant funding of £375,000 awarded by the Department for Levelling Up, Housing and Communities (DLUHC) and £440,000 for the London Business Hub awarded by the Department for Business, Energy & Industrial Strategy (BEIS).

This funding will support ongoing staffing and delivery activity ahead of any subsequent decision on integrating the functions of the LEAP more fully into the GLA.

Decision:

That the Mayor approves receipt and expenditure of:

- £375,000 of grant funding from the Department for Levelling Up, Housing and Communities to support core LEAP staffing costs; and
- £440,000, from the Department for Business, Energy and Industrial Strategy for the London Business Hub to support salaries, costs and expenditure associated with the web portal, marketing and project activity.

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:

8/7/22

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

Decision required – supporting report

1. Introduction and background

- 1.1. Local Enterprise Partnerships are business-led partnerships between local authorities and local private sector organisations. They determine local economic priorities and undertake activities to drive economic growth and job creation, improve infrastructure and raise workforce skills within the local area. London's LEP (LEAP) has been established as a non-incorporated Mayoral Body chaired by the Mayor and operates as part of the GLA.
- 1.2. A recent government review of Local Enterprise Partnerships concluded with the publication of the Levelling Up White Paper in February 2022 and then the government's guidance on the process for integrating LEPs into local democratic institutions in April 2022. The LEAP is already significantly integrated into the GLA, but further changes will be expected during 2022-23, with plans due to be submitted to government by January 2023. In the interim, LEAP core funding is being provided for 2022-23 in order to support integration, albeit at a reduced rate.

LEAP Core Funds

- 1.3. LEAP core funding is a grant received annually from DLUHC, which has previously been used to support core staffing, administration, memberships, marketing, research and small projects that align with the LEAP's core priorities of supporting enterprise and entrepreneurship through the themes of 'connectivity, space and people'
- 1.4. In past years a grant of £500,000 has been awarded to all Local Enterprise Partnerships (LEPs) regardless of the LEP size, which is match funded by local partners. For 2022-23 all LEP areas had a 25% reduction to their annual grant. The LEAP allocation for 2022-23 is £375,000.
- 1.5. It is proposed that 2022-23 LEAP core funding will be spent on salaries and associated on-costs for existing GLA staff delivering LEAP activity and supporting its Board and Committees. The total 2022-23 salary costs will be covered with this financial year's grant and underspend from LEAP core budget from 2021-22 previously approved under MD2801. Additional match funding must be demonstrated to HM Government and as in previous years this will be done by identifying GLA funded posts dedicated to support LEAP activity.

- 1.6. The permanent GLA posts proposed to be charged to LEAP core funds are:

- Senior Manager (GLA grade 13)
- Board Secretary, 0.8FTE (GLA grade 10)
- Senior Policy Officer (GLA grade 8)
- Senior Engagement & Communications Officer (GLA grade 8)
- Senior Policy Officer (GLA grade 8)

The following existing temporary posts are also proposed to be funded:

- Senior Policy Officer (GLA grade 9)
- Policy and Programme Officer (GLA grade 8).

London Business Hub

- 1.7. The London Business Hub is one of the 38 'Growth Hubs' led by Local Enterprise Partnerships (LEP) across England. These 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. The London Business Hub currently offers a combination of support and information delivered through its online portal; its Hub & Spoke programme, which has business advisors across five locations in the sub regions (currently delivered online); and the pilot Wayfinder project which is improving the coordination and referral of business support in three boroughs.
- 1.9. The Department for Business Energy and Industrial Strategy (BEIS) has funded the London Business Hub since 2016. Until the 2020-21 financial year, BEIS provided two-year allocations to each of the Growth Hubs; but the last two allocations have been for one year only. For 2022-23, the budget for Growth Hubs nationwide has been halved from the 2021-22 level. The London Business Hub allocation is £440,000, of which £40k is ringfenced for its role as cluster lead for the South East.
- 1.10. The current expectation is that Growth Hubs will remain the vehicle through which the government funds coordination of support to micro, small and medium sized businesses. The GLA wishes to support the London Business Hub, and efforts will therefore be made to secure additional funding to supplement the reduce grant provided by BEIS. This may include funding through the recently announced UK Shared Prosperity Fund, philanthropic and corporate partnerships. The acceptance and expenditure of any funding secured will be subject to further approvals sought under additional decision forms as and when they arise.
- 1.11. It is proposed that the 2022-23 London Business Hub grant will be spent on staffing salaries, costs associated with the web portal (businesshub.london), projects, marketing and South-East Cluster activity. The grant must be spent and defrayed within the financial year. This funding will be supplemented by existing ERDF funding and funding from the Mayor's Strategic Investment Fund, in order to continue to deliver the London Business Hub's face to face support offer.
- 1.12. The indicative expenditure for the London Business Hub for 2022-23 is detailed in the table below:

Expenditure detail	Budget
Salaries	£136,000
Online platform: content, development & maintenance	£113,312
Marketing & promotion	£50,000
Administration	£15,688
Projects	£48,000
Property Advice Service	£37,000
South-East Cluster lead role	£40,000

- 1.13. The salaries line in the table above includes the following ongoing and permanent posts:
- Principal Policy Officer (grade 10)
 - Project Officer (Grade 6).
- 1.14. Costs associated with the online platform are in line with an existing contract and include up to £50,000 for further development work which will allow us to integrate future activities onto the website, make functionality improvements and respond to any upcoming recommendations of the GLA's ongoing business support review. A contract with a service provider to host, maintain and support the web portal is in place, through a three-year rolling contract that started in April 2020,

with annual break clauses, due to the annual uncertainty over ongoing grant to fund this activity. Approval to extend the contract is sought annually once BEIS funding is confirmed. This year will be the last of the current contract and further consideration will be given to the most cost effective and efficient delivery model from 2023-24 onwards (subject to procurement law requirements).

- 1.15. It is proposed that £37,000 be used to continue the provision of the Property Advice Service (PAS) for small businesses and pre-starts, as this activity has proven useful to businesses building their lease negotiation knowledge and because it is widely promoted by local authorities and business/tenant representative bodies to their business constituency.
- 1.16. The proposed additional funding for PAS, will support up to 50 businesses who are seeking to sign their first lease or to renew or renegotiate an existing lease. The project offers a combination of 1-2-1 support and masterclasses covering a range of topics such as: advice on how to navigate rent negotiations with landlords; handling talks with local authorities on changing planning use classes and business rates; how to use arbitration services; and how to negotiate an exit from a lease.
- 1.17. The GLA has been awarded £40,000 by BEIS to deliver the South East Growth Hub Cluster coordinator function for 2022-23. The allocation will be used to cover staffing costs for the coordination function. The coordinator will:
 - facilitate a two-way channel between the South East LEP's cluster members and BEIS, continuing to cascade the flow of information/new developments and obtain cluster feedback when required
 - help inform forward the strategy and delivery framework for the Growth Hub programme in partnership with BEIS, and LEP Chief Executives and Directors; the Lead will discuss and share learnings and progress tasks with the cluster members on a regular basis, shaping work with government to transition towards a more consistent delivery model
 - as part of the 2022-23 South East cluster action plan, coordinate and run South East cluster knowledge and information sessions with national and local business providers and partners
 - undertake a mapping exercise across the cluster to understand if there is funding and need for joint activity which could create economies of scale in the first quarter.
- 1.18. The London Business Hub will also deliver targeted marketing activity, focused particularly on raising awareness amongst businesses of its support and advice provision and increasing uptake. This activity will take the form of outreach, engagement and content creation. The business support landscape in London can be tricky to navigate for SMEs who do not know how to access support. In his manifesto the Mayor committed to provide a 'single front door' for business support in the capital. This activity will support the promotion of and recruitment businesses to the full range of London Business Hub activities, in advance of any broader recommendations from the GLA's business support review.
- 1.19. Approvals for any costs associated with additional projects will be sought in line with the LEAP's schedule of responsibilities and, if necessary through GLA decision forms.

2. Objectives and expected outcomes

- 2.1. LEAP funding supports multiple objectives of the GLA's Economic Development Strategy and of the Economic Recovery Framework jointly agreed by the Mayor and London Councils. Core funding helps support the staffing resource that leads on strategy, governance and delivery – the three areas that HM Government holds the LEAP into account for.
- 2.2. In addition to funding for core staffing functions for both the LEAP and the London Business Hub, this decision supports the following specific objectives:

- London Business Hub online platform: the portal aims to provide a single point of entry for a broad range of business support in London, and the online home of all Mayoral SME support. In terms of functionality and performance of the portal, our existing delivery partner is required to respond to urgent issues within one hour and resolve within four hours. A three day per week dedicated expert resource is included within the contract to maintain content and information on events (minimum of 200 at any one time) and other content across the site.
- The Property Advice Service will support entrepreneurs' understanding of their rights and obligations attached to leases for their premises. The proposed project will support 50 micro and small businesses through masterclasses and 1-2-1s.

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 as well as to advance equality of opportunity 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. This funding will directly support LEAP's priorities around access to entrepreneurship for individuals who may face particular barriers (primarily BAME, women and disabled entrepreneurs) and those that may not have the social capital to do so (e.g. individuals from areas of high deprivation). The staff funded under both the LEAP and London Business Hub funds will lead on the oversight of LEAP's diversity statement and diversity action plan.
- 3.3. The London Business Hub plays an important role in supporting diverse entrepreneurs and business owners, with several programmes focused specifically on these groups. In addition, the GLA seeks to ensure that underrepresented business owners are engaged in the development, delivery, and promotion of our business support interventions.
- 3.4. The London Business Hub portal hosts a broad range of London-based business support schemes, including information provision and events specifically aimed at women, individuals from BAME backgrounds and other underrepresented groups. The portal is compliant with level AA of the Web Content Accessibility Guidelines, and any physical spaces used will comply with the Equality Act 2010.

4. Other considerations

- 4.1. It is a government requirement that the delivery of the London Business Hub is in line with the LEAP's assurance framework. This outlines detailed arrangements for the approval, appraisal, and delivery of LEAP funded programmes as well as requirements for governance and transparency and risk management.
- 4.2. Potential risks related to delivery are delays on procurement, not receiving good quality tenders and projects not recruiting sufficient SMEs. These risks will be assessed on an individual basis depending on the particular project and circumstances and appropriate mitigation measures will be developed.
- 4.3. Growth Hub grant awarded by BEIS needs to be spent within the financial year to avoid a claw back of funds. The Enterprise team always profiles BEIS funding first to ensure that monies are committed and defrayed in a timely manner.
- 4.4. There are no conflicts of interest to declare for the officers involved in the drafting or clearance of this decision form.

5. Financial comments

- 5.1. Permission is being sought for the receipt and expenditure of £375k from the Department for Levelling Up, Housing and Communities (DLUHC) for LEAP core activities and £400k from the Department for Business, Energy and Industrial Strategy (BEIS) for the London Business Hub.
- 5.2. It is important to note the funding for LEAP core activities and the London Business Hub represents an annual 25% and 50% reduction respectively compared to the previous year. As such it is proposed LEAP core activities will be supplemented from £315K savings generated from the programmes' 2021-22 budget. Moreover, in line with the grant agreement, the Authority will continue to contribute to this programme by providing match funding in the form of GLA staffing and other in-kind funding. The London Business Hub funds will be enhanced by ERDF funds and funding from the Mayor's Strategic Investment Fund. Further financial support will also be sought from other sources.
- 5.3. LEAP core funds will be spent on salaries, including for secretariat services for its Board and Committees, whilst the use of the London Business Hub funding is set out in section 1.12 above.
- 5.4. All funds received for the London Business Hub must be spent by 31 March 2023.

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
 - 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
 - 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.
- 6.3 If the Mayor makes the decisions sought, officers must ensure that:
 - 6.3.1 no reliance is placed upon the DLUHC and BEIS funding until a legally binding commitment to the provision of the funding is in place and they are satisfied that their proposed delivery is compliant with the applicable funding conditions
 - 6.3.2 to the extent that expenditure concerns the:
 - award of grant funding, it is distributed fairly, transparently, in manner which affords value for money and in accordance with the requirements of the GLA's Contracts and Funding Code and grant funding agreements are put in place between and executed by the GLA and recipients before any commitment to fund is made

- payment for services, those services are procured in liaison with TfL Procurement and in accordance with the GLA's Contracts and Funding Code and contracts are put in place between and executed by the GLA and contractors before commencement of such services
- payment for staffing resourcing at the GLA, if such staffing is to be covered by establishing any new roles, they comply fully with the GLA's "establishment control" procedures.

7. Planned delivery approach and next steps

Activity	Timeline
Proposed expenditure	From April 2022

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:

Iva Figueiredo 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 June 2022

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

D. Gane

6/7/22

CHIEF OF STAFF:

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

Signature

Date

D. Bellamy

5/7/22