

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2518

### Title: Technology Adoption Service

#### Executive Summary:

The Executive Director for Development, Enterprise and Environment approved (under cover of DD2320) expenditure of up to £75,000 to deliver the London Technology Adoption Service to increase the adoption of productivity-enhancing technologies amongst SMEs in London.

The Technology Adoption Service will help companies in sectors such as social care, hospitality, retail, leisure and entertainment, construction and others to understand how they can adopt technology to improve productivity, sales and security. It will achieve this through an online diagnostic tool, a list of technology vendors with SME-appropriate descriptors and a 'Return on Investment calculator'.

Subject to agreement between the GLA, the Greater Manchester Combined Authority and the Manchester Growth Company, this MD seeks approval to receive grant income from the Greater Manchester Combined Authority, who the GLA will collaborate with to deliver the Service. The collaboration will help deliver the Service at scale and align with London's draft Local Industrial Strategy aims to work with other cities to increase productivity and good growth.

#### Decision:

That the Mayor approves:

1. The receipt of £75,000 from the Greater Manchester Combined Authority and corresponding expenditure to enhance the London Technology Adoption Service (taking expenditure on the Service to £150,000) and delegates authority to the Head of Economic Development to approve the terms of an agreement with GMCA;
2. A delegation to the Head of Economic Development to receive and spend sponsorship (cash or in kind) to support the programme; and
3. A delegation to the Head of Economic Development to receive income from a referral-based payment model and to invest this funding in the platform and support for wider technology-adoption work through the London Growth Hub.

#### 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:

25/11/19

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

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

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

- 1.1 Small and Medium Enterprises (SMEs) in London's 'everyday economy' – including sectors such as retail, hospitality, tourism, construction, health and social care – suffer from both lower productivity and lower investment in productivity-enhancing technologies.
- 1.2 High-tech, data-driven technologies such as artificial intelligence, augmented reality, cyber security and IoT (internet-of-things) have been recognised as having the potential to bring significant productivity increases – according to an independent Government report<sup>1</sup>, by as much as 30% in some sectors. Even simpler, tried and tested technologies such as cloud computing are low-risk ways of increasing productivity by around 13%.<sup>2</sup>
- 1.3 According to recent research<sup>3</sup>, low technology adoption rates amongst SMEs is related to a lack of awareness of, and information about, digital technologies, as well as an inability to assess the risk/reward balance. Small businesses cite that a lack of understanding and trust are the main reasons for not adopting technology tools or for not investing in digital technologies again after having already done so.<sup>4</sup> By acting as a broker of a functioning, free-to-use and trusted marketplace for business tech solutions and tailoring information to how SMEs work, think and feel – the proposed Technology Adoption Service, approved under cover of DD2320, will bridge the knowledge gap for productivity-enhancing tech products and equip London's SMEs with the ability to decide on whether to adopt new technologies. Providing standardised and easy to understand information to the market will help overcome the lack of knowledge many SMEs have, and the inability to calculate return on investment effectively on new investments.
- 1.4 Following the Deputy Mayor for Business's city visit to Manchester on 18 June 2019, officers commenced discussions with the Greater Manchester Combined Authority (GMCA) and the Manchester Growth Company (MGC, the Growth Hub for Manchester) to consider a collaboration to develop the proposed Technology Adoption Service project as a jointly owned tool. This collaboration would enable the GLA to provide a higher quality tool at a greater scale, drawing in more users and therefore resulting in greater technology adoption rates.
- 1.5 The Technology Adoption Service will take the form of an online tool, hosted jointly on the London Growth Hub website and the Manchester Growth Company's website, which will suggest a series of interventions, aimed at informing SMEs about new technology products relevant to their needs. However, the tool will be clear that the GLA and the MGC does not warrant or endorse any particular products or services, and the tool will remain open to new entrants and tech vendors to list themselves, pending an appropriate approval process. The tool will aim to minimise any legal liabilities by developing appropriate notifications and disclaimers.
- 1.6 These treatments will take the form of:
  - A list of technology vendors, along with clear and standardised information on their use-case and cost. This work will be procured through consultants who will ensure that the initial list of

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<sup>1</sup>'Growing the Artificial Intelligence Industry in the UK' 2018

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/652097/Growing\\_the\\_artificial\\_intelligence\\_industry\\_in\\_the\\_UK.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/652097/Growing_the_artificial_intelligence_industry_in_the_UK.pdf)

<sup>2</sup> State of Small Business Britain Report 2018

<https://www.enterpriseresearch.ac.uk/wp-content/uploads/2018/06/SSBB-Report-2018-final.pdf>

<sup>3</sup> 'Industry 4.0 is coming: Is digital adoption a new mechanism linking entrepreneurial ambition to business performance?'

<https://www.enterpriseresearch.ac.uk/wp-content/uploads/2018/11/ERC-ResPap72-RoperBourke.pdf>

<sup>4</sup> State of Small Business Britain Report 2018

<https://www.enterpriseresearch.ac.uk/wp-content/uploads/2018/06/SSBB-Report-2018-final.pdf>

selected suppliers will reflect the diversity of the market, and a range of prices and capabilities. Moreover, the tool will remain open to any vendor who wishes to list themselves, subject to a degree of vetting against standard criteria by the consultants.

- A return on investment (ROI) calculator, which will allow SMEs to understand how the vendors' claims for their product (in terms of increased sales or reduced costs) compare with (a) the cost of the product, and (b) the SME's own current balance sheet projections. The information will be provided by the vendor where available, and it will be made clear that the GLA is not the source of any of the information.
- Case-studies tailored to the SMEs and their industry sector, demonstrating how different technologies have been successfully implemented in comparable companies.

- 1.7 £75,000 has been endorsed by the London Economic Action Partnership (LEAP) and approved under cover of DD2320 to deliver this project. This MD seeks approval for the receipt of a further £75,000 from the Greater Manchester Combined Authority and corresponding expenditure.
- 1.8 The project will also seek corporate sponsorship to enhance the delivery of the programme. This includes the use of additional funding on increasing marketing and outreach efforts to ensure the tool is utilised by more companies, creation and organisation of additional events, and maintenance of the platform post-launch. Pursuit of any sponsorship opportunity will be undertaken in line with the GLA's approach to sponsorship, and with the full involvement of appropriate officers in both the Corporate Partnerships and wider External Relations team.
- 1.9 It is proposed that the long-term development of the tool is undertaken through a referral-based payment model in the form of a commission paid by technology vendors listed on the platform for referring a potential client and therefore generating leads for their business. This will be conducted on a not-for-profit basis and surpluses generated (if any) will be re-invested in the product. In the event that the product was a commercial success and generated mid to long term surpluses then the project would at some point have to operate through a GLA trading subsidiary company and a further decision would be taken at that stage. This will be kept under constant review.
- 1.10 GLA, GMCA and MGC will enter into a collaboration agreement setting out the terms on which they will develop and operate the Technology Adoption Service, including the basis of approval for corporate sponsorship revenue share, and the split ownership of the asset. The agreement will reflect the fact that the value all parties bring to the table is as non-profit-making bodies, whose interests lie in the economic productivity and wellbeing of SMEs. This will remain true with respect to the implementation of a referral fees structure, to be approved for the GLA by the Head of Economic Development. The GLA will take a leading role in delivering the work packages outlined in 2.6 and will retain management over procurement and spending, with input from the MGC, in order to simplify the procurement process. It is proposed that the Head of Economic Development approves the terms of the agreement following consultation with the Executive Director of Resources.

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

- 2.1. The activities comprising this project will be delivered by the GLA in collaboration with the Manchester Growth Company (operating under the direction of the Greater Manchester Combined Authority).
- 2.2. The funding, as set out in 2.7, will establish the basis of a tool which can be expanded to cover a wide array of technology areas and to target a greater number of sectors. The ambition is that the Technology Adoption Service will become a marketplace for high-tech products and services aimed at SMEs in London's everyday economy, who will be the principal beneficiaries of the funds committed to this project by the GLA. These are defined as including (but not necessarily limited to) retail, hospitality, tourism, health and social care and construction.

- 2.3. Working with Manchester enables London to align with the London Local Industrial Strategy ambitions and deliver on its aim to work with other cities to scale solutions to tackle the current low productivity and low-tech adoption rates amongst SMEs across city economies.
- 2.4. The additional investment from and in collaboration with the Manchester Growth Company will result in the development and launch of a better product in the long-term, drawing in more applications and resulting in increased rates of technology adoption amongst London's SMEs – at no additional cost to the GLA.
- 2.5. The project objectives will be achieved through the following outputs, delivered in collaboration with Manchester:

Output Description	Output measure
Technology demonstrator events, with one-to-one sessions with technology vendors	<ul style="list-style-type: none"> <li>Two events</li> <li>30 SME attendees at each event</li> </ul>
Database creation and web development	<ul style="list-style-type: none"> <li>Up to 50 SMEs registered and signed up</li> </ul>
Creation of case studies template, and development by tech vendors	<ul style="list-style-type: none"> <li>At least 10 case studies, developed in collaboration with tech vendors</li> </ul>
Creation of a list of high-tech vendors, plus standardised profile of product, use case, target industry, cost and cost structure	<ul style="list-style-type: none"> <li>The initial aim is for 30 tech vendors to be listed on the site, with key information points covering their products. This would include but not be limited to: price per month, set up fees, minimum contract terms, and product specific KPIs.</li> </ul>

- 2.6. The funding, as set out in the table below, will be transferred from the GMCA to the GLA following MD approval and the signing of the collaboration agreement between the two parties:

Cost:	Amount:	Indicative tasks:	Delivered by:
Creation of supplier methodology and list*	£35,000	<ul style="list-style-type: none"> <li>User testing with SMEs and tech supplier group</li> <li>Identifying top 100 suppliers to engage</li> <li>On boarding of initial suppliers to facilitate database development</li> </ul>	Consultants
Web development and tool build*	£100,000	<ul style="list-style-type: none"> <li>ROI calculator</li> <li>Case study template</li> </ul>	A combination of developers and consultants
Events and Marketing	£15,000	<ul style="list-style-type: none"> <li>Event planning</li> <li>Launch of social media advertising campaign</li> </ul>	GLA / Manchester Growth Company
			<b>Total: £150,000</b>

*\*GLA will go to tender for expertise in delivering the standardised tech vendor list in order to match business need with technology vendor and will seek an external developer to build the online tool.*

- 2.7. As outlined in DD2320, there is an opportunity to collaborate with other Growth Hubs and Metro Mayors across the UK to scale this tool, with the potential to license the use of the tool or implement a subscription and/or fees structure. It is proposed to undertake the project on a not for profit basis and surpluses generated (if any) are to be applied to re-invest in the product, to be approved for the GLA by the Head of Economic Development.

### 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. As part of the work of the London Growth Hub (as described in MD2359) officers have committed to holding a series of roundtables with BAME, LGBT and disabled groups to establish the barriers to business growth faced by these groups. The findings of these roundtables will input and inform project design. Moreover, the events, and the preparation for the events will include work to establish what barriers exist with regard to technology adoption amongst SMEs led by individuals with protected characteristics.
- 3.3. The online information provided as part of the programme will sit alongside the wider Growth Hub offering, which includes specific events for women, BAME and other under-represented groups.
- 3.4. As part of the service, information will be provided on the Mayor's Good Work Standard, which will help employers find information on how companies can make their workplaces more friendly to those with protected characteristics.

### 4. Other considerations

#### *Key Risks and Issues*

- 4.1 The below risk register outlines the major risks to the project:

Risk	Likelihood	Impact	Mitigation
Resource is underutilised	Low	Medium	In order to ensure the maximum ROI in terms of companies using the service, key players in the ecosystem will be identified to partner with in advance and existing networks and channels will also be utilised to ensure uptake. Media coverage in trade, sector specific and small business-focussed media will also be a recruitment focus area. We will actively recruit companies onto the platform through targeted campaigns and direct outreach to businesses within our network.
Low adoption rates	Low	Medium	All efforts will be utilised to ensure that the technologies and vendors listed are within the correct price point and can demonstrate proven success in comparable instances. We will also monitor through voluntary surveys, rates of adoption.
Tech vendors are unable to deal with	Low	Medium	We will ensure that the vendors listed are able to cope with a potential spike in demand and structure the referrals in the most efficient



number of referrals			manner possible (i.e. gathering relevant information online).
Reputational damage to GLA from inadequate vetting of supplier list	Low	Medium	We will be engaging consultants who will ensure that the initial list of suppliers onboarded will reflect the diversity of the market. Furthermore, the tool will remain open to any tech vendor to list themselves subject to a degree of basic vetting.

#### *Links to Mayoral Strategies and Priorities*

- 4.2 The public consultation response to the Mayor's Economic Development Strategy raised the need for cross-sector business support to raise awareness of the potential impacts of, and opportunities provided by, disruptive technology on their future business and to provide support to apply some of these new technologies. The Technology Adoption Service is a direct response to the expression of this need.
- 4.3 This proposal also forms part of the LEAP's response to the Government's Industrial Strategy, which called on all Local Enterprise Partnerships (LEPs) to do more to boost productivity locally and nationally.
- 4.4 The aim of the Technology Adoption Service is to ensure that all companies operating across London's lower value sectors can access productivity enhancing technologies. At the same time, the programme will create new markets for London's technology suppliers, growing London's technology sector as a whole.
- 4.5 The Technology Adoption Service also builds on *London: The AI Growth Capital of Europe*, as this project will help drive market creation for AI vendors in London, further boosting the capital's AI sector – the majority of whom themselves are SMEs.
- 4.6 New technologies such as Artificial Intelligence, IoT (the Internet of Things), augmented reality – and in the future – blockchain will help drive productivity across London's economy. However, there are also concerns about the impact of these technologies on jobs. The focus of the London Technology Adoption Service (LTAS) is on augmenting the value of existing workers rather replacing workers through automation. By raising productivity, it is intended that firms will be supported to raise wages and working conditions.
- 4.7 All vendors taking part in the LTAS will be provided with information and support to access the Mayor's Good Work Standard, which sets benchmarks to encourage employers to adopt measures to make their businesses fairer, safer and more equal places to work.

#### *Staffing and capacity*

- 4.8 This project will be managed and delivered by the Senior Policy Officer for Technology and the Senior Policy Officer for Technology Programme Delivery. The work dovetails well into other work ongoing – for instance the BEIS Business Basics project (DD2299), meaning there will be an economy of scale in terms of officer time, as noted in DD2320.
- 4.9 It can be confirmed that no conflicts of interest were noted in the drafting and clearance of this decision.

## **5. Financial comments**

- 5.1 DD2320 approved expenditure of £75,000 to deliver the London Technology Adoption Service funded from the 2019-20 LEAP Strategies budget. As noted within the main body of this report, the GLA will now partner with the Greater Manchester Combined Authority to deliver this service, which includes

the receipt of £75,000 income from the Greater Manchester Combined Authority to enhance the service provision, thus bringing the total initial investment into this project to £150,000.

- 5.2 In addition, it is proposed the Mayor delegate to the Head of Economic Development authority to receive and spend sponsorship and funding from a referral-based payment model to further support and enhance the service. As referred to in DD2320, there is an opportunity to collaborate with other Growth Hubs and Metro Mayors and other local authorities across the UK to scale this tool, with the option to license the use of the tool or implement a subscription and/or fees structure. It is proposed to undertake the project on a not for profit basis and surpluses generated (if any) are to be recycled on this project, to be approved for the GLA by the Head of Economic Development.

## **6. Legal comments**

- 6.1 The Authority, acting by the Mayor, may do anything that promotes economic development and wealth creation in Greater London and may also do anything that facilitates, is conducive or incidental to achieving that objective under sections 30 and 34 of the GLA Act 1999. The proposal falls within these powers.
- 6.2 The Authority also has powers to charge for the provision of discretionary services on a cost-recovery or not-for-profit basis under section 93 of the Local Government Act 2003. The provision of information about technology vendors through the Technology Adoption Service and the charging of a referral fee on a cost-recovery or not for profit basis falls within those powers. (In the event any surpluses become commercial in nature and the model moves to a commercial trading operation then it will be required to operate through a GLA trading subsidiary in order to comply with the 2003 Act. Officers are recommended to keep this issue under review.)
- 6.3 Officers are reminded to adhere to the requirements of the Authority's Contracts and Funding Code as regards the conduct of any procurements in furtherance of the Technology Adoption Service project.
- 6.4 Any function exercisable by the Mayor on behalf of the Authority may also be exercised by a member of the Authority's staff albeit subject to any conditions, which the Mayor sees fit to impose. To this end, the Mayor may make the requested delegation to the Head of Economic Development, if he so chooses.

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

<b>Activity</b>	<b>Timeline</b>
Agreement with Greater Manchester Combined Authority	November 2019
Procurement of contract	November 2019
Announcement	January 2020
Launch	February 2020
Delivery Start Date	September 2019
Delivery End Date	April 2020

### **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? YES**

If YES, for what reason: We will need to defer publication in order to ensure that all procurement activities have been resolved.

Until what date: 28 February 2020

**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:**

Maria Geftar has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

Debbie Jackson 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 25 November 2019.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature

*M. D. Belle*

Date

25.11.19

**CHIEF OF STAFF:**

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

Signature

*D. Bellamy*

Date

25/11/2019