

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2677

Title: London Growth Hub 2020/21 Programme

Executive Summary:

Mayoral approval is sought for receipt of £880,000 of Government grant for the London Growth Hub to deliver a programme of activity for 2020/21. The grant is composed of £520,000 of core grant awarded annually to support and develop the London Growth Hub and £360,000 that the Government has earmarked for the London Growth Hub for this financial year. Of this funding, expenditure of £670,000 has already been approved under MD2624, MD2586 and MD2553 subject to receipt of the anticipated funds.

Additionally, approval is sought to reallocate £179,000 of previously ringfenced Growing Places Funds and approve expenditure of £30,000 of the Mayor's Strategic Investment Fund for the delivery of the London Growth Hub's COVID-19 response.

Decision:

That the Mayor approves:

- 1) Receipt of £880,000 of Government grant for the London Growth Hub for 2020/21;
- 2) Expenditure of £210,000 in 2020/21 from the London Growth Hub's core Government grant on the following costs related to business support activities undertaken by the London Growth Hub: £137,166 for salaries; £25,000 for project evaluation; £15,000 for website content; £30,000 for project delivery; and £2,834 for administration;
- 3) Reallocation of £179,000 of Growing Places Fund which was previously ringfenced for the London Growth Hub through MD2055 for the reprofiled delivery of the initiative 'Start up Step up London' (£150,000 previously approved by MD2342) and £29,000 for marketing and promotion to support the relaunch of the London Growth Hub; and
- 4) Expenditure of £30,000 of Strategic Investment Funds allocated to the London Growth Hub to be used for COVID-19 related activities (MD2363 approved expenditure for business support 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:

17/9/20

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

Decision required – supporting report

1. Introduction and background

The London Growth Hub

- 1.1. Growth Hubs are funded by central Government via the Department of Business, Energy and Industrial Strategy (BEIS) and delivered as regional public/private sector partnerships led by Local Enterprise Partnerships (LEPs) with the purpose of joining up national and local business support to make it easier for businesses to find the help they need. There are 38 hubs, one for each of the LEP regions. In addition to providing a coordination function, each regional Growth Hub provides a different type of support, tailored to the needs of businesses in its region.
- 1.2. Launched in November 2016, the London Growth Hub is managed by the London LEP, the London Economic Action Partnership (LEAP). The Growth Hub offers a combination of an online signposting hub and five physical hubs that help connect London's entrepreneurs, microbusinesses and Small and Medium Sized Enterprises (SMEs) with the support that is available to help grow their businesses.

Business impact of COVID-19

- 1.3. The current and emerging impact of COVID-19 has placed unprecedented pressure on businesses of all sizes, to which HM Government has responded with a package of financial measures. However, London businesses face proportionally low levels of eligibility for Government support, with many businesses across London not qualifying for the Government's grant schemes and subsequent discretionary funds being inadequate to meet demand.
- 1.4. To support businesses in overcoming the impact of COVID-19 and preparing for recovery, the London Growth Hub is supporting several business funding schemes and is focusing its 2020/21 core budget on ensuring that sufficient funding is available for business support activity.

2020/21 funding position

- 1.5. Following the outbreak of the pandemic the GLA Enterprise Team submitted MD2624, which approved the expenditure of £1m from current and anticipated LEAP Core funds and Growth Hub budgets to deliver a programme of support to businesses targeting London based micro businesses, SMEs and social enterprises.
- 1.6. In 2016 the Department for Business, Energy and Industrial Strategy (BEIS) confirmed funding for Growth Hub activity up to March 2018 and it was uncertain if funding would continue past this date. In order to avoid a disruption to the services provided by the London Growth Hub portal, £179,000 from Growing Places Fund (GPF) monies was ringfenced through MD2055 to pay for portal maintenance, in the eventuality of core grant funding ceasing after the confirmed two years of funding.
- 1.7. Since 2018, funding for the London Growth Hub has been confirmed in tranches of two years, with the condition that funds must be spent in-year, with no option to roll funding forward. To ensure that Government grants are never at risk, the London Growth Hub always prioritises expenditure of core funding.
- 1.8. The GLA and LEAP are now confident that BEIS funding to deliver Growth Hub activity will continue for the foreseeable future and wishes to repurpose GPF monies to deliver 'Start Up Step Up in London', a programme of activity that will provide participants from underrepresented groups in business with tailored support to stimulate entrepreneurship.

- 1.9. To enable better management of the budget, the Enterprise Team is seeking to transfer the outstanding £30,000 awarded by the Mayor's Strategic Investment Fund awarded for the delivery of business support to the London Growth Hub budget line.
- 1.10. The indicative programme for 2020/21 was endorsed by the LEAP board earlier this year. Any changes to this programme will be agreed in line with LEAP's Schedule of Funding Responsibilities and, if necessary, through GLA decision forms:

Expenditure Detail	2020/21
Salaries	£137,166
Website Content	£15,000
Marketing and promotion for the brand relaunch	£29,000
Programme evaluation	£25,000
Administration	£2,834
Start Up Step Up	£150,000
Additional project delivery	£30,000
Contribution towards £1m Covid-19 business response funding	£30,000
Total expenditure	£419,000

2. Objectives and expected outcomes

- 2.1. The proposed expenditure will be used for salaries and administrative costs to maintain the London Growth Hub portal and deliver a programme of business support activity. To the extent that any of the activities include the procurement of supplies, goods or services, such procurements will be called off appropriate frameworks or tendered competitively in accordance with the GLA Contracts and Funding Code. Decisions will be sought at the appropriate level for the procurements. This activity will form part of an overall target to provide medium or high intensity support to nearly 1,000 businesses.
- 2.2. The focus of the Growth Hub activity for 2020/2021 will be to support London based businesses to weather the impacts of economic impacts posed by COVID-19 and the end of the EU transition period in December 2020. We will also focus on stimulating entrepreneurial activity in the capital as part of London's economic recovery.
- 2.3. The specific COVID-19 business support programme has been organised in three phases:
- Phase 1) Intelligence gathering and crisis management support: this activity started in March 2020 and will continue to the end of year to enable the Growth Hub to assess the needs and levels of entrepreneurship in the capital;
 - Phase 2) Business continuation and diversification support: this phase will start in September 2020 and deliver activity to support businesses most severely affected by a reduction in demand. This will include support to help businesses 'go digital' through access to information on e-commerce, delivery, online payment and other platforms that will allow them to operate at-a-distance business. It will also include a business support programme that will support businesses to grow technical competencies to position themselves for growth should their sector rebound from the economic shock or to better equip them for survival should their sector sustain long term impacts from the pandemic; and
 - Phase 3) Business Starts and recovery: once the current restrictions are lifted there will be a great need to stimulate entrepreneurship and rebuild business confidence. The London Growth Hub will launch a business start programme to support and nurture entrepreneurship.

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 and foster good relations between people who have protected characteristics and those who do not.
- 3.2. There is a significant risk that minority groups will be disproportionately impacted by the current crisis and many will face specific barriers to accessing support available from HM Government. The Enterprise Team will work with its delivery partners to ensure a significant level of engagement with community and faith groups in order to access harder to reach communities to avoid discrimination and ensure there is equality of opportunity. We will also establish stretching targets in order to ensure our support is accessed by those who face particular barriers to starting and running a business, with a specific focus on BAME, women and disabled entrepreneurs. In particular, the Step Up Start Up programme covered by this decision has been established to specifically support these groups overcome the barriers they face and is a trailblazer for future business support initiatives that target these groups.
- 3.3. This will be supported by our core business support programme (funded by Mayoral SIF and ERDF) where our delivery partner will endeavour to focus 60% of its support on businesses and social enterprises that have never accessed public sector support before and therefore will maintain a significant focus on community outreach through faith groups and grass roots organisations.
- 3.4. The Enterprise Team will also work with its delivery partners to foster good relations between those with and without protected characteristics by providing support designed to overcome the specific barriers these groups may face. We will also use our extensive contacts within minority- and women-owned business networks to disseminate messaging and support available to these communities. This will include translation of materials and use of diverse communication channels and will build upon our wider action plan to support diversity in entrepreneurship.
- 3.5. We will learn from best practice in other cities and regions. For example, discussions are ongoing with cities facing similar problems such as New York, where the Commissioner for Small Business is leading work to engage these communities and deliver support in appropriate formats and using diverse communications channels.

4. Other considerations

Key risks and issues

- 4.1. It is a Government requirement that the delivery of the London Growth Hub is in line with the LEAP's Assurance Framework, which 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. Risks for each project will be identified as the Enterprise Team seeks approval and develops the activity. Potential risks across the programme include not procuring on time, not receiving good quality tenders, and projects not recruiting sufficient SMEs. These risks will be assessed on 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 in-year to avoid claw back of funds. The Enterprise Team always profile BEIS funding first to ensure that monies are committed and defrayed in a timely manner.

Links to Mayoral strategies and priorities

- 4.4. The Mayor has been clear regarding his concerns about the impact to businesses if appropriate funding and support is not in place for business. This package of support therefore forms part of the

Mayor's response to support London's economy through and beyond the current crisis. It also supports the priorities set out in the Mayor's Economic Development Strategy to support enterprise and entrepreneurship in the capital.

- 4.5. 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. Approval is being sought for the expenditure of £210,000 for the London Growth Hub activities. This will be funded from the balance of LEAP's £880,000 grant from the Department of Business, Energy & Industrial Strategy (BEIS), the rest of which has been committed under MD2624, MD2586 and MD2553. £520,000 of this income has been awarded as the core component of the Growth Hub grant with the remaining £360,000 issued as supplementary funds. The breakdown of expenditure can be found above in section 1.12.
- 5.2. This grant will be issued in advance on a quarterly basis under the condition that eligible expenditure has been incurred with samples demonstrating this retrospectively. Furthermore, all funds must be spent during 2020-21 and cannot be carried over.
- 5.3. Due to the need to respond urgently to the business impact of COVID-19 and to ensure continuity of service for our online presence, approval was sought for specific urgent activity ahead of final confirmation of the grant award from BEIS, £360,000 of which was only confirmed in August 2020. It should be noted that all previous approvals were sought on the condition that expenditure would be subject to the subsequent confirmation of grant.
- 5.4. £179,000 has been ringfenced from the Growing Places Fund to initially support core Growth Hub activities beyond 2017-18. However, as this has not been drawn upon this decision seeks to reallocate £150,000 of these funds to the 'Start up Step up London' initiative and £29,000 to support the relaunch of the Growth Hub. The Growing Places Fund was created using Growth Deal monies and therefore this cannot be offered as savings and must be spent in accordance with the Growth Deal agreement. The proposed reallocation delivers against this agreement.
- 5.5. Additionally, this decision seeks approval for expenditure of £30,000 from the Authority's Strategic Investment Fund (SIF) to further supplement the Growth Hub's contribution to the COVID-19 response activities. Under MD2363 £1.43m was allocated to the Growth Hub of which £1m has been used for the Micro and SME Business Support Programme (MD2538) and £400,000 for the COVID-19 Business Support Programme (MD2624). If approved, the Growth Hub's allocation of SIF funds will be fully utilised.
- 5.6. Lastly, the financial impact of this decision will have a net nil effect on the GLA's 2020-21 budget as the funding for all associated expenditure is borne from external sources.

6. Legal comments

- 6.1. The foregoing sections of this report indicate that:
- (a) 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, social development or the promotion of the improvement of the environment in Greater London; and
 - (b) 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, sex, age, 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 of this report.
- 6.3. To the extent that the activities will involve the procurement of any works, services or supplies, they must be called off a suitable framework or procured by Transport for London Commercial who will determine the detail of the procurement strategy to be adopted in accordance with the GLA's Contracts and Funding Code. 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 any works, services or supplies. Officers have indicated in section 2 that further decisions will be sought to approve the procurement of such works, services or supplies as required.

7. Planned delivery approach and next steps

- 7.1. Key milestones are outlined below.

Activity	Timeline
Procurement of contract	From September 2020 (as required)
Announcement	September 2020
Delivery start date	From September 2020
Final evaluation start and finish	April 2021
Delivery end date	March 2021
Project closure	June 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

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 14 September 2020.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

D. Gane

16 September 2020

CHIEF OF STAFF:

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

Signature

Date

D. Bellamy

14 September 2020