

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3008

Title: The London Business Hub's Hub & Spoke project: additional funding

Executive summary:

The decision seeks the approval and expenditure of £850,000 to enable the continued delivery of tailored advice to small and medium-sized enterprises (SMEs) across Greater London. This will be made up of £425,000 of Strategic Investment Funding (SIF) and £425,000 of European Regional Development Funding (ERDF), in addition to £2m expenditure which was approved by the Mayor in 2019 under MD2538.

The GLA's London Business Hub has developed the 'Hub & Spoke' model, which provides London's SMEs with access to diagnostics; referrals and signposting; and high-intensity business support programmes, which seek to enable businesses to grow and become more productive.

The funds will be used to continue the London Business Hub's business support across London, providing support through physical hubs as well as online. The London Business Hub seeks to use these funds to extend the business support (Hub & Spoke) programme from September 2022 to September 2023.

Decision:

The Mayor approves:

- i. expenditure of up to £425,000, from the Mayor's Strategic Investment Fund, for the GLA's London Business Hub; and
- ii. permission for receipt and expenditure of up to an additional £425,000 of European Regional Development Funding to enable continued delivery of the Hub & Spoke programme for micro enterprises and SMEs, for an additional 12 months to 30 September 2023.

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:

21/7/22

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

Decision required – supporting report

1. Introduction and background

- 1.1. Prior to 2019, when the Hub & Spoke programme launched, the London Business Hub was predominantly web-based. Its primary objective was to create a repository of business support information and an offer accessible to all London SMEs and stakeholders. To expand its business support offer, and create a physical presence across London, a Hub & Spoke delivery model was developed (as further explained in MD2358). This established five physical hubs across London where advisers provide in-person support to small businesses.
- 1.2. The Hubs are located in the London boroughs of Haringey, Lambeth, Croydon, Greenwich, and Hammersmith & Fulham.
- 1.3. The Hub & Spoke programme is funded from London's European Regional Development Fund (ERDF) programme matched with monies from the Mayor's Strategic Investment Fund.
- 1.4. Due to the adverse effects of Covid-19 from 2020, and the associated reduction in business activity, an ERDF 'Project Change Request' was agreed; that extended the project's original timescales from December 2021 to September 2022. Since the extension was approved, the project has met or exceeded its quarterly delivery targets.
- 1.5. To date, over 700 businesses have received high-intensity support (12 hours or more); over 1,000 businesses have received information, diagnostics and brokerage support (three hours); and over 150 new businesses (defined as being less than 12 months old) have been supported.
- 1.6. Additional ERDF funding for London has now been secured, due to national ERDF programme underspends. This MD therefore requests approval to extend the programme by 12 months, to continue supporting London's 'everyday' SMEs. Activity will be focused on high-value and tailored activities that help small businesses, taking direction from business surveys and feedback from business advisers.
- 1.7. Plans are currently underway to build on the programme's legacy as part of London's bid for UK Shared Prosperity Funding. This includes proposals that will take forward elements of the Hub & Spoke model as part of a wider offer for London's 'everyday' businesses in order to supplement existing provision from the public and private sector, where provision gaps exist. The evaluation from the Hub & Spoke project, alongside the Wayfinder pilot currently underway across three boroughs, will provide key data and evidence for how the Mayor can support and help coordinate the business support landscape.

2. Objectives and expected outcomes

- 2.1. The Hub & Spoke project provides business support (face-to-face and virtual) from five sites across London's sub-regions, with one central 'hub' (Lambeth) and four 'spokes' (Haringey, Croydon, Greenwich, and Hammersmith & Fulham).¹
- 2.2. The five sites enable the London Business Hub to maintain a presence closer to businesses and achieve good coverage across London. Each location is established to primarily support existing businesses with the capacity to increase productivity and growth. A limited programme of activity continues to be provided for early-stage businesses, but this support mainly focuses on signposting to existing services, including the local offer and the London Business Hub portal.

¹ All the sites will offer the same level of support. The hub, based in Vauxhall (Lambeth), is the most central of the sites.

- 2.3. The project provides the opportunity for businesses across London to enquire and learn about business support and programmes available to them locally, in order to support them on their business journey. The services are sector-agnostic, to enable support to 'everyday economy sectors' (such as hospitality, retail, food production, and distribution) that want to unlock growth and investment and make productivity improvements.
- 2.4. For the 12-month extension, businesses engaging with the London Business Hub will continue to undergo diagnostic and eligibility checks to identify their business needs and determine the most appropriate support available. Eligible businesses can choose from a menu of activities delivered through a rolling programme of workshops and one-to-one support, depending on the individual business needs and capacity. The areas of support covered by the London Business Hub will include:
- access to finance
 - business planning
 - sales and marketing
 - digital upskilling
 - recruitment and retention
 - intellectual property
 - cybersecurity for businesses.
- 2.5. Project activities will have three main objectives:
- to simplify the business support landscape in London, tying in with the Mayoral manifesto commitment around the "single front door"
 - to disseminate and illustrate the benefits accrued by businesses when they engage/receive business support
 - to create the necessary environment for businesses with potential to grow, to improve their business practices and create jobs.

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. The Hub & Spoke programme has key targets for hard-to-reach groups, and the social element of the project grants the opportunity to try and enhance the level of business support uptake within those demographics. All companies that sign up to the project are required to complete an Equality and Diversity form, which provides valuable data about the types of businesses being supported and whether targets are being achieved.
- 3.3. Analysing the businesses that submitted equality and diversity information to the Hub & Spoke project to date, the data shows that Black, Asian and Minority Ethnic businesses account for 40 per cent of the SMEs supported. Women-owned businesses account for 46 per cent of the businesses supported, whereas businesses owned by men account for 36 per cent; and 4 per cent of supported

businesses have been majority disabled-owned. One of our targets is focussed on supporting businesses that have not received previous support within the last three years, and over 80 per cent of the businesses that we've supported to date fall within this category.

- 3.4. The Hub & Spoke project delivers a range of events, webinars and one-to-one business support, to improve the business support provision in line with the GLA's public sector equalities duty. The project seeks to improve support for under-represented groups (such as women; people with disabilities; and Black, Asian and Minority Ethnic individuals), acting in favour of equal opportunities. At the inception of the project, workshops were held with entrepreneurs who are female, disabled and/or Black, Asian and Minority Ethnic, in order to better understand the challenges they face and support them as effectively as possible. The project continues to focus its efforts on ensuring that it supports a diverse range of SMEs.
- 3.5. All the face-to-face support provided through the Hub & Spoke programme has targets for enterprises led by women; Black, Asian and Minority Ethnic individuals; and disabled individuals.
- 3.6. The London Business Hub portal has a wide range of London-based business support schemes, and this includes specific information and events for women; Black, Asian and Minority Ethnic individuals; and other under-represented groups. The portal is compliant with level AA of the Web Content Accessibility Guidelines, and physical spaces comply with the Equality Act 2010.

4. Other considerations

- 4.1. The Mayor of London chairs the London Economic Action Partnership for London (LEAP), the local enterprise partnership that brings together businesses, councils and the mayoralty to identify strategic actions to support sustainable economic growth and job creation in the capital. The London Business Hub is the initiative through which LEAP delivers all its business support activities.
- 4.2. The Hub & Spoke project has a quarterly project steering group to oversee project activities and manage risk. Additionally, the project reports to the EPMU and LEAP quarterly.

Links to Mayoral strategies and priorities

- 4.3. In his 2021 manifesto, the Mayor highlighted the need for more support for small businesses and entrepreneurs as the capital recovers from the impacts of Covid-19; and the importance of working in partnership with boroughs and other business support providers to ensure that entrepreneurs can easily access the advice and support they need. This programme forms a key part of the Mayor's response to supporting London's economy through the recovery period.
- 4.4. The London Business Hub forms part of the "single front door" outlined in the manifesto. This brings together the Hub & Spoke programme and its network of centre advisers, boroughs and other partners, to help transform simplify business support for small businesses in London
- 4.5. The Mayor's Economic Development Strategy (EDS) establishes the objectives for the sustainable economic development of London. The London Business Hub is cited throughout the EDS as a key tool in delivering the Mayor's priorities for enterprise and entrepreneurship and delivers against the commitment to provide business support programmes, triage and signposting, online tools and multimedia business support resources through the London Business Hub.
- 4.6. The Hub & Spoke project further aligns the objectives of LEAP and the EDS by creating an environment in the capital where businesses can access free, impartial face-to-face business support and information, to help them on their entrepreneurial journey.
- 4.7. The current economic climate requires support to help businesses build back better in response to the challenges posed by Covid-19. The role of business support and business management practices in enhancing productivity across London's SME base forms a key part of the Mayor's wider approach

to economic recovery. This is reflected in the London Recovery Board's Economic Recovery Framework.

- 4.8. Business support is a key component of the business pillar within the five pillars of the Recovery Framework. As such, the objectives and outcomes of this proposed programme extension align with the commitment to support businesses across sectors that provide day-to-day goods and services.
- 4.9. No conflicts of interest were identified in the drafting and clearance of this decision.

5. Financial comments

- 5.1. Approval is being sought for the receipt of £425,000 and expenditure of £850,000 on the 12-month extension of the Hub and Spoke Programme which supports the capital's SMEs in growth and productivity.
- 5.2. The requested funds will be financed in equal parts by the ERDF and repurposed funds identified within the Enterprise Team's Covid-19 Business Support programme, funded from the Mayor's Strategic Investment Fund. The income from ERDF will be received in retrospect of the expenditure taking place therefore the Authority will ensure this meets the eligibility criteria before it is incurred. The SIF element is currently in reserves and will be drawn upon when required therefore in the event where underspends occur it will be contained here.
- 5.3. The majority of funds will be spent on salary charges for internal staff who oversee the delivery and the costs associated with operating a virtual and physical hub with satellite sites within London.
- 5.4. As this extension is due to commence in September this programme will take place over two financial years – 2022-23 and 2023-24.
- 5.5. If approved the total value of the Hub and Spoke Programme will stand at £2,850,000.

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.
- 6.2 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 (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 If the Mayor makes the decisions sought, officers must ensure that:

6.3.1 no reliance is placed upon the ERDF 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 or agreements varying current grant funding agreements (as applicable) 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 & Supply Chain 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.

7. Planned delivery approach and next steps

Activity	Timeline
Announcement	July 2022
Delivery start date	31 July 2022
Delivery end date	30 September 2023

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: Publication of the decision should be deferred until all resulting agreements are entered into and executed by the GLA and counterparties in order to enable the efficient entry into such agreements.

Until what date: 31 August 2022

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the 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:

Joshua Brathwaite 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 18 July 2022.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

D. Gove

Date: 18/7/22

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date 18/7/22