

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3149

Title: UK Shared Prosperity Fund: Grant funding to London & Partners

Executive summary:

The Mayor has committed to simplifying the support provided to small businesses in London. To deliver this commitment, and given its aims and objectives in the field of business support, London & Partners (L&P)¹ has expanded its role to:

- a) establish a single front door, and a small-business support programme, in collaboration with London boroughs via an expansion of the London Business Hub and Wayfinder²
- b) enhance L&P's growth business support for small and medium-sized enterprises (SMEs)
- c) enhance L&P's international trade support for SMEs.

This Mayoral Decision form seeks approval of the award of UK Shared Prosperity Fund grant funding to L&P, as a contribution to the costs of delivering a set of projects the aims and objectives of which align with a), b) and c) above.

L&P's expanded scope of activity also builds on the government's Growth Hub initiative. London's allocation of Growth Hub funding has been awarded to the GLA and amounts to £470,000 in Department for Business and Trade grant for 2023-24. Mayoral approval is therefore also sought to receive these funds and commit grant funding to L&P as a contribution to the costs of its London Business Hub project (which acts as the Growth Hub in London).

Decision:

That the Mayor approves the GLA's:

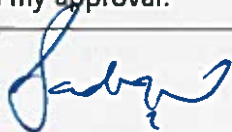
- i. expenditure of up to £19 million of UK Shared Prosperity Fund grant funding to London & Partners (L&P) for three discrete L&P projects
- ii. receipt from the Department for Business and Trade and expenditure of up to £470,000 by way of the award of grant funding to L&P as a contribution to its London Business Hub project.

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:

2/8/23

¹ L&P is a separate legal entity (not falling within the GLA Group) that acts as the business growth and destination agency for London, with this activity being part-funded by the GLA.

² Wayfinder and the London Business Hub act as a 'single front door' for accessing business support.

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

Decision required – supporting report

1. Introduction and background

- 1.1 The UK Shared Prosperity Fund (UKSPF) is a £2.6bn three-year programme that has been devolved to the GLA and UK local authorities, as part of the government's levelling-up agenda led by the Department for Levelling Up, Housing and Communities (DLUHC). All areas of the UK have received a UKSPF allocation. London has a three-year allocation of £144,444,970. This has been split between the three investment priorities: communities and place, £41,287,139; supporting local businesses, £63,958,500; and people and skills, £39,199,331.
- 1.2 In July 2022 the GLA submitted London's UKSPF investment plan, although it was not approved until December 2022. The plan, co-designed with London Councils, sets out how the £144m will be invested. MD3058 and DD2638 contained details of the process for allocating these funds and the list of projects that will help deliver, in part, on this investment plan.

Business support in London

- 1.3 The London UKSPF investment plan set out details for supporting local businesses with up to £62m of funding.
- 1.4 In support of this plan, MD3058 and MD3098 noted that the Mayor had reviewed the complex business-support ecosystem in London, to simplify, integrate and strengthen the support that may be provided for small and medium-sized businesses (SMEs). This would be done with a range of programmes and a 'single front door' so business owners and aspiring entrepreneurs can easily access the right advice and support.
- 1.5 GLA officers conducted that review, focusing on activity that sat within the Mayor's remit, and that was previously primarily supported through the now-closing European Regional Development Fund and Local Enterprise Partnership programmes. This activity can now be supported through London's share of the UKSPF.
- 1.6 The review's recommendations included changes to the organisational structure and expansion of London & Partners' (L&P's) funded activity. These recommendations were presented to and endorsed by the GLA's Corporate Investment Board (in July and September 2022), and subsequently approved by the Mayor in MD3111.

Previous Mayoral Decisions

- 1.7 In MD3098 (April 2023) the Mayor approved the provision of contributions to transition costs incurred by L&P in preparation of its newly expanded role, and in advance of further decisions relating to a), b) and c) on page 1.
- 1.8 In MD3111 (May 2023) the Mayor approved the L&P Business Plan for 2023-24, which set out its proposals to expand its role in relation to the business-support ecosystem, subject to applications for grant funding submitted by L&P to the UKSPF. He additionally approved the incorporation of MedCity, Wayfinder and London Business Hub activity into this new organisational structure. It was also noted in MD3111 that proposals for the provision of UKSPF funding to L&P would be considered under a separate MD.
- 1.9 In MD3058 (January 2023), the Mayor approved the designation of the GLA as the lead authority for London's share of the UKSPF programme; and delegation to certain officers of decision-making authority concerning related expenditure. The GLA's functions as a lead authority are set out in the GLA's Memorandum of Understanding with HM Government. Any future grant-funding agreements,

including agreements that may be generated from the approval of this MD, will be executed by the Executive Director of Good Growth in line with MD3058.

London & Partners funding application

- 1.10 L&P has submitted three project proposals, in the form of UKSPF funding applications, setting out the aims and objectives of each project. The three projects will focus on discrete activities designed to address the needs of the three different cohorts of businesses and pertaining to: the creation of the single front door; supporting early-stage growth businesses; and support for businesses seeking to trade internationally. GLA officers have evaluated these grant applications; conducted due diligence on L&P and its proposals; and recommend that funding is approved.
- 1.11 The three projects are listed in section 2, below.

Strategic alignment of local growth funding

- 1.12 In April 2023 the Department for Business and Trade (DBT) awarded the GLA up to £470,000 for 2023-24 for the continued development of the government's Growth Hub programme. This award was to support salaries, costs and expenditure associated with the London Business Hub. This is despite the government, earlier this year, requiring the 'integration' of local enterprise partnerships with which the Growth Hub programme was previously aligned.
- 1.13 Given the expanded activity of L&P, the Growth Hub grant priorities will be aligned with UKSPF; and will contribute to L&P's creation of its 'single front door' programme, including the London Business Hub. The GLA will remain accountable to DBT for the Growth Hub funding.

2. Objectives and expected outcomes

- 2.1 UKSPF-funded projects are required to meet the objectives of the government's vision for the fund, as set out on gov.uk. The London UKSPF investment plan explains how the funding will be used and the outputs and outcomes to be achieved by the closure of the fund in March 2025. This decision confirms the commitment of funding to support activity described in the investment plan and set out below.
- 2.2 Project 1 – L&P's project proposal for the 'single front door':
- Approximately 125,000 small London businesses and entrepreneurs are not getting the support they need – particularly global majority, female and economically-deprived entrepreneurs. This means worse outcomes for families and exacerbates structural inequalities. There is plenty of business-support provision, but it can be difficult to navigate.
 - London will have a single front door to help entrepreneurs to find the right business support at the right time and the right price – either online or in person, with an enhanced London Business Hub website and a suite of Wayfinders offering concierge support to small businesses across London. This will be supported by a comprehensive marketing and community outreach programme. The result will be greater uptake of business support (particularly by disadvantaged entrepreneurs) and better coordination of London's public sector business support offer. This will build on the Mayor's London Business Hub and the Wayfinder pilot project.
 - With £7,000,000 UKSPF and £470,000 Growth Hub funding, the L&P project will support over 10,000 businesses to navigate the business support ecosystem, leading to increased financial resilience.
- 2.3 Project 2 – L&P's project proposal for international trade businesses:
- High-growth businesses are essential to London's economic recovery. They are the largest net job creators and innovate at a disproportionate level, meaning they are crucial to the current and future competitiveness of our city.

- L&P's free 12-month programme of advice and support for internationalising businesses, including access to mentors, training and trade missions, will accelerate their growth and support London SMEs. It will address the internationalisation challenge by helping prepare businesses for their trade journey, and de-risking their entry into target markets.
- With £9,529,727 of UKSPF funding, the project will support 560 businesses, leading to 600 jobs being created.

2.4 Project 3 – L&P's project proposal for supporting growth businesses:

- Failure rates are high for high-growth firms, and there are pre-existing equalities-related barriers to entrepreneurship. Prior experience in managing scale-up programmes shows that it is possible to effectively address both issues with a targeted approach to the following market failures:
 - Access to funding: a programme of training and readiness will help businesses become investment-ready. It will address the funding challenge by ensuring that businesses are prepared for investment, present their investment case effectively, and have the networks to seek funding.
 - Access to established companies: a programme of introductions to potential clients/ collaborators, including one-to-one and one-to-many events, will address a need cited by early-stage growth businesses by both helping them understand how to engage effectively with companies and providing the networks for them to do so.
 - Access to talent: a programme to help scale-ups build inclusive talent strategies, and to help Londoners access those jobs, will address the talent challenge by addressing practical and informational barriers to both supply and demand for talent, particularly from non-traditional sources.
 - Access to community: a programme of events to support peer networks and cross-sector relationships will address the community challenge by providing curated network-development opportunities that do not rely on pre-existing relationships or status.
- With £2,470,272 of UKSPF funding, the project will support 240 businesses, leading to 240 jobs being created.

3. Equality comments

3.1 Section 149(1) of the Equality Act 2010 provides that, in the exercise of their functions, public authorities including the GLA must have due regard to the need to:

- eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the Equality Act 2010
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

3.2 The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

3.3 Due regard must be had at the time a decision is being considered. The duty is non-delegable and must be exercised with an open mind.

3.4 The due regard duty also applies to the delivery of UKSPF. The London UKSPF investment plan sets out the types of activity that will be undertaken to address issues of equality, diversity and inclusion

(EDI). Noting section 149(1), UKSPF funding is available to all eligible organisations irrespective of the protected characteristics of the applicant bodies. L&P set out its intentions for addressing and supporting EDI in its application for grant funding; these will be reviewed quarterly by GLA grant managers. It is a requirement of any project application that EDI is considered, and the project is designed with EDI principles in mind. As part of its delivery of these programmes, L&P will target support at global majority, female and disabled business leaders and entrepreneurs.

- 3.5 L&P committed to a new recovery mission in 2021-22³ that focuses on the quality and quantity of growth; and on supporting resilience, sustainability and inclusion. The commitment to inclusion in L&P's mission will continue to frame its work, guiding the types of businesses it supports, the sorts of jobs it seeks to create, and its work to connect people with jobs.
- 3.6 L&P is also delivering an internal project to increase its focus on diversity and inclusion. This has the joint aims of ensuring that L&P reflects and champions the diversity of London; and creating an environment in which everyone is valued, feels supported to be themselves and can thrive. This project is being implemented across L&P with a focus on areas such as recruitment; progression; mentoring; employee brand imagery and content; and EDI education and training. It is being implemented in partnership with a well-supported employee network that includes active diversity and inclusion groups.
- 3.7 L&P's high-growth business programmes carry a strong track record of high levels of representation from London's diverse communities. To date, L&P's cohorts for its business-growth programme have been made up of 39.8 per cent founders from ethnic minority backgrounds, and 26.7 per cent female founders.
- 3.8 L&P has run several high-growth business schemes committed to supporting business leaders from underrepresented backgrounds, and Black, Asian and minority ethnic backgrounds. This includes a dedicated Founders Awareness campaign for L&P's business-growth programme (for start-ups). Building on the success of its female-founder trade missions, L&P has delivered a series of bespoke missions for Black and mixed-ethnic founders.
- 3.9 Officers have considered the likely impact of this proposed decision on groups with protected characteristics. For the reasons outlined above, they have concluded that there are no adverse impacts, and that impacts are likely to be positive.

4. Other considerations

Key risks and issues

- 4.1 There is a risk that L&P does not commit expenditure or achieve outputs/outcomes in line with their profiles, especially given the delayed approval of UKSPF by the government which has meant that there is already less than two years until UKSPF ends in March 2025. However, as with existing European-funded projects, GLA officers will remain in regular contact, monitor progress, and take remedial action where it is required in the normal course of business. Specific action will depend on the given scenario, but it could include the reprofiling or reallocation of expenditure and outcome/output targets at programme or project level.

Declarations of interest

- 4.2 The individuals involved in drafting and clearing this document have no interests to declare.

³ The London Recovery Board (LRB) committed to taking a missions-based approach to London's recovery following the COVID-19 pandemic. The LRB was chaired jointly by the Mayor of London and the Chair of London Councils. It brought together leaders from across London's government; business, civil society, health and education sectors; trade unions; and police. The London Partnership Board replaced the LRB in March 2023.

Links to Mayoral strategies and priorities

- 4.3 The priorities for how UKSPF is delivered in London are based on the shared priorities of the London Recovery Board (now the London Partnership Board) Economic Recovery Framework. This framework, agreed in 2021, identified the need to restore confidence in the city, provide targeted support to London's most vulnerable communities, and rebuild the city's economy and society. The framework set out action for dealing with the structural changes to London's economy, and fostering economic recovery, via five pillars: jobs, business, thriving neighbourhoods, connected city, and global London. The framework articulated roles and responsibilities for the constituent parts of London's government. To achieve a 'full system response', it also identified key opportunities for government, major institutions and business to support recovery activities and levelling up. The broad activities permitted under UKSPF investment priorities support the framework and pillars.

Subsidy control

- 4.4 The Subsidy Control Act 2022 requires that grant funding comply with its subsidy control principles. Officers have assessed the three projects and are satisfied that the proposals align with the seven subsidy control principles as set out below:
- The subsidies pursue specific policy objectives:
 - i. Single Front Door: to simplify the business support landscape across London to support global majority and underserved small businesses get the help and support they need to sustain and grow. It has been designed to address market failures such as structural problems with the market for business support and weaknesses in the way in which business support provision is currently being commissioned, coordinated, and delivered.
 - ii. International trade support: to ensure businesses in London can trade internationally, supporting growth and jobs across the Capital. It has been designed to address market failures regarding the lack of provision of international trade support, the specialised nature of this support and costs of delivery. Export growth within small businesses is often delayed by a lack of knowledge or perceived rather than actual risks in doing so.
 - iii. Growth support: To support high growth businesses who are essential to London's economic recovery. They are the largest net job creators, and innovate at a disproportionate level, meaning they are crucial to the current and future competitiveness of our city. The project has been designed to address market failures such as access to funding, access to new corporate relationships, access to new talent and peer networks.
 - All three proposals are proportionate to the specific policy objectives and covers staffing costs and other direct costs related to the delivery of the project. The Beneficiary (L&P) is acting as a conduit of the subsidy flowing through it to the SME's it is seeking to support.
 - There is no direct benefit to the Beneficiary as no profit is allowable under the terms of the grants and so the subsidies' beneficial effects outweigh any negative effects. Business support is not a statutory obligation and therefore without the grant the activity will not take place.
 - Each project would not be pursued in the absence of the subsidy, leading to the Fund's policy objectives not being achieved and support not being delivered. The proposals have been designed specifically to achieve the respective policy objective and as such there is a low risk of the subsidy producing negative effects on competition or investment within the United Kingdom.

5. Financial comments

- 5.1 Approval is requested for:

- grant funding of up to £19 million to L&P from UKSPF funds
- receipt of up to £470,000 Growth Hub income from DBT
- grant funding of up to £470,000 to L&P for the London Business Hub.

5.2 The first tranche of UKSPF funding was received in 2022-23; the second, of £35,059,459, on 28 June 2023. The funding for the £19 million will come from this money.

5.3 It is anticipated that all expenditure will be incurred by the end of March 2025.

5.4 All relevant budget adjustments will be made.

6. Legal comments

6.1 Under section 30 of the Greater London Authority Act 1999 (GLAA), the GLA may do anything that it considers will further one or more of its principal purposes, which are promoting: economic development and wealth creation in Greater London; social development in Greater London; and the improvement of the environment in Greater London.

6.2 In determining whether or not to exercise its power to further one or more of its principal purposes, the GLA is required to consider the effect this may have on the remaining purpose or purposes — in so far as that is practicable — and, over a period of time, to secure a reasonable balance between furthering each of its principal purposes.

6.3 Section 33 of the GLAA requires the GLA to make appropriate arrangements with a view to securing that, in the exercise of its general power, there is due regard to the principle that there should be equality of opportunity for all people. The GLA is also subject to the public sector equality duty imposed by section 149(1) of the Equality Act 2010 in relation to the exercise of its functions (see section 3 above).

6.4 Section 34 of the GLAA provides for the GLA to be able to do anything that is incidental to the exercise of its functions, including its general powers under section 30.

6.5 Sections 1 to 4, above, concern the award of grant funding by the GLA. Officers must ensure that such grant funding is distributed fairly, transparently, in a manner that affords value for money, and in accordance with the requirements of the GLA's Contracts and Funding Code and the government's UKSPF requirements.

6.6 The Subsidy Control Act 2022 requires that grant funding comply with its subsidy control principles. Subject to section 6.7(a) below, the officers have set out at section 4 above how the proposed grant complies with those principles.

6.7 If the Mayor makes the decisions sought officers must ensure:

- as the proposed grant exceeds £100,000, that the grant is registered on the Department for Business and Trade's Transparency Database
- that GLA UKSPF grant-funding agreement(s) are put in place between and executed by the GLA and L&P before any commitment to fund is made

7. Planned delivery approach and next steps

Activity	Timeline
Issuing of grant funding agreements to L&P	Summer 2023
Projects closure	March 2025

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 be published either 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, until grant agreements are finalised, expected by 15 September 2023

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:

Sarah Purvis has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Philip Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Richard Watts 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 24 July 2023

✓

INTERIM CHIEF FINANCE OFFICER:

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

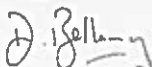
Signature:**Date:**

02/08/2023

PP on behalf of Enver Enver

CHIEF OF STAFF:

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

Signature:**Date:**

01/08/2023

