

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3155

Title: Employer skills brokerage service

Executive Summary:

This Mayoral Decision (MD) asks the Mayor to approve the award of up to £1.35m in grant funding to London & Partners (L&P)¹ as a contribution to its costs to deliver a stand-alone skills brokerage pilot project for the next two financial years (FY) (£500,000 for the 2023-24 FY and £850,000 for 2024-25 FY). The aim of the project is to connect small and medium-sized enterprises (SME) to skills and employment provision and support, which aligns with the aims of furthering the Mayor's 'single front door' commitment for small businesses which is being delivered under the 'Grow London Local' brand. Funding includes £350k from the London Multiply programme from the 2024-25 FY and £1m from the Adult Education Budget (AEB), (£500,000 for each FY). AEB funding for the 2024-25 FY will be subject to budget availability and confirmation of London's annual AEB allocation by the Department for Education.

L&P's skills brokerage pilot will support small business owners to understand what skills training they and their employees need, what is available across London and how to access it. This will help increase productivity and growth by addressing skills gaps for businesses and upskilling Londoners to progress in work and achieve higher incomes.

Decision:

That the Mayor approves expenditure of up to £1.35m in grant funding to London & Partners (L&P) as a contribution to the costs of delivering a stand-alone skills brokerage pilot as part of *Grow London Local* over the next two financial years (FY) (£500,000 for the 2023-24 FY and £850,000 for the 2024-25 FY). This will be funded by £350,000 from the London Multiply programme budget (2024-25 FY) and £1m from the Adult Education Budget (AEB) (£500,000 for each FY). AEB funding for the 2024-25 FY will be subject to budget availability and confirmation of London's annual AEB allocation by the Department for Education in early 2024.

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:

19/12/23

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.

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

Decision required – supporting report

1. Introduction and background

- 1.1. The Mayor's [Skills Roadmap for London](#) sets out the Mayor's ambition to ensure that London's skills provision is impactful and locally relevant to the needs of London's communities and economy, including businesses and employers.
- 1.2. The GLA has already made some progress to meeting this commitment through the launch of the Mayor's Skills Academies and Skills Bootcamps for Londoners programmes which have developed partnerships with skills providers and pre-identified employers to improve training offers. Additionally, the Mayor is working with unions to connect employed Londoners into London's training offer through the introduction of 'in-work coordinators' as part of a new London Union Learning programme which builds on the past successes of Union Learn.
- 1.3. However, further work is needed to connect employers, particularly small-to-medium sized enterprises (SMEs), to London's skills offer to develop their workforces and address skills gaps²:
 - the 2019 Employer Skills Survey highlighted that 22 per cent of employers in London had experienced skills or training-related issues which may have required external information, advice or practical help
 - it also noted that 28 per cent of employers in London reported that they had funded or arranged external training for staff, compared with 31 per cent nationally
 - among London employers who did provide off-the-job training in 2019, only 16 per cent had sourced training from public provision and only 10 per cent from Further Education Colleges, compared with 17 per cent nationally.
- 1.4. There is evidence of unmet skills need in London, with 15 per cent of employers in London reporting a skills gap or skills shortage vacancy in 2019³, and a lack of staff time and funds for training can prevent businesses from accessing skills training. This is being acutely felt by small businesses, with 42 per cent reporting 'appropriately skilled staff' as the greatest perceived barrier to growth (Q4 2022)⁴.
- 1.5. There are multiple sources of skills and employment support, with businesses finding it hard to navigate a fragmented system and finding the support that is relevant to them. The [London Local Skills Improvement Plan](#) (LSIP), developed by four employer representative bodies, recommends a mechanism to assist employers, especially SMEs, to navigate the capital's employment and skills system.
- 1.6. London & Partners (L&P) is the business growth and destination agency for London. Its mission is to create economic growth that is resilient, sustainable and inclusive and it has expanded its role to include:
 - establishing a single front door and small business support programme, branded *Grow London Local*, via an expansion of the London Business Hub and Wayfinder. This project is funded with £7m UKSPF and £470,000 Growth Hub funding as outlined in [MD3149](#)

² Department for Education, [Employer Skills Survey](#), 2019

³ Department for Education, [Employer Skills Survey](#), 2019

⁴ FSB London [Quarterly Small Business Index](#), Q4 2022

- enhancing L&P's growth business support for SMEs
 - enhancing L&P's international trade support for SMEs.
- 1.7. L&P is aiming to deliver the skills brokerage pilot project as part of its Single Front Door activity, branded *Grow London Local*. This will align with the delivery of their expanded activity, to provide skills and employment advice and referrals to SMEs.
 - 1.8. Funding to deliver this project is allocated from both the Adult Education Budget (AEB) and London Multiply programmes⁵. AEB funding to support employer engagement activity for the 2023-24 FY was approved by the Mayor under [MD3100](#); this decision sets out further proposals on how publicity and engagement activities will be delivered to ensure that London's businesses are aware of and engaging with the capital's skills offer to support their workforce development and address skills gaps. It also seeks an in-principle approval for an additional £500,000 from the AEB Management and Administration budget for the 2024-25 academic year. This would be subject to budget availability and confirmation of London's annual AEB allocation by the Department for Education (DfE) in early 2024.
 - 1.9. The GLA proposes to fund the costs of L&P delivering its skills brokerage pilot project from the existing approved London Multiply budget and the AEB. This will be a cost-effective option for Londoners, providing value for money, and preventing further fragmentation of support through a consistent programme of support for business, rather than the GLA creating another 'door' for skills and employment support and further complicating a fragmented system.
 - 1.10. The London Multiply programme is a time limited programme running to March 2025 that aims to address numeracy skills gap in London. The London Multiply funding was originally approved by the Assistant Director, Skills & Employment (under [ADD2632](#)) on the basis that it would be used to procure services to increase employer engagement with skills provision. This decision proposes that the funding be used to grant fund L&P as a contribution to its costs of delivering its new stand-alone project which aligns with the delivery of their expanded activity. Procuring separate activity would create a further fragmented business support system and would not provide value for money for Londoners.

Inter-related decisions

- 1.11. The Mayor approved the L&P Business Plan for 2023-24, which set out the proposal for expanding its role in London's business support ecosystem ([MD3111](#)).
- 1.12. The Mayor approved the management and administration of the 2022-24 London Multiply Programme, including receipt of funding from the DfE to deliver the programme ([MD3035](#)).
- 1.13. The Assistant Director, Skills & Employment approved the London Multiply Engagement and Outreach Programme to raise awareness of the programme with as many eligible Londoners as possible, this included funding for employer engagement ([ADD2632](#)).
- 1.14. The Mayor approved the AEB expenditure for the 2023-24 academic year ([MD3100](#)).
- 1.15. The Mayor approved the GLA's expenditure of up to £19m of UKSPF grant funding to L&P for three discrete projects including £7m to fund the project proposal for the 'Single Front Door', now known as *Grow London Local* ([MD3149](#)).

⁵ The London Multiply programme is free for Londoners aged 19+ who have no to low numeracy qualifications. The programme is being delivered by local authorities and colleges working in partnership with employers, schools, and community organisations, and will support a minimum of 31,000 Londoners to improve their numeracy skills across 56 providers.

2. Objectives and expected outcomes

- 2.1. L&P's delivery of a skills brokerage pilot for SMEs through *Grow London Local* in London aligns with the Mayor's priority to better connect employers with London's skills and employment support offer and to transform small business support in London, with a single front door so that small businesses can access the right support and advice at the right time.
- 2.2. L&P's skills brokerage pilot will increase the uptake of skills and training provision by small businesses in London by addressing current barriers. It will:
 - increase awareness and engagement through effective marketing and community outreach
 - help business owners to understand their skills needs by providing a skills diagnostic
 - help business owners to navigate the skills system by providing an online skills mapping tool, directory of skills providers, skills-related content and individual referrals to providers
 - enable relevant and responsive skills provision by providing large-scale, regularly updated datasets on the skills needs of London's small businesses with data collected through the digital self-service and concierge service.
- 2.3. The aims and outputs of this project align with those of skills and employment support available through the AEB and London Multiply programmes, as well as Skills Bootcamps for Londoners and the Mayor's Skills Academies programme; and the *Grow London Local* pilot will connect into them as well.
- 2.4. L&P's skills brokerage pilot will also work with small business owners through a digital self-service, where businesses will complete an online diagnostic and questions about their skills needs to receive online guidance on the skills system, and concierge service, where businesses will receive one to one support from an advisor to assess their skills needs and navigate the skills system.
- 2.5. Funding will support the following activity:
 - mapping of the skills landscape in London
 - a searchable database of courses on the *Grow London Local* website
 - skills-related content on the website, social media and email newsletters, combined with skills-specific marketing activity
 - training for Business Advisers to understand the skills landscape and how the offer can support the needs of small businesses and the adding of skills-related questions to the online and in-person diagnostic process
 - providing training on the skills database to L&P staff dedicated to managing relationships with skills providers, so that the database is kept up-to-date
 - completion of an end of pilot project insights report on skills provision for small businesses in London using the data collected.
- 2.6. The expected outcomes for L&P's skills brokerage project include:

- An increased number of employers understanding the skills needs of their businesses. The pilot will aim to reach 28,056⁶ small businesses taking part in a diagnostic assessment, split between the concierge service and digital self-service.
 - An increased number of small businesses engaging with skills content and provision. The pilot will aim to refer 3,000 Londoners employed by small businesses into GLA funded skills provision.
- 2.7. Beyond the above, GLA funding will contribute to wider performance indicators. L&P's expansion project will support over 10,000 businesses to navigate the business support system.
- 2.8. L&P will as part of its funding obligations share summaries and key data, insights and emerging trends. This will be shared with the GLA at project update meetings.

3. Equality comments

- 3.1. Section 149(1) of the Equality Act 2010 provides that, in the exercise of their functions, public authorities 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 relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 3.3. L&P's skills brokerage project for small business will aim to reach small businesses led by Londoners from underrepresented groups, with a focus on women and economic disadvantaged entrepreneurs. L&P's high growth business programmes carry a strong track record of high levels of representation of 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 minorities and 26.7 per cent female founders.
- 3.4. The London Multiply programme related activity will give Londoners without level two numeracy qualifications the opportunity to learn and develop essential numeracy confidence and skills they need in life and work. From the London Multiply Equality Impact Assessment, the GLA knows those without a level two qualification are more likely to be low-income, older, disabled, or from a minority ethnic background. As such, this provision is likely to reach Londoners who are on low-income, older, disabled, or from a minority ethnic background and support them to upskill, or progress into further learning and good work.
- 3.5. The aim of the AEB is to improve opportunities for people who are disadvantaged in the labour market. Many potential AEB funded learners have the protected characteristics listed above. The GLA's AEB provision will continue to support a range of groups, particularly the most disadvantaged Londoners not currently receiving sufficient support into employment or education. These include young adults who are not in employment, education or training, people without basic skills and people who are workless. It will also continue to support Londoners in low paid/low skilled jobs.

⁶ Targets are based on assumptions of how many SMEs a Business Adviser can support over a period of time and how many Business Advisers the service can fund.

4. Other considerations

Funding

- 4.1. London Multiply programme funding cannot be rolled over into further financial years, as such the London Multiply contribution to the skills brokerage pilot is ring-fenced to be spent in the 2024-25 FY.
- 4.2. Funding will be subject to agreement with L&P on monitoring arrangements for expenditure, output and outcome performance, and risks and issues as required by the AEB Assurance Framework as well as the evidence required to satisfy audit requirements.

Subsidy control

- 4.3. The Subsidy Control Act 2022 requires that grant funding comply with its subsidy control principles. This section sets out how of grant funding complies with those principles:
 - a) Common interest: Subsidies should pursue a specific policy objective in order to: (a) remedy an identified market failure, or (b) address an equity rationale (such as local or regional disadvantage, social difficulties or distributional concerns).
 - The GLA Skills and Employment Team leads the implementation of the Mayor's Skills Roadmap for London, aiming to make skills provision in London more accessible, impactful and locally relevant to communities and the local economy. This project has links to the Mayor's Roadmap, particularly the aim of making skills provision more locally relevant to the needs of London's economy, including businesses and employers.
 - The proposed award of £1.35m to grant L&P is a contribution to its costs to deliver a stand-alone skills brokerage project, to further their small and medium-sized enterprise (SME) support programme. GLA officers have identified a need to provide this resource to ensure the policy objective is met and will remedy the following identified market failures:
 - SMEs are not aware of London's skills offer or do not know how to navigate the skills system
 - there is evidence of unmet skills needs in London
 - the business support landscape, including skills provision, is fragmented, with multiple sources, and small businesses are not able to find the right support.
 - b) Proportionate and necessary: Subsidies should be proportionate to their specific policy objective and limited to what is necessary to achieve it.
 - The grant is proportionate and limited to what is necessary for L&P to deliver its stand-alone skills brokerage project to achieve the objective. There will be no adverse effects for a particular groups or area. The project will and aim to reach small businesses led by Londoners from underrepresented groups, with a focus on women and disadvantaged entrepreneurs.
 - c) Design to change economic behaviour of beneficiary: Subsidies should be designed to bring about a change of economic behaviour of the beneficiary. Moreover, that change, in relation to a subsidy, should be: (a) conducive to achieving its specific policy objective, and (b) something that would not happen without the subsidy.
 - The grant will support and enable the application of L&P's unique business expertise in London to achieve the policy objective. The grant will bring about a change of economic behaviour in SMEs who will be more likely to take up skills and employment training available to help their business grow and upskill their staff. The provision of a grant from the

GLA is central to progressing this pilot project.

- d) Costs that would be funded anyway: Subsidies should not normally compensate for the costs the beneficiary would have funded in the absence of any subsidy.
- The funding is enabling L&P to meet objectives which align with GLA priorities. L&P would not be able to undertake this activity in the absence of the grant.
- e) Least distortive means of achieving policy objective: Subsidies should be an appropriate policy instrument for achieving their specific policy objective, which objective could not be achieved through other, less distortive, means.
- The grant is an appropriate instrument for addressing the identified policy objectives. L&P is the business growth and destination agency for London. Its mission is to create economic growth that is resilient, sustainable and inclusive. Given its aims and objectives, L&P has expanded its role to support SMEs, part of this includes establishing a single front door and small business support programme in collaboration with London boroughs.
 - To further ensure SMEs find the right support at the right time, L&P are aiming to deliver this stand-alone skills brokerage project as a separate function but aligning with its other Single Front Door activity, to provide increased skills and employment provision and support.

4.4. Competition and investment within the United Kingdom: Subsidies should be designed to achieve their specific policy objective while minimising any negative effects on competition or investment within the United Kingdom.

- GLA officers have not identified any negative effects on domestic competition or investment and international trade or investment, related to this grant.
- f) Beneficial effects to outweigh negative effects: Subsidies' beneficial effects (in terms of achieving their specific policy objective) should outweigh any negative effects, including in particular negative effects on: (a) competition or investment within the United Kingdom; and (b) international trade or investment.
- The GLA has outlined the beneficial effects of the policy and not identified any negative effects on either (a) or (b). The grant is addressing market failures and this has been called for by business groups, such as through the London Local Skills Improvement Plan.

Links to Mayoral strategies and priorities

4.5. L&P's skills brokerage project aligns with commitments made in: the Mayor's Skills for Londoners Strategy, to meet the needs of London's economy and employers, now and in the future; the Mayor's Skills Roadmap for London, to make skills provision more locally relevant; the Mayor's Economic Development Strategy that commits to improving the infrastructure which underpins growth, including skills support; the Mayor's commitment to support Londoners through the cost of living crisis; and his mission to build a fairer and more prosperous city for everyone.

Risk arising/mitigations

Risk descriptions	Planned mitigations
The model of the project will not meet the needs of employers and engagement	The concierge team will be trained on skills provision and employer needs in London and will be responsive to the needs of employers, supporting them to identify skills need and signpost to appropriate support. There is a marketing plan in place to raise engagement across the timeline of the pilot and the advisors within the team

<p>from employers on skills provision will be low.</p>	<p>will collect feedback from employers to understand what is working well and what can be improved over the duration of the pilot.</p> <p>This project is a pilot and learning will be built in over the next two financial years and taken forward.</p>
<p>The skills brokerage service is not as well used compared to the other services that L&P provides to small businesses.</p>	<p>A grant agreement for this project will be in place between the GLA and L&P before commitment to funding is made, this will include training the concierge team in skills and employer offers, and the GLA will also look to provide information and learning for L&P officers on the skills sector.</p>
<p>The funding is not spent within the relevant financial year (due to Department for Education requirements; London Multiply programme funding has to be spent within the financial year and cannot be rolled over).</p>	<p>A grant agreement will be in place and GLA officers will work closely with L&P officers to mitigate risks of under-performance and therefore underspend. If London Multiply funding is not spent within the financial year it will be rolled into a GLA growth pot for London Multiply providers to spend on delivery.</p>
<p>The digital service is not developed in time for the beginning of the pilot meaning the digital self-service element is not available for small businesses.</p>	<p>A set-up phase has been built into the timeline of the pilot (January to March 2024) to ensure that the website and digital service is set up and tested before going live.</p>
<p>A minimum level of delivery requirements are not met. Under the AEB Assurance Framework, which is shared with the Department of Education, performance and spend are monitored on a regular basis for expenditure, output and outcome performance, and risks and issues as a minimum. AEB and Multiply delivery are also subject to both internal and external audits, which requires officers to ensure that there is sufficient evidence of beneficiaries and service provision.</p>	<p>Funding will be subject to a final grant agreement with L&P which will include monitoring arrangements for expenditure, output and outcome performance, and risks and issues as required by the AEB Assurance Framework as well as the evidence required to satisfy audit requirements.</p>

4.6. There are no conflicts of interest to declare from those involved in the drafting and clearance of this decision.

5. Financial comments

- 5.1. Approval is sought for the expenditure of £1.35m in grant funding to London and Partners (L&P) as a contribution towards the costs of delivering a stand-alone skills brokerage project for the next two FY (£500,000 for the 2023-24 FY and £850,000 for the 2024-25 FY) that will connect SMEs to skills and employment provision and support, furthering their 'single front door' programme for small businesses.
- 5.2. This will be funded by £350,000 from the London Multiply programme budget in 2024-25 FY and £1m from the AEB (£500,000 for each FY). Both Programme budgets are funded by the Department for Education. AEB and Multiply funding of £850,000 for the 2024-25 FY would be subject to budget availability and confirmation of London's annual AEB and Multiply allocation by the Department for Education in early 2024.
- 5.3. The GLA would seek to grant fund a contribution from the existing approved London Multiply budget and the AEB towards L&P's costs of running this skills brokerage project. [MD3100](#) approved the AEB expenditure for the 2023-24 academic year and [MD3035 /ADD2632](#) approved the London Multiply Programme expenditure. This decision will approve the AEB expenditure for the 2024-25 FY.
- 5.4. Any contracts that commit the GLA in future years are subject to appropriate break clauses.

6. Legal comments

- 6.1. The foregoing sections of this report indicate that:
 - a) the decisions sought concern the exercise of the GLA's general powers, falling within the GLA's statutory powers to do such things as are considered to facilitate the promotion of economic development and wealth creation in Greater London
 - b) in formulating the proposals in respect of which a decision is sought, officers must comply 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 any decisions sought, 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 five (above) of this report.
- 6.3. Officers have set out in paragraph 4.3 above that they have considered and believe that the proposed award of grant funding aligns with the principles of the Subsidy Control Act 2022.
- 6.4. If the Mayor makes the decisions sought, officers must ensure that:

- no reliance is placed upon any funding (including the AEB funding) until all applicable GLA budgets are confirmed and a definitive legally binding commitment to third party (such as, for example DfE) sums is secured from those third parties
- a funding agreement is put in place (which meets any applicable AEB requirements) between and executed by the GLA and L&P before any commitment to fund is made
- as the grant funding exceeds £100,000.00, register the grant on the Department for Business, Energy & Industrial Strategy's Transparency Database.

6.5. In addition, to the extent that the proposals in respect of which decisions are sought involve the making of commitments which extend beyond the current Mayoral term, officers must ensure that the terms of all agreements entered into in respect of the expenditure do not have the effect of fettering the discretion of any successor administration, considering in particular the London elections taking place in May 2024. Accordingly, officers must ensure that all agreements which involve making such commitments include a GLA right to terminate at any point for convenience (at no cost to the GLA) and all such agreements are managed in such a manner, and any deliverables, milestones and/or output requirements are structured so as to mitigate risks of the GLA incurring abortive expenditure (which might be reasonably be taken to fetter, practically, the exercise of such discretion).

7. Planned delivery approach and next steps

Activity	Timeline
Grant is registered on the Department for Business and Trade's Transparency Database	December 2023
Issuing and signing of grant agreement with L&P 2023-24	January 2024
Skills brokerage implementation	January – March 2024
Digital platform live	April 2024
Phased rollout of Concierge Service	April 2024 – March 2025
Grant agreement L&P 2024-25	March 2024
End of London Multiply programme	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 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:

Cleo Kinder has drafted this report in accordance with GLA procedures and confirms the following: ✓

Sponsoring Director:

Tunde Olayinka has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities. ✓

Mayoral Adviser:

Jules Pipe 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 December 2023 ✓

INTERIM CHIEF FINANCE OFFICER:

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

Signature:

Date:

18/12/2023


CHIEF OF STAFF:

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

Signature:

Date:

18/12/2023



