

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2538

Title: London Growth Hub “Micro and SME Business Support Programme”

Executive Summary:

The GLA's London Growth Hub has received £1.43m from the Mayor's Strategic Investment Fund (SIF) to deliver a programme of business support across London as further set out in Mayoral Decision (MD)2363. To increase the lifetime of the programme, the number of businesses supported, and the level of support provided, the GLA's London Growth Hub applied for and secured a further £1m of European Regional Development Funds (ERDF) to match against £1m of the SIF funding.

This decision seeks the approval of expenditure of £2m, which will be made up of £1m SIF funding and £1m ERDF funding to enable the GLA's London Growth Hub to establish a physical presence across the city (additional approvals will be sought for the remaining £430,000 SIF funding).

The London Growth Hub has developed the 'Hub & Spoke' model (as described in section 2) which will provide London's micro, small and medium size enterprises with access to diagnostics, referrals and signposting and a high intensity business support programme for SMEs with capacity to grow and become more productive.

Decision:

That the Mayor:

1. Approves expenditure of up to £2m for the GLA's London Growth Hub to deliver a business support programme for micro, small and medium sized enterprises. The project will be funded by £1m from the Mayor's Strategic Investment Fund and £1m from European Regional Development Funding.
2. Approves receipt of £1m European Regional Development Funding; and
3. Delegates authority to the Executive Director of Development Enterprise and Economic Development to agree and execute changes to the delivery of the project within the above budget envelope.

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:

4/11/19

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

Decision required – supporting report

1. Introduction and background

- 1.1. The GLA's London Growth Hub is one of the 38 Local Enterprise Partnership (LEP) led 'Growth Hubs' across England which were established to bring together public and private sectors partners to promote, coordinate and deliver local business support and provide a mechanism for integrating national and local business support, so it is easy for businesses to access.
- 1.2. The first stage of the London Growth hub was predominantly web based, as the primary objective was to create a repository of business support information and offer that all London SMEs and stakeholders can access.
- 1.3. To expand its business support, offer and create a physical presence across London, the London Growth Hub team has developed a "Hub and Spoke" delivery model (as further explained in section 2 below). The London Growth Hub programme was allocated £1.43m from the Mayor's Strategic Investment Fund (SIF) through MD2363, pending this Director's Decision approval.
- 1.4. The London Growth Hub team has applied to the European Programmes Management Unit (EPMU) for European Regional Development Fund (ERDF) funding that will enable the team to match monies from the Mayor's Strategic Investment Funds against ERDF. This will increase the project lifetime from 14 to 24 months and will deliver a business support programme that will support London based SMEs to improve productivity and growth.
- 1.5. The Greater London Authority (GLA) is an Intermediate Body (IB) designated by the Ministry of Housing Communities and Local Government (MHCLG) for the award and management and administration of ERDF for the London 2014-20 European Structural and Investment Funds Programme. The IB role is undertaken by EPMU who hold the day today responsibility for ERDF.
- 1.6. Based within the GLA structure, EPMU acts on ERDF matters as an agent for MHCLG, undertaking overall programme management, project appraisal, payment and monitoring roles. The following should be noted:
 - Although EPMU sits within the GLA, protocols have been put in place to prevent any conflict of interest arising. EPMU has been audited by government regarding its separation of duties and both Government and the European Commission are content that the GLA is awarded ERDF funding.
 - EMPU systems are subject to audit, including audit by MHCLG, which may include a review of funding applications submitted by the GLA.
- 1.7. The ERDF is used to tackle regional disparities across Europe. The ERDF supports regional economic development by funding activities to promote and support business growth, innovation and regeneration.
- 1.8. The funding application was submitted under the ERDF priority axis 3: which aims to "Enhance the Competitiveness of Small and Medium Sized Enterprises".
- 1.9. Due to the stringent restrictions imposed by ERDF funding a decision was made to only match £1m of the Mayor's Strategic Investment Fund against ERDF, and ring fence the remaining £430, 000 for responsive activity post Brexit and other business support activity to be delivered through the Hub & Spoke model.
- 1.10. Additional approval(s) will be sought at Executive Director level (as per the delegation set out in MD2363), for activity to be delivered with the remaining £430,000 SIF allocation.

- 1.11. The 'Hub & Spoke' (as further described in section 2) model will be used by the London Growth Hub to deliver its face to face business support activity. All activity will be branded 'London Growth Hub', with the necessary acknowledgements dictated by each of the funding streams.
- 1.12. The London Growth Hub is in the final stages of a procurement exercise, which is being carried out with the support of Transport for London Commercial to appoint a contractor to deliver the face to face business support programme across the Hub & Spoke model. The procurement is being carried out in line with the GLA's Contracts and Funding Code. The face to face business support programme will commence in November 2019.
- 1.13. In March 2019 the London Growth Hub team launched an Expression of Interest (EOI) for organisations to co-host the London Growth Hub, through the Hub & Spoke model (as further detailed in section 2) for a period of two years, at no cost to the London Growth Hub.
- 1.14. Following a positive response by stakeholders and the receipt of 22 proposals ranging from Local Authorities, libraries, workspace providers, colleges and enterprise agencies, the London Growth Hub short listed five main sites and four satellite sites, to ensure a wider geographical cover in the outer London boroughs.
- 1.15. The five main sites are in the following boroughs: Haringey, Lambeth, Croydon, Hammersmith & Fulham and Greenwich. Satellite locations are in Harrow, Redbridge, Lambeth and Haringey. The main sites will house the London Growth Hub business advisers and the satellites will be used to deliver activity such as surgeries and workshops.
- 1.16. Three of the main sites are in Opportunity Areas¹ (Vauxhall, Croydon and Greenwich); three of the main sites are in Creative Enterprise Zones² (Croydon, Haringey and Lambeth); and three of the satellite sites are in Metropolitan Centres³ (Haringey, Harrow and Ilford).

2. Objectives and expected outcomes

- 2.1. The London Growth Hub project will provide business support from 5 main sites across London's sub regions, with one central 'hub' (Vauxhall) and four 'spokes', along with 4 satellite sites. To note that all the main sites (Haringey, Lambeth, Croydon, Greenwich and Hammersmith) will offer the same level of support, the hub is used to describe the more central London of the Lambeth/Vauxhall site. The five main sites and satellites are located in different parts of London, to enable the London Growth hub to establish a presence closer to businesses and achieve good coverage of London. Each location will be established to primarily support existing businesses with the capacity to increase productivity and growth. A limited programme of activity will be provided for early stage businesses, but this support will mainly focus on signposting to existing services, including the local offer and the London Growth Hub portal.
- 2.2. The project will provide the opportunity for businesses across London to enquire and learn about business support and programmes available to them locally, to support them on their business journey from start up to growth. These services will be provided by the procured contractor. The services will be sector agnostic to enable support to 'everyday economy sectors' such as hospitality, retail, food production and distribution that want to unlock growth, investment and make productivity improvements.
- 2.3. Businesses engaging with the London Growth Hub will undergo diagnostic and eligibility checks to identify their business needs and determine the most appropriate support available. Eligible businesses will be able to choose from a menu of activities delivered through a rolling programme of

¹ Area that can accommodate large scale development to provide substantial numbers of new employment and housing (more than 5,000 jobs and/or 2,500 homes), with a mixed and intensive use of land and assisted by good public transport accessibility

² Creative Enterprise Zones, designate areas of London where artists and creative businesses can find permanent affordable space to work; are supported to start-up and grow; where local people are helped to learn creative sector skills and jobs.

³ Metropolitan centres serve wide catchment areas that can extend over several boroughs. These centres have very good accessibility and significant employment, service and leisure functions

workshops and 1-2-1 support depending on the individual business needs and capacity. Activities provided by the London Growth Hub will cover:

- Access to finance
- Sales
- Digital upskilling
- Intellectual property
- Brexit support
- Cyber security for businesses

- 2.4. For businesses with growth ambitions and a turnover of £250,000+, the project will provide tailored class-based support delivered as a cohort-based incubator programme for a period of three months. Each cohort will consist of 15 to 20 businesses to enable shared learning and peer to peer review of business practices.
- 2.5. The cohort of businesses participating on the accelerator programme will, at the end of the intervention be signposted to London and Partner's Mayor's International Business Programme, the Department for International Trade's London Internationalisation Fund, the Mayor of London's Technology Adoption Service and other suitable activity targeting growth businesses. A referral system will also be established with London and Partners' Business Growth Programmes to ensure that support is available to businesses at different stages of growth.
- 2.6. Project activities will have three main objectives: 1) to simplify the business support landscape in London; 2) to disseminate and illustrate the benefits accrued by businesses when they engage/receive business support; and 3) to create the necessary environment for businesses with potential to growth, to improve their business practices.
- 2.7. Project outputs will be 700 businesses receiving high intensity support (12 hours +); 200 new businesses supported (12 hours +); 650 businesses receiving Information, Diagnostics and Brokerage (IDB) (3 hours); and the creation of 47 jobs in supported enterprises.

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. For the face to face business support offer, delivered by the London Growth Hub team, we will develop a range of projects and activities that proactively seek to satisfy the GLA's public sector equalities duty, namely through addressing underrepresentation of women, disabled people and people of BAME origin to advance the equality of opportunity open to these unrepresented groups. The London Growth Hub hosted round tables with BAME, female and disabled entrepreneurs to identify what challenges they face as business founders, and how we can best support them and keep them informed of all business support activity taking place in London. Learning from the roundtables will inform some of the business support activity planned for the Hub and Spoke.
- 3.3. All the face to face support provided through the Hub and Spoke will have targets for women, BAME and disabled led enterprises. Additionally, business support will target businesses in areas with high deprivation indices.

- 3.4. The London Growth Hub portal has all relevant London based business support schemes, and this includes specific information and events for women, BAME and other underrepresented groups. The portal is compliant with level AA of the Web Content Accessibility Guidelines, and physical spaces will 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 Growth Hub is the initiative through which LEAP delivers all of its business support activities.
- 4.2. The Mayor also has an Economic Development Strategy (EDS) that establishes the Mayor's objectives for the sustainable economic development of London. The London Growth 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 Growth Hub.
- 4.3. This project will further align the objectives of the LEAP and EDS by creating an environment in the capital where businesses have access to free and impartial face to face business support and information to help them on their entrepreneurial journey.
- 4.4. Some of the activities also respond to the forthcoming London Industrial Strategy, which will outline how technology and Leadership and Management training can foster productivity improvements across the everyday economy.
- 4.5. The London Growth Hub will set up a project steering group to oversee project activities and manage risk. Additionally, the project will report to EPMU and LEAP quarterly.

5. Financial comments

- 5.1. Approval is being sought for the expenditure of £2m for the London Growth Hub 'Micro and SME Business Support Programme'.
- 5.2. Approval is also sought to accept £1m income from the ERDF.
- 5.3. The expenditure of £2m will be funded from the £1m ERDF approved as part of this decision and £1m from the Mayor's Strategic Investment Fund.
- 5.4. The profile of expenditure will be agreed when the contract is awarded. The current forecast is: 2019/20: £340,230; 2020/21: £868,831 and 2021/22: £790,909.

6. Legal comments

- 6.1. Paragraphs 1 to 2 of this report indicate that 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 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; 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 between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and foster good relations between persons who share a relevant protected characteristic 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 (above) of this report.
- 6.3. Any services required must be procured by Transport for London Commercial who will determine the detail of the procurement strategy to be adopted in line 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 the services.
- 6.4. Officers must ensure that an appropriate funding agreement is put in place and executed by the GLA and EPMU before any commitment to fund is made.

7. Planned delivery approach and next steps

Activity	Timeline
Signing of ERDF funding agreement	November 2019
Announcement	November 2019
Delivery Start Date	November 2019
First Steering Group Meeting	December 2019
First report to LEAP	March 2020
Evaluation starts	June 2020
Mid-term evaluation	November 2020
Final Evaluation	October 2021
Project Closure	December 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

If YES, for what reason:

Until what date: (a date is required if deferring)

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:

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

✓

Mayoral Adviser:

Rajesh Agrawal has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 4 November 2019.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

Tom Middleton
Tom MIDDLETON on BEHALF OF MARTIN CLARKE
04.11.19

CHIEF OF STAFF:

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

Signature

Date

D. Bellamy
4/11/2019

