

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2801

Title: LEAP and London Business Hub Funding for 2021/22

Executive Summary:

Mayoral approval is sought for receipt and expenditure of annual grants for core activity undertaken by the London Economic Action Partnership (LEAP). This includes current core grant funding of £500,000 received annually from the Ministry for Housing, Communities and Local Government (MHCLG). Currently LEAP also receives an annual grant to fund its Growth Hub (now known as the London Business Hub) from the Department for Business, Energy & Industrial Strategy (BEIS).

Additionally, approval is sought for ongoing expenditure on salaries and maintenance and development of the London Business Hub online portal; and receipt and expenditure of an additional Growth Hub grant from BEIS for the delivery of a London Peer Network Programme, as part of a national intervention.

Decision:

That the Mayor approves the:

1. receipt of an anticipated grant of £500,000, from the Ministry for Housing, Communities and Local Government, to support core LEAP related costs in 2021/22; and (b) expenditure of £431,618 on related GLA salaries;
2. receipt of an anticipated grant of £880,000, from the Department for Business, Energy & Industrial Strategy, for the London Business Hub; and (b) expenditure of: (i) £165,900 for related GLA salaries; and (ii) £153,312 for web portal maintenance and development work; and
3. receipt of anticipated funding of circa £300,000, from the Department for Business, Energy & Industrial Strategy; and (b) expenditure on the delivery the London Peer Network Programme, noting that the business case for this expenditure will be set out in guidance by the Department for Business, Energy & Industrial Strategy.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

17/3/21

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

Decision required – supporting report

1. Introduction and background

LEAP Core Funds

- 1.1. The LEAP Core Funds is a grant received annually from the Ministry of Housing, Communities & Local Government (MHCLG) and is used to support core staffing, administration and memberships, marketing, research and small projects that align with the LEAP's core priorities of supporting enterprise and entrepreneurship through the themes of 'connectivity, space and people'.
- 1.2. The £500,000 annual grant is provided to all LEPs, regardless of size or complexity and is supplemented by match funding from local partners. Due to the forthcoming pre-election period, approval is sought prior to receipt of the grant offer letter for 2021-22 in order to ensure existing staffing can continue to be funded beyond 31 March 2021.
- 1.3. The majority of staffing posts charged to the LEAP Core Funds have been made permanent by the GLA. The following posts are ongoing, permanent posts charged to LEAP Core Funds:
 - Senior Manager - LEAP (GLA Grade 13);
 - Board Secretary - LEAP (GLA Grade 10);
 - Senior Policy Officer - LEAP (GLA Grade 8);
 - Senior Engagement & Communications Officer (GLA Grade 8); and
 - Coordinator - LEAP (GLA Grade 6).
- 1.4. In addition, there are two posts funded from Core Funds on a temporary basis:
 - Principal Policy Officer – Local industrial Strategy (GLA Grade 10, until 31 March 2022 only); and
 - Senior Project Officer (GLA Grade 8, FTE 0.6, until 31 March 2022 only).
- 1.5. Based on existing salaries (or salary mid-point for vacant posts) and associated on-costs it is estimated that the total staffing bill will be £431,618 during 2021/22. The balance of £68,382 and any unused staff funding will be deployed to support administration and memberships, marketing, research and small projects, and will be brought through for approval under separate project-level decisions.

London Business Hub Funds

- 1.6. The London Business Hub is one of 38 'Growth Hubs' across England which were established to bring together public and private sector partners to promote, co-ordinate and deliver local business support and provide a mechanism for integrating national and local business support so it is easy for businesses to access. It operates primarily through business advisors located across five locations in London (currently the service is delivered online) and its online platform at www.businesshub.london.
- 1.7. The Department for Business, Energy and Industrial Strategy (BEIS) has committed to ongoing financial support for Growth Hubs. Up to the 2020/21 financial year BEIS provided a two-year nominal allocation for each of the Growth Hubs. Due to the disruptions caused by the pandemic, last year's Spending Review only covered one year and therefore the London Business Hub only has a one-year confirmation of funding of £880,000. In addition, LEAP has been awarded a further £300,000 to deliver the national Peer Networks programme in London.

- 1.8. Both core Growth Hub and Peer Network grants cover 2021/22 only and must be spent in-year. Whilst decisions on the majority of the core Growth Hub grant expenditure can be made once full grant terms have been received, an early decision on staffing and the online portal is required in order to ensure continuity of service. The Peer Networks funding is also presented for approval now due to BEIS' expectation that delivery should commence as early as possible in 2021/22.
- 1.9. The current expectation is that Growth Hubs will remain the vehicle through which HM Government fund coordination of support to micro, small and medium sized businesses, with additional funding being likely to be made available to individual Growth Hubs for the delivery of national programmes such as this financial year's additional £360,000 for Brexit preparedness and Covid-19 support and £360,000 for Peer Networks. Beyond 2021/22, this is however subject to the outcome of the BEIS Business Support Review and the next Comprehensive Spending Review. Any such additional grants would be subject to separate Mayoral Decisions.
- 1.10. The indicative expenditure of the London Business Hub for 2021/22 is detailed in the table below:

Expenditure detail	Budget
Salaries	£165,900
Online platform: content, development & maintenance	£153,312
Marketing & Promotion (including events, roadshows, stakeholder/digital engagement)*	£100,000
Project delivery*	£370,788
South East Cluster lead role (TBC)*	£80,000
Administration*	£10,000
TOTAL:	£880,000
<i>*Further work is required to develop the scope of activity once the grant offer letter is received from BEIS and therefore a decision on expenditure of these funds is not being brought forward for approval at this stage.</i>	

- 1.11. The salaries line includes the following ongoing and permanent posts:
- Principal Policy Officer (Grade 10); and
 - Project Officer (Grade 6).
- 1.12. In addition, three temporary posts also support the London Business Hub during 2021/22:
- Senior Project Officer (Grade 8, until 31 March 2022, 0.4 FTE); and
 - Senior Project Officers x2 (Grade 8, until end of June 2021).
- 1.13. Costs associated with the online platform are in line with the existing contract and include up to £70,000 for further development work. A contract with a service provider that hosts, maintains and supports the web portal is in place, as part of a three-year rolling contract, with annual break clauses. Due to the annual uncertainty over ongoing grant to fund this activity, approval to extend the contract is sought annually once BEIS grant funding is confirmed.
- 1.14. As noted above, approvals for any costs associated with administration, marketing and individual projects will be sought in line with the LEAP's Schedule of Funding Responsibilities and, if necessary, through GLA decision forms.

- 1.15. The grant for the London Peer Network programme sits outside the annual London Business Hub grant. The London Business Hub participated in the first stage of the Peer Network programme that started in November. By the end of March 2021, the programme will have exceeded its target of supporting 250 businesses and will have worked with 15 partners ranging from faith-based business organisations, Local Authorities and Business Improvement Districts.
- 1.16. No further business case will be presented for approval under the Peer Networks proposal, as project delivery is entirely mandated by BEIS through a national 'playbook' which will be updated for 2021/22.
- 1.17. Staffing posts covered by these funds are already established, and therefore the approval of receipt grant and expenditure on salaries of this budget will enable the continued payment of salaries.

2. Objectives and expected outcomes

- 2.1. LEAP plays a key role in supporting multiple objectives outlined in the Mayor's Economic Development Strategy. Core Funding helps support staffing resource that leads on strategy, governance and delivery, the three areas that HM Government hold the LEAP to account for.
- 2.2. In addition to managing significant capital funds, LEAP's core priority is to support enterprise and entrepreneurship through the themes of 'connectivity, space and people'. The London Business Hub is the key vehicle through which LEAP delivers against these priorities. Likewise for the Mayor, the London Business Hub acts as the delivery body for all of City Hall's SME support offer. Each year the London Business Hub supports in excess of 2,000 businesses and engages with many more through events and digital engagement channels.
- 2.3. In addition to funding for the core staffing functions for both LEAP and the London Business Hub, this decision supports the following specific objectives:
- 2.4. London Business Hub online platform: the portal aims to be the single point of entry for business support in London, and the online home of all Mayoral SME support. Last year the web portal achieved over 138,712 unique users and in 2021/22 we aim to increase this by at least a further 20%. We also regularly monitor other metrics of success such as dwell time, conversion rates and bounce rates against industry comparators. In terms of core functionality and performance of the portal, our existing delivery partner is required to respond to urgent issues within one hour and resolve with four hours. A three-day per week dedicated expert resource is included within the contract to maintain content and information on events (minimum of 200 at any one time) and other content across the site.
- 2.5. Peer Networks: this programme will support 20 business networks, each receiving 18 hours of facilitated action-learning and three hours of one-to-one support. The programme will target businesses that employ a minimum of five people and a turnover of 100,000. The primary focus of the intervention is to reduce the UK's productivity gap, which remains 30% lower than other G7 countries. This approach to improve productivity is based on OECD studies that highlight the impact and effectiveness of established peer networks on productivity. The creation of self-sustaining networks of businesses will be captured through follow-up surveys and potentially alumni events.

3. Equality comments

- 3.1. Under Section 149 of the Equality Act 2010, as a public authority, the Mayor of London must have due regard of the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who have protected characteristics and those who do not.

- 3.2. This funding will directly support LEAP's priorities around access to entrepreneurship for individuals who may face particular barriers (primarily BAME, women and disabled entrepreneurs) and those that may not have the social capital to do so (e.g. individuals from areas of high deprivation). The staff funded under both the LEAP and London Business Hub funds will lead on oversight of LEAP's Diversity Statement and its Diversity Action Plan.
- 3.3. The London Business Hub plays a key role in delivering actions to support diverse entrepreneurs and business owners, with several programmes focused specifically on supporting these groups. As well as ensuring under-represented business owners are engaged in the development, delivery and promotion of our business support interventions.

4. Other considerations

Key risks and issues

- 4.1. It is a Government requirement that the delivery of the London Growth Hub is in line with the LEAP's Assurance Framework, which outlines detailed arrangements for the approval, appraisal and delivery of LEAP funded programmes as well as requirements for governance and transparency and risk management.
- 4.2. Risks for each project will be identified as we seek approval and develop the activity. Potential risks across the programme include not procuring on time, not receiving good quality tenders, and projects not recruiting sufficient SMEs. These risks will be assessed on individual basis depending on the particular project and circumstances and appropriate mitigation measures will be developed.
- 4.3. Growth Hub grant awarded by BEIS needs to be spent in year to avoid claw back of funds. The Enterprise Team always profile BEIS funding first to ensure that monies are committed and defrayed in a timely manner.

Link to Mayoral strategies and priorities

- 4.4. The Mayor has been clear regarding his concerns about the impact to businesses if appropriate funding and support is not in place for business. This package of support therefore forms part of the Mayor's response to support London's economy through and beyond the current crisis. It also supports the priorities set out in the Mayor's Economic Development Strategy to support enterprise and entrepreneurship in the capital.
- 4.5. There are no conflicts of interest to declare for the officers involved in the drafting or clearance of this decision form.

5. Financial comments

- 5.1. Approval for receipt of £500,000 is being sought in this decision. This has been agreed in principle via a letter of comfort received from MHCLG in January 2021 confirming the funding available for 2021/22 financial year. The income received will be used to cover associated expenditure, which includes staffing costs in the sum of £431,618. This figure is derived from annual salaries in 2020/21 and a breakdown of posts to be funded is set out at section 1 above. This grant is conditional on continuing match funding of £250,000 from GLA staffing and other in-kind funding.
- 5.2. Within the letter of comfort received from MHCLG is confirmation of the intent to provide Growth Hub funding for the London Business Hub in the sum of £880,000 available for the 2021/22 financial year. Associated expenditure for this receipt of income includes £165,900 of staffing costs and £153,312 of ongoing web portal maintenance and development work. Endorsement from the LEAP Board is also being sought on this basis.

- 5.3. The delivery of the London Peer Network programme for 2021/22 financial year is anticipated to be funded by MHCLG. This is expected to be in the region of £300,000, which is based on 20 funding cohorts (a reduction on last year).
- 5.4. In total there is expected grant funding of £1,680,000 of which expenditure of £1,050,830 is being committed in this decision. Business case approval will be sought for the balance of £629,170.

6. Legal comments

- 6.1. The preceding sections of this report indicate that the decisions requested of the Mayor fall within the GLA's general 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 (section 30, GLA Act 1999).
- 6.2. In formulating the proposals in respect of which a decision is sought, officers have complied with the Authority's related statutory duties to:
- (a) 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
 - (b) consult with appropriate bodies.
- 6.3. In taking the decisions requested, as noted in section 3 above, the Mayor must have due regard to the Public Sector Equality Duty under section 149 of the Equality Act 2010, namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity foster good relations between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it. To this end, the Mayor should have particular regard to section 3 of this report.
- 6.4. Should the Mayor be minded to make the decisions sought officers must ensure that:
- (a) to the extent that any of the proposed expenditure concerns the purchase of works, services or supplies, those works, services or supplies must be procured by TfL procurement in accordance with the GLA's Contracts and Funding Code and appropriate contracts are entered into and executed by the GLA and counterparties before commencement of the same; and
 - (b) they comply with all relevant GLA HR protocols to the extent applicable to the proposed staffing matters.
- 6.5. Should it be proposed that any reliance be placed upon the anticipated MHCLG, BEIS (or any other 3rd party) funding before binding commitments are secured for the provision of the same: (a) there is a risk that such funding may not materialise and the GLA will be required to fund such expenditure itself; and (b) officers should, to the extent possible, programme the making of commitments, undertaking of activity and allocation of resources to which such expenditure relates are severable in an attempt to limit any losses that might be suffered.
- 6.6. Given that the activity and expenditure in respect of which the decisions are sought concerns activity extending beyond the Mayoral term officers must also observe the principle that the GLA should not unreasonably fetter the discretion of any future administration.

7. Planned delivery approach and next steps

Activity	Timeline
Proposed expenditure commences	1 April 2021
Decisions for remaining funding progressed	After 6 May 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? YES**

For what reason: To be deferred until binding commitments are in place.

Until what date: (a date is required if deferring) 30 April 2021

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:

Phillip 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 8 March 2021.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

9 March 2021

CHIEF OF STAFF:

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

Signature

Date

8 March 2021