

Item No.	Classification: Open	Date: 16 February 2022	Decision maker: Cabinet Member for, Business, Jobs and Town Centres
Report title:		Southwark Pioneers Fund - Delivery Strategy	
Ward(s) or groups affected:		All	
From:		Stephen Gaskell, Director of Strategy and Economy	

RECOMMENDATION(S)

That Cabinet Member for Business, Jobs & Town Centres:

1. Agrees the refreshed four-year, £2million Southwark Pioneers Fund (SPF) that was previously approved by Cabinet.
2. Agrees the commissioning plan as set out in this report.
3. Request that officers provide an update report to Cabinet on the implementation and delivery of the SPF in 12 months.

BACKGROUND INFORMATION

4. The SPF was originally developed in 2019 to generate inclusive growth by supporting the creation or scale-up of micro commercial and social enterprises (including revenue-raising charities). The underpinning aims of the SPF were to deliver against the 2018-2022 council plan theme of a 'full employment borough', with a commitment to: 'Establish an Innovation Fund to invest in Southwark's entrepreneurs of the future.' To meet this commitment, Cabinet approved the establishment of the Southwark Pioneers Fund in June 2019 (see background papers).
5. It's core aims were to:
 - Widen the diversity of people who own and lead businesses in Southwark;
 - Increase good quality employment opportunities; and to
 - Support Southwark enterprises to generate wider social or environmental value.
6. The programme had a budget of £2million and consisted of three elements: a grants programme, a loans programme (with potential for equity investments) and an enterprise support programme. In autumn 2019 the first round of grants funding was launched, which awarded £49,957 to ten businesses. A commissioning exercise for a business support provider was also at the final

stage (pending award notice) when covid-19 struck and the remaining £1.95m of SPF was necessarily repurposed into a Business Hardship Fund in April 2020 (see background papers).

7. A progress report had been intended to be brought back to Cabinet after 12 months on the implementation and delivery of the SPF, however this was not feasible for the reasons outlined in paragraph 6. In line with this initial intention, a 12-month SPF progress report will now be brought to Cabinet in early 2023.
8. In February 2021, Council Assembly resolved to reinstate the SPF at a cost of £950,000, in order to support the borough's economic renewal post-Covid. Subsequent to this, the full fund of £1.95m was reinstated with the Business Hardship Fund expenditure covered instead through Covid-19 emergency funding.
9. The refreshed SPF will operate over a four-year period up to 2026 and the £1.95m will be funded from corporate reserves.
10. An additional £50k funding will be added from the Local Economy Team budget, bringing the total SPF pot to £2 million.

KEY ISSUES FOR CONSIDERATION

11. Since its original inception the economic climate has changed significantly, not least the impacts of Covid-19. As we emerge from the pandemic, it is particularly important that we support local enterprises to build resilience, sustain and grow.
12. However, we must also consider the impacts of other key issues such as Brexit and climate change. We should also be mindful of the progress made across the borough to tackle racism and address inequalities as part of Southwark Stands Together and the wider equalities framework. With all of this in mind, the SPF has two additional stated aims and five key aims in total:
 - Increase the creation, survival and scale-up of commercial and social enterprises (including revenue-raising charities)
 - Widen the diversity of people who own and lead enterprises in Southwark
 - Reduce enterprises' carbon emissions
 - Create good quality employment for Southwark residents
 - Generate wider social value for the people of Southwark
13. To deliver these aims and ambitions, the four-year programme of enterprise support will be split into four themes:
 - i. **Start-up Programme** - Enterprises support for start-ups and aspiring entrepreneurs
 - ii. **Growth Programme** - Enterprise support for later-stage enterprises focused on growth

- iii. **Green Programme** - Support for enterprises to decarbonise and reduce their environmental impact
 - iv. **Social and Community Programme** - support for social and community enterprises led by women or people from Black or minoritised backgrounds
14. The SPF consists of a business support and grants budget. Indicatively, the total budget for business support is £1,285,000 and £665,000 for grants, which in percentage terms, is a 66/34 split.
 15. The Business support programmes will be procured in accordance with the council's commissioning guidelines and administered in line with contract standing orders. The procurement process will be staggered with the Start-Up and Growth contracts commissioned initially and concurrently. It is anticipated that the Green Programme will be commissioned in spring 2022 to begin delivering during late summer 2022. The Southwark Local Access Programme (LAP), which is a partnership between local and national organisations based in the borough, is anticipated to deliver the support for charities and social enterprises although final timescales are yet to be determined.
 16. The council will be the grant budget holder for the Start-Up and Growth programmes and grants will only be available to enterprises accessing the relevant enterprise support services. When an enterprise has accessed an appropriate level of support via either programme, they can be considered for a grant, and if appropriate, a grant recommendation will be made by the support provider to the council. The provider is considered best placed to make this recommendation as they will have had greater insight into the enterprise and able to determine whether the grant would be congruent with their business action plans and direction of travel. The grant recommendation will then be considered by a panel of council officers and grant awards formally approved by the Cabinet Member for, Business, Jobs and Town Centres, via an IDM.
 17. A similar process to that outlined in paragraph 16 is currently being used successfully for a Business Resilience Support programme, which was recently commissioned by the council to provide immediate support to build businesses' resilience as we emerge from the pandemic. Furthermore, members of the Local Economy Team have built up a degree of expertise with regards the administration of business grants, given the large-scale, multi-million pound covid-related grant schemes that have been delivered since the start of the pandemic.
 18. Loans will no longer be offered under the SPF. This is due to the urgent need for non-repayable finance and considers the fact that many competitive loan funds are already available in response to the pandemic.
 19. Table 1 summarises the indicative budgets and timeframes for each of the contracts:

THEME	BUSINESS SUPPORT BUDGET (£)	GRANTS BUDGET (£)	TOTAL BUDGET (£)	CONTRACT START	CONTRACT END
Start-up	300,000	115,000	415,000	June 2022	June 2026
Growth	550,000	185,000	735,000	June 2022	June 2026
Green	200,000	100,000	300,000	Q3 2022	TBC
LAP	TBC	TBC	500,000	TBC	TBC
Total	1,050,000	400,000	1,950,000		

Table 1

20. Table 2 provides indicative numbers of businesses to be supported through each of the four programmes and how many of these are anticipated to have access to grants.

THEME	NO. BUSINESSES SUPPORTED	NO. BUSINESSES WITH ACCESS TO GRANTS
Start-up	200	46
Growth	150	37
Green	40	10
LAP	30	12
Total	420	105

Table 2

21. The remaining £50k budget will be targeted at supporting local SMEs to secure contracts, particularly from public sector and local anchor institutions. This speaks directly to current council plan commitment GIE8 to “Support Southwark Black, Asian and minority ethnic-led and women-led businesses to secure contracts with public sector anchor institutions” and also responds to recommendations by the Education and Business Scrutiny Commission in their July 2020 report – Procurement: Accessibility and Social Value (see background papers).

Policy framework implications

22. The establishment of the SPF was originally driven by the 2018-22 Council Plan commitment to “establish an Innovation Fund to invest in the Southwark’s entrepreneurs of the future”. Although the Council Plan was refreshed in response to the pandemic, the essence of this commitment remains relevant and is encapsulated in the 2020-22 Borough Plan commitment:

Back new and growing green business and social enterprises, with help to access business support, affordable workspace and finance to help to deliver the new infrastructure Southwark needs

23. Relaunching the SPF as laid out in this report also delivers against the following commitments in the borough plan:
 - Provide effective business support to Black, Asian and minority ethnic-led businesses
 - Help Southwark's high streets to be thriving and vibrant, seeking to achieve full occupancy and encourage residents to shop local
 - Return employment levels to where they were before COVID-19
 - Create new quality apprenticeships and internships
24. The Economic Renewal Plan pledges to “continue to support businesses to deal with the immediate impact of the crisis [the coronavirus pandemic] and plan for a comprehensive programme of assistance to support inclusive business growth.” This delivery strategy also works towards delivering this pledge.
25. The Start-up support in particular will have focus on young people, which aligns with the council’s Youth New Deal in helping young people to decide whether self-employment is right for them and equip them with the skills needed to turn their business idea into reality.

Community, equalities (including socio-economic) and health impacts

Community impact statement

26. With due regard to the Public Sector Equality Duty, an equality impact analysis (EIA) was carried out on the SPF during its initial development. The analysis identifies service users across the protected characteristics, with detail of the mitigating actions that could be incorporated into the service design (see background papers).
27. The EIA has been reviewed and revised to reflect the updated delivery strategy, the change in the economic climate, and more recent research.
28. People from Black, Asian and minority ethnic backgrounds, women, young people and disabled people are underrepresented amongst entrepreneurs. A core aim of the SPF is to support these groups start up and grow their enterprises. To this end, ambitious equality and diversity targets will be set, with the aim of achieving high programme participation amongst the target demographics.
29. Additionally service providers will be required to develop links with Southwark Works, the council’s employment service. Southwark Works supports a combination of groups that are overrepresented in unemployment measures, including some of the most marginalised groups in the labour market. Through collaboration, the service seeks to widen employment opportunities, specifically to meet the needs of protected characteristic groups. This service will help Southwark Works fulfil this aim by promoting job opportunities created with the support of the Start-Up and Growth programmes.

Equalities (including socio-economic) impact statement

30. The pandemic has not affected everyone equally. Black, Asian and minority ethnic communities, women, disabled people and young people have been disproportionately impacted. People from these groups can also face barriers to starting up and growing their own enterprises due to difficulty accessing funding, business support and business networks. The murder of George Floyd and the Black Lives Matter movement sadly further highlighted the racism and injustice that people from Black, Asian and minority ethnic backgrounds face. Southwark Council is committed to tackling inequality and injustice so it is essential that the SPF addresses the inequalities experienced by people in business.
31. The SPF has been designed to be accessible to enterprises led by people from Black, Asian and minority ethnic backgrounds, women, disabled people and young people. The commissioning and monitoring processes will be used to ensure that this is the case across all four SPF themes and appropriate targets put in place in the Start-Up and Growth programmes initially.

Health impact statement

32. A core aim of the SPF is that it is accessible to those under-represented in business. This includes disabled people and people with additional health needs. Services under the SPF are designed to be fully accessible to people with additional health needs. For example, materials should be available in large print and carers and sign language interpreters should be able to attend events and workshops. Parts of the service could be available online to give enterprise owners flexibility over when they access the service.
33. It is anticipated that a long term outcome of the programme will be that enterprise owners and aspiring entrepreneurs are able to start and grow their own enterprise, have greater control over their own working conditions due to being self-employed and generate increased revenue. As a result, it is hoped that entrepreneurs have greater financial security and improved health and economic wellbeing.

Climate implications

34. A key aim of the SPF is to support enterprises to reduce their carbon emissions and generally carry out their business activities in a sustainable manner. Although specific support will be primarily be delivered via the Green Programme, the Start-Up and Growth programmes will also include performance measures around carbon reduction.
35. It is anticipated that carbon reduction support will be well-received amongst businesses, as over 60% of respondents to the business survey reported that they would be 'quite likely' to access support to make their business more environmentally friendly.

Resource implications

36. The procurement and monitoring activities associated with this report will be managed within existing Local Economy Team resources.

Legal implications

37. All of the contracts entered into for the provision of business support services outlined in this report will be subject to appropriate commissioning processes.

Financial implications

38. As per the budget setting process, the Fund has a total budget of up to £2 million. This budget will cover all costs incurred in delivering and administering the Southwark Pioneers Fund.
39. There will be a mix of commissioned delivery and in-house delivery (all contained within existing resources and budgets).
40. The proposed Fund is expected to operate over a four-year period up to 2026 and has a total value of £1.95m which will be funded from the London Business Rates pool, with an earmarked reserve (Southwark Pioneers Fund) created.
41. The administration of the grant process will be managed within the Council and the business support functions of the Fund will be provided externally via a commissioning process.
42. All internal staff and other costs will be contained within existing departmental revenue budgets.

Consultation

43. Since 2018, the council has undertaken a range of local research, analysis and consultation to help inform the design of the Fund including:
 - The establishment of an advisory group consisting of business support providers, academic institutions, corporate consultancies and third sector organisations;
 - A survey seeking the views of businesses via the Consultation Hub;
 - A needs analysis undertaken by the Young Foundation;
 - Advice and guidance gained through soft market testing during the development of the original business support specification.
44. Findings from research and consultation with local enterprises have also been taken into account. Recommendations from a business survey conducted by 'Social Life', an independent research organization, in autumn 2020, after the first national lockdown, have shaped the design of the fund.
45. In July 2021 a survey went out to over 11,000 businesses signed up to the council's business mailing list to inform the development of a comparable

business support service. 367 responses were received which gives us an understanding of what types and topics of support are most relevant to local businesses.

46. Two other channels were utilised to engage and incorporate the views of people from the SPF target demographics. The views of participants of the Start-up in London Libraries (SiLL) programme were sought via an online survey, specifically to gain insight into any lessons learned so that these could be incorporated into the Start-Up programme which will replace SiLL.
47. Additionally, in an effort to delve deeper into what we can do to ensure the services are accessible as possible, an online engagement forum was trialled. The forum asked more specific, open questions with the aim of gaining more detailed answers and inviting a more in depth conversation with people from the target demographics. It was promoted to enterprises, utilising networks expanded through the Southwark Stands Together programme.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

48. The procurement of the contracts outlined in this report, which will be subject to their own gateway reports and managed in line with the council's Contract Standing Orders is known and being supported by the procurement advice team.

Director of Law and Governance

49. The report seeks agreement from the Cabinet member on a revised approach to the Southwark Pioneer Fund following a review of the most appropriate way of providing the support identified as being needed by small businesses and enterprises in Southwark. The Cabinet member was given delegated authority to agree the details of the delivery of the Fund when it was established by the Cabinet on 18 June 2019. It is noted that there is no longer to be any provision for loans and equity investment but that the Fund will instead be focused on business support and grants. Agreeing the delivery of this Fund is an executive function that can be determined by the cabinet member in accordance with the Local Government Act 2000 and following the specific delegation identified above. This is a "key decision" in accordance with that Act.
50. The general power of competence in section 1 of the Localism Act 2011 enables the council to do anything that individuals generally may do and the proposals are all matters that would be covered by this power.
51. The business support programmes that are to be established will be subject to the usual council procurement processes and Legal Services will be available to provide legal support with this.
52. Under section 149 of the Equality Act 2010, in making this decision, the cabinet member must comply with its public equality duty which requires it to have due

regard to the need to (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

53. The equalities analysis appended to the report clarifies the likely impacts on individuals with protected characteristics arising from the establishment of this fund and its operation and relevant factors that will be taken into account as the application process is developed. They are referred to in the community impact statement above and are all relevant matters that the cabinet member should give due regard to, in considering this report.
54. Officers will need to keep subsidy control principles (former state aid) in mind when considering the award of grants and can seek advice from Legal Services as appropriate

Strategic Director of Finance and Governance (CE21/072)

55. This report is requesting Cabinet Member for, Business, Jobs and Town Centres to agree the Delivery Strategy of the Southwark Pioneers Fund (the Fund). Full details and background are contained within the main body of the report.
56. The strategic director of finance and governance notes that the total value of the proposed Fund is £1.95m, which has an earmarked reserve (Southwark Pioneers Fund).
57. The strategic director of finance and governance notes that an update report will be submitted to cabinet in early 2023 to update on the implementation and delivery of the Fund.
58. It is noted that all staffing and other costs connected with this report will be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Southwark Pioneers Fund: Establishment Report and background documents at item 13	Local Economy Team	Matt Little 020 7525 0388
Development of a Business Hardship Fund in response to the COVID -19 pandemic Report - Business Hardship Fund	n/a	n/a
Procurement: Accessibility and Social Value Report of the Education and	n/a	n/a

Business Scrutiny Commission – July 2020 Procurement Report Final		
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APPENDICES

No.	Title
Appendix 1	Equalities Impact Assessment (updated)

AUDIT TRAIL

Lead Officer	Danny Edwards, Head of Economy	
Report Author	Matt Little, Principal Strategy Officer	
Version	Final	
Dated	14 February 2022	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Governance	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	16 February 2022	