

<b>Item No.</b> 16.	<b>Classification:</b> Open	<b>Date:</b> 13 September 2022	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Response to the Report of the Education and Local Economy Scrutiny Commission: Town Centre Action Plan – Southwark Pioneers Fund	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Cllr Martin Seaton, Jobs, Business and Town Centres	

## **FOREWORD: COUNCILLOR MARTIN SEATON, CABINET MEMBER FOR JOBS, BUSINESS AND TOWN CENTRES**

The introduction of the Pioneers Fund aims to release the potential of Southwark entrepreneurs and to bring together the support and finance that our residents need to grow a new wave of social and commercial enterprises. The aim of the Fund is to support people in turning their ideas into successful ventures.

The main objectives of the Pioneers Fund will be to increase the creation and survival of social and commercial enterprises, widen the diversity of residents who own and lead enterprises in Southwark, create good quality employment for Southwark residents and to generate wider social value across the Borough. Financial support in the form of grants will be made available in addition to advice and guidance for new start enterprises and businesses looking to grow.

I would like to thank the Education & Local Economy Scrutiny Commission for its work in contributing to the development of this programme to help ensure that our Southwark Pioneers can thrive and prosper.

## **RECOMMENDATION**

1. That Cabinet notes the approach undertaken by the council in procuring providers for the Southwark Pioneers Fund (SPF) Start-up and Growth contracts.

## **BACKGROUND INFORMATION**

2. In June 2022, a report from the Education and Local Economy Scrutiny Commission recommended to cabinet that the Council develops a framework of business support providers for both the Start-up and Growth programme to best serve the diversity of need amongst Southwark's entrepreneurs and social businesses. At the point that this recommendation was received, procurement of the Start-up and Growth contracts was almost complete, as agreed in the Delivery Strategy approved by the Cabinet Member for Jobs, Business and Town Centres in the IDM dated

February 2022.

3. The establishment of the SPF was originally driven by the 2018-22 Council Plan commitment to “establish an Innovation Fund to invest in Southwark’s entrepreneurs of the future”.
4. In order to deliver on this promise, the SPF was developed in 2018/19 with ambitions to generate inclusive growth by supporting the creation or scale-up of commercial and social enterprises (including revenue-raising charities). Cabinet approved the establishment of the SPF in June 2019 (see background documents).
5. The delivery of the SPF was regrettably interrupted by the coronavirus pandemic and the programme necessary paused. Following this enforced hiatus, there was clear merit in refreshing the SPF to reflect the significant changes to the economic climate brought about not only by the pandemic, but also Brexit, climate change, and the progress made across the borough to address inequalities as part of Southwark Stands Together.
6. With these factors in mind, the SPF has the following five key aims:
  - i. Increase the creation, survival and scale-up of commercial and social enterprises (including revenue-raising charities)
  - ii. Widen the diversity of people who own and lead enterprises in Southwark
  - iii. Reduce enterprises’ carbon emissions
  - iv. Create good quality employment for Southwark residents
  - v. Generate wider social value for the people of Southwark
7. A refreshed four-year SPF enterprise support programme was proposed and agreed by the Cabinet Member for Jobs, Business and Town Centres via IDM in February 2022 (see background papers). The SPF is particularly relevant to the Council Delivery Plan (2022-26) measures to:
  - Back Southwark residents to start more businesses, co-operatives and social enterprises
  - Provide extra support for entrepreneurs who are underrepresented in business, including women, Black, Asian, minority ethnic and disabled people
  - Grow a network of start-up hubs rooted in our communities.
8. To deliver these aims and ambitions, the SPF is split into the following four themes, delivered by four separate agreements:
  - a) **Start-up Programme** - Enterprises support for start-ups and aspiring entrepreneurs
  - b) **Growth Programme** - Enterprise support for later-stage enterprises focused on growth
  - c) **Green Programme** - Support for enterprises to decarbonise and reduce their environmental impact

- d) **Social and Community Programme** - support for social and community enterprises led by women or people from Black or minority ethnic backgrounds (delivered through the Local Access Programme (LAP)).

## KEY ISSUES FOR CONSIDERATION

9. Several procurement routes for the Start-up and Growth programmes were considered to ensure that they effectively catered for the diversity of needs of local entrepreneurs and businesses.
10. Thorough soft market testing was undertaken with a range of local, regional and national business support providers but there was little appetite for segmenting either of the Start-up or Growth contracts by stages, sector or backgrounds.
11. Specific feedback from providers indicated that support can be relatively sector agnostic to a large extent as business issues/barriers are often universal while sharing challenges outside of your sector can be beneficial for entrepreneurs in order to gain a different perspective. Furthermore, there is scope within the SPF for a business to use grant funds to obtain specialist advice or services if necessary.
12. In terms of stages, there will be a collaborative agreement in place between the Start-up and Growth providers to ensure that a business is a 'right fit' for the most appropriate programme. The programmes have been designed to complement each other and have flexibility in the referrals process to cater for specific business needs and the stage they are at in their journey of growth.
13. The idea of segmenting the contracts via target groups was tested with entrepreneurs and although it received some favour, there was not sufficient support to justify taking this approach. However, there may be instances where specific cohorts are recruited to create synergies, e.g., an Accelerator programme specifically for black female-led enterprises.
14. A robust procurement exercise was recently undertaken, and bidders were able to successfully demonstrate an ability to provide relevant and effective support services to local wantpreneurs, start-ups, and growth business whatever specific stage, sector or group the owner/founder falls into. A total of twenty-three tenders were received: nine submissions for the Start-Up contract and fourteen for the Growth contract.
15. The Start-up Programme aims to provide support to residents who are interested in exploring self-employment but may not yet have a business idea, right the way through to those at an early stage of trading and want to sustain and develop their enterprise. Trampoline NH CIC (the successful provider) will deliver enterprise support to 240 early-stage enterprises, or residents seeking to start an enterprise. In addition, they will deliver 24 information, advice and guidance (IAG) sessions to 520 residents

interested in self-employment, or who want to learn more about what starting an enterprise involves. Support will be delivered via a mixture of open days based in Southwark's communities, one-to-one coaching, group seminars, masterclasses and networking events. Support will be available both in person and online to provide a flexible, accessible offer for residents and enterprises.

16. The aim of the Growth Programme is to support entrepreneurs who have been trading for some time and wish to develop their enterprise and achieve their growth ambitions. Hatch enterprise (the successful provider) will deliver enterprise support to 248 enterprises. 120 of these will participate in an accelerator programme designed for enterprises who want to plan their path for growth and scale. These enterprises will receive approximately 60 hours of support delivered via a mixture of one-to-one support, masterclasses, peer workshops, mentoring and a demo day. 128 enterprises who are either not yet ready for the accelerator or able to make the time commitment will receive between 3 and 12 hours of one-to-one support, masterclasses, networking events, peer round tables and mentoring. Support will be delivered both in person and virtually, with the accelerator content being delivered virtually to ensure accessibility.
17. Both providers are local or have a strong Southwark presence and have existing connections and relationships with organisations and communities in the borough. What differentiated these two bids from the other tenders received was the level of experience and ability to engage and provide support to the target demographics demonstrated in their respective submissions. Trampoline offers a grassroots approach to community engagement giving confidence that those most disadvantaged and under-represented in entrepreneurship will be targeted for support. Hatch offers holistic, wrap-around support to entrepreneurs, demonstrating that they understand the barriers faced by the target groups and giving them the additional support needed to help make their enterprises a success. Both providers' missions strongly align with the aims of the SPF and Southwark Stands Together (SST), giving confidence that support will go towards those who are most disadvantaged and under-represented within entrepreneurship.
18. Trampoline and Hatch are both SMEs, with Trampoline being a Black women-led micro CIC. Awarding to these providers will help build capacity in small, local providers and keep the council's funds within the local community.

### **Policy framework implications**

19. This SPF was originally driven by the 2018-22 Council Plan commitment to "establish an Innovation Fund to invest in Southwark's entrepreneurs of the future". The essence of this commitment remains relevant and is encapsulated in the 2022-26 manifesto pledge:
  - *We will back Southwark residents to start more businesses, co-*

*operatives and social enterprises, growing a network of start-up hubs rooted in our communities. With extra support for entrepreneurs who are underrepresented in business, including women, Black, Asian, minority ethnic and disabled people.*

20. It also delivers against the following pledges:

- *We will create more opportunities for you when you leave school, including 250 paid internships for young people from disadvantaged backgrounds, 2,000 apprenticeships and free support to start a business*
- *We will keep more wealth within our community, ensuring the council and other big institutions in Southwark buy more goods and services from local businesses, cooperatives, social enterprises and charities, including Black, Asian, ethnic minority and women-led businesses and third sector organisations.*

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

### **Community impact statement**

21. With due regard to the Public Sector Equality Duty, an equality analysis 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. The EIA has been reviewed and revised to reflect the updated delivery strategy, the change in the economic climate, and more recent research.
22. More recently, the views of potential service users across the protected characteristics have been captured and incorporated into the development of the specifications. For example, 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. Of the respondents, 56% identified as a minority ethnic business, 44% as a woman-led business and 8% as a disabled-led business. Other channels have also been explored to further engage and incorporate the views of those groups most underrepresented in business – please see the consultation section for further details.
23. 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. Although the enterprise support is not limited to these groups, bidders were evaluated on how their service will target these communities to ensure support is tailored to their needs. Trampoline and Hatch scored very highly on these criteria which is what set them apart from the other bidders. Their approaches include:
- A grassroots approach to community engagement, utilising existing connections and relationships within Southwark's communities to engage with the target groups;

- Tailoring marketing and promotion work to under-represented groups to raise awareness about the support on offer;
  - Providing mentors with lived experience who can deal with the overlap of personal and business challenges
  - Offering a regular bursary to programme participants
  - Signposting to health and well-being services.
24. Additionally, ambitious equality and diversity targets have been set, with the aim of achieving high programme participation amongst the target demographics.
25. The council will ensure that the provider's practices are inclusive and require them to have an Equalities & Diversity policy in place.
26. Additionally, the Start-up provider 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**

27. 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**

28. 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. Trampoline and Hatch both offer a mix of in-person and virtual delivery to ensure that their programmes are fully accessible. The support provided will be holistic, considering additional needs, focussing on building clients' confidence, and offering motivational support, helping them to set up survival plans/budgets and providing networking opportunities. Additionally, Hatch provides signposting to health and wellbeing services, mental health first aid training and providing mentors with lived experience who can provide holistic as well as business support.
29. 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 change implications**

30. A key aim of the SPF is to support enterprises to reduce their carbon emissions. Although this will primarily be delivered via the Green Programme, the Start-Up and Growth programmes will also include performance measures around carbon reduction. Providers were required to set their own measures and targets in relation to environmental impact.
31. Trampoline will deliver ethical business & leadership masterclasses including topics such as the benefits of using local suppliers and sustainable materials. Hatch will integrate a Sustainability Toolkit into the SPF cohorts to support enterprises to build strategies to reduce their environmental impact.
32. Additional environmental measures such as the number of enterprises supported operating in the green sector will be discussed on contract award.
33. Much of the enterprise support will be delivered online, or at community hubs, reducing the need for clients to travel.

### **Resource implications**

34. There are no direct staffing implications. Quarterly monitoring meetings and all other contract management meetings/ work will be undertaken by the Local Economy Team's lead officer for the contract or a delegated officer as appropriate within existing staffing.

### **Legal implications**

35. Please see concurrent from the Director of Law and Governance.

### **Financial implications**

36. There are no financial implications associated with this report.

### **Consultation**

37. Since its inception in 2019, a considerable amount of consultation and research has been undertaken to help develop the model of the fund and the specification and procurement strategy for the enterprise support.
38. During the initial development of the fund, several enterprise support providers were consulted as part of an advisory group. Soft market testing informed the original enterprise support specification, and this learning was carried forward to inform the specifications for the current Start-Up and

Growth programmes. Further soft market testing has been undertaken to inform the development of the current specifications to ensure that the services continue to be relevant and meet the needs of enterprises in the current economic climate. It also helped develop suitable measures of success, realistic targets and provided up-to-date costs.

39. Findings from research and consultation with local enterprises have also been taken into account. Recommendations from a business survey conducted by an independent research organisation in autumn 2020, after the first national lockdown, have shaped the design of the fund. Additionally, 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 gave us an understanding of what types and topics of support are most relevant to local enterprises.
40. 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. Although the response rate was not high, the comments received were very useful and helped shape the specification.
41. 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. Some ideas presented on the forum received some feedback and support, however unfortunately the response rate was not very high.
42. Research and consultation from the early development of the SPF during 2018-19 has also been included in the redevelopment of the fund. For example, views from the original SPF advisory group, a needs analysis undertaken by the Young Foundation and the results from a survey to businesses via the Consultation Hub.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Head of Procurement**

43. This report confirms to Cabinet the approach that has been undertaken to procuring providers for the Southwark Pioneers Fund (SPF) Start-up and Growth contracts. Paragraphs 9-18 summarise the process that was undertaken and contracts awarded.
44. Full details of the procurement process and evaluation that was undertaken are detailed in the report, as well as in the gateway reports, included within



the background documents. These confirm that the process processes followed were in line with the council's Contract Standing Orders.

### **Strategic Director of Finance and Governance (CE22/023)**

45. The strategic director of finance and governance notes that there are no financial implications arising from this report.
46. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

### **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Southwark Pioneers Fund: Establishment (July 2019) <a href="#">Report and background documents at item 13</a>	Local Economy Team	Matt Little 020 7525 0388
Southwark Pioneers Fund - Delivery Strategy (February 2022) <a href="https://moderngov.southwark.gov.uk/mgDecisionDetails.aspx?Id=50028108&amp;Opt=1">https://moderngov.southwark.gov.uk/mgDecisionDetails.aspx?Id=50028108&amp;Opt=1</a>	Local Economy Team	Matt Little 020 7525 0388

### **APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix 1	SPF Gateway 1
Appendix 2	SPF Gateway 2

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Martin Seaton, Jobs, Business and Town Centres	
<b>Lead Officer</b>	Danny Edwards, Head of Economy	
<b>Report Author</b>	Matt Little, Principal Strategy Officer	
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<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Law and Governance	Yes	No
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
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