

<b>Item No.</b>	<b>Classification:</b> Closed	<b>Date:</b> 09/06/2022	<b>Meeting Name:</b> Director of Strategy and Economy
<b>Report title:</b>		<b>Gateway 2 - Contract Award Approval</b> Southwark Pioneers Fund: Start-Up and Growth Enterprise Support Programmes	
<b>Ward(s) or groups affected:</b>		Businesses, enterprises and trading charities in all wards	
<b>From:</b>		Libby Dunstan, Senior Strategy Officer	

**Not for publication by virtue of category 3 paragraph 10.4 of the Access to Information Procedure Rules of the Southwark Constitution**

**RECOMMENDATION(S)**

1. That the Director of Strategy and Economy approves the award of the Southwark Pioneers Fund (SPF) Start-Up contract to Trampoline NH CIC for the maximum value of £300,000 (as further detailed in paragraph 77) for a maximum period of four years commencing July 2022.
2. That the Director of Strategy and Economy approves the award of the Southwark Pioneers Fund Growth contract to Hatch Enterprise for the maximum value of £550,000 (as further detailed in paragraph 77) for a maximum period of four years commencing July 2022.

**BACKGROUND INFORMATION**

3. The SPF was originally developed in 2019 to generate inclusive growth by supporting the creation or scale-up of 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 documents).
4. Following the pause of the programme during the pandemic, the fund has since been developed to ensure that it is relevant to the current economic climate. These developments were approved in February 2022 via an IDM report approved by the Cabinet Member for Business, Jobs and Town Centres. A summary of the business case for the Fund is given in the background section of the Gateway 1 report, within the 2019 cabinet report and the 2022 IDM report (see background documents and Appendices 1 and 2).
5. The refreshed SPF is driven by the need to support economic renewal as we emerge from the worst of the pandemic, our commitment to tackling

inequality, discrimination and injustice, and the climate emergency. With these in mind, the SPF has the following five key aims:

- 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

6. To reflect these aims and ambitions, the SPF consists of a four-year enterprise support programme available to enterprises participating on the programme. Indicatively, the total budget for business support is £1,345,000 and £605,000 for grants. The enterprise support will be split into four themes, delivered by four separate agreements:

- i. Enterprise support for start-ups and aspiring entrepreneurs (Start-up Programme)
- ii. Enterprise support for later-stage enterprises focussed on growth (Growth Programme)
- iii. Support for enterprises to decarbonise and reduce their environmental impact (Green Programme)
- iv. Business support for social and community enterprises led by women or people from Black or minority ethnic backgrounds (delivered through the Local Access Programme (LAP))

7. Ensuring that the support is accessible to enterprises led by people from Black, Asian and minority ethnic backgrounds, women, disabled people and young people is integral across all four themes.

8. The procurement for the four agreements is staggered. For a full breakdown of the budgets and timeframes for each of the four programmes, please refer to the Background Information section of the gateway 1 report.

9. This report refers to the outcomes of the procurement for the Start-Up and Growth enterprise support programmes. The gateway 1 report for the procurement strategy for these programmes was approved on the 11 March 2022. There has been no change to the procurement strategy. The procurement timetable has had minor amends to allow for an extended period for clarification questions due to the volume of tenders received.

### Procurement project plan (Non Key decisions)

Activity	Complete by:
DCRB Review Gateway 1:	18/02/2022

<b>Activity</b>	<b>Complete by:</b>
Brief relevant cabinet member (over £100k)	18/02/2022
Approval of Gateway 1: Procurement strategy report	10/03/2022
Completion of tender documentation	11/03/2022
Publication of Find a Tender Service Notice	11/03/2022
Publication of Opportunity on Contracts Finder	11/03/2022
Closing date for return of tenders	29/04/2022
Completion of clarification meetings/presentations/evaluation interviews	27/05/2022
Completion of evaluation of tenders	27/05/2022
DCRB Review Gateway 2: Contract award report	03/06/2022
Approval of Gateway 2: Contract Award Report	10/06/2022
Debrief Notice and Standstill Period (if applicable)	24/06/2022
Contracts award	27/06/2022
Add to Contract Register	27/06/2022
Place award notice in Find a Tender Service	27/06/2022
Place award notice on Contracts Finder	27/06/2022
Contracts start – Start-Up and Growth	30/06/2022
Initial Contracts completion date	29/06/2024
Contracts completion date – if extension(s) exercised	29/06/2026

## **KEY ISSUES FOR CONSIDERATION**

### **Description of procurement outcomes**

10. In total 23 tenders were received via open procedure: nine submissions for the Start-Up contract and 14 for the Growth contract. Following assessment and clarification interviews, it is recommended that the Council award the Start-Up contract to Trampoline and the Growth contract to Hatch who achieved the highest scores overall. Further details of the tender process

including the tenderers and scores are detailed in the Tender Evaluation section.

11. 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 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.
12. 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 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.
13. 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.
14. 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.

## **Key benefits and additional value**

15. It is anticipated that the Start-Up Programme will deliver the following benefits and additional value:

- Enterprise support to 240 enterprises / residents which is a 20% increase on the minimum target set
- 24 IAG sessions delivered to 520 residents interested in self-employment, which is a 33% increase on the minimum number of IAG sessions set
- Estimated 118 residents supported to register a business
- Estimated 36 jobs and apprenticeships safeguarded and 117 created
- Trampoline also aims to support 63 enterprises to access additional finance amounting to £192,000 accumulatively
- Trampoline has very strong local knowledge and connections with Southwark's communities giving confidence that support will go to those most in need
- Council funds will stay within the local community and help build capacity in a Black woman-led micro-CIC with a strong Southwark presence.

16. It is anticipated that the Growth Programme will deliver the following benefits and additional value:

- Enterprise support to 248 enterprises which is a 65% increase on the minimum target set
- Estimated 248 jobs and apprenticeships safeguarded and 101 created
- Estimated 113 enterprises supported to bring new products or services to market
- Hatch also aims to support 126 enterprises to access additional finance amounting to £1.5m accumulatively
- Enterprises completing the accelerator programme become part of Hatch's Community Network, which gives them access to ongoing support through events, clinics, mentoring, coaching and networking which are led by corporate volunteers
- To support under-represented founders who face additional challenges in business, Hatch provide plenty of wrap-around support such as mentoring provided by trained coaches who can deal with the overlap of personal and business challenges, signposting to health and wellbeing services, a regular bursary whilst on the programme and regular 1-2-1s and mentoring with skilled mentors with lived experience
- Council funds will stay within the local community and help build capacity in a local SME.

## **Key/Non Key decisions**

17. This report deals with a non key decision.

## Policy implications

18. This procurement exercise 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”. 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.*

19. 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.

20. The Economic Renewal Plan commits 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 procurement also works towards delivering this commitment.

## Tender process

21. An open procedure was followed. Tender submissions were received from the following organisations:

<b>Start-Up Programme</b>	<b>Growth Programme</b>
Christian Millionaire Bookclub Ltd.	Accounts and Legal Consultants Ltd.
CPG Executive Consulting Ltd	Bayes Business School, City University of London
Digital Islands Business Services Ltd	Capital Enterprise (UK) Ltd
Grow Inspires	CPG Executive Consulting Ltd
Hustle & Heels Ltd.	Digital Islands Business Services Ltd
Macintosh Hospitality Ltd	Engineering Business Growth Ltd
Resume Foundation	Future Flexing Ltd.
Trampoline NH CIC	Gemteq Ltd.
Wenta	Goldsmith College, University of London

	Hatch Enterprise
	London Southbank University (LSBU)
	Newable Ltd.
	Sara Carter Training and Consultancy Ltd.
	Wenta

## Tender evaluation

22. The evaluation comprised of three stages:

- Stage one - compliance (pass / fail)
- Stage two - quality (70%)
- Stage three – value for money (30%)

23. Tenderers were required to submit a proposal addressing the key requirements of the brief. The evaluation criteria are shown in Table 1 below.

**Table 1**

Question number / criteria ref.	Quality Criteria	Weighting
2	Identifying participants and marketing the service	10
3	Identifying and prioritising participants most in need of support	10
4	Programme design and ability to deliver enterprise support services to meet the needs of enterprises	20
5	Programme resources, capability and capacity	8
6	Previous experience of delivering effective enterprise support and achieving outcomes	7
7	Quality assurance	8
8	Mobilisation and delivery plan	7
	<b>Value for Money Criteria</b>	
VFM1	<b>Start-Up:</b> Outputs 5, 6 <b>Growth:</b> Outputs 1, 2	8
VFM2	<b>Start-Up:</b> Outputs 5, 6 <b>Growth:</b> Outputs 1, 2 Are realistic, deliverable and make effective use of the budget	8
VFM3	<b>Start-Up:</b> Outputs 1-3,7, 16-22 <b>Growth:</b> Outputs 6, 11-17	8
VFM4	Match funding	3
VFM5	Additional value	3

24. Each quality criterion was awarded a score from 0-5 and then the weighting applied. The weighted scores for each question were then added together to give a total score for quality out of 70. The scoring criteria for quality are shown in Table 2 below.

**Table 2**

<b>Score</b>	<b>Descriptions</b>
<b>0</b>	<b>Cannot be scored:</b> No information provided or the response does not demonstrate an understanding of our requirements or the solution is incapable of meeting our requirements.
<b>1</b>	<b>Unsatisfactory:</b> Although the Supplier does demonstrate an understanding of our requirements there are some major risks or omissions in relation to the proposed solution to deliver the service and we would not be confident of our requirements being met
<b>2</b>	<b>Satisfactory:</b> A response which is capable of meeting our requirements but is unlikely to go beyond this.
<b>3</b>	<b>Good:</b> A response which shows that the Supplier demonstrates an understanding of our requirements, has a credible methodology to deliver the service and could evolve into additional benefits.
<b>4</b>	<b>Very Good:</b> A response which shows that the Supplier demonstrates an understanding of our requirements, has a credible methodology to deliver the service alongside a clear process and plan to deliver additional benefits and deliver value.
<b>5</b>	<b>Excellent :</b> A response which shows how the service can comprehensively be taken to the next level in terms of exceeding our requirements and/or offering significant added value to the Council's overall strategic requirements and objectives.

25. Each value for money criterion was awarded a score from 0-5 and then the weighting applied. The weighted scores for each question were then added together to give a total score for value for money out of 30. The scoring criteria for value for money are shown below.

**Scoring criteria: VFM1**

26. The score for VFM1 was calculated using the calculation:

$$\text{Start-Up: } (\text{Output 6} / \text{Output 5}) \times (\text{Output 5} / 200)$$

$$\text{Growth: } (\text{Output 2} / \text{Output 1}) \times (\text{Output 1} / 150)$$

27. This equates to:

$$(\text{Average number of hours of support per business}) \times (\text{Number of businesses supported above the minimum target})$$

28. The tenderer achieving the highest number received a score of 5. All other tenderers received a score from 0-5 relative to the highest tenderer.

29. If a tenderer's targets for outputs 5 and 6 (or 1 and 2 if applied for Growth) were unrealistically high and they received a score of 2 or below for VFM2,



they could be excluded from the scoring process for VFM1. This was to ensure that any outlying or unrealistic scores did not skew the scoring process for the other tenderers.

**Table 3 – Scoring criteria: VFM2-3**

Score	Descriptions
0	<b>Cannot be scored:</b> No information provided or significant gaps making it impossible to assess the proposal. Minimum targets are not met.
1	<b>Unsatisfactory:</b> Some information provided but some major risks or omissions in relation to the financial information and rationale. Not confident that the service and outputs are deliverable with the cost breakdown.
2	<b>Satisfactory:</b> A response which provides adequate financial information and rationale. Some confidence that the proposal and outputs are deliverable with the cost breakdown.
3	<b>Good:</b> A response which provides good financial information and rationale. Medium level of confidence that the proposal and outputs are deliverable with the cost breakdown. Funds are used efficiently.
4	<b>Very Good:</b> A response which provides thorough financial information and clear rationale. High level of confidence that the proposal and outputs are deliverable with the cost breakdown. Funds are used efficiently which could evolve into delivering additional value.
5	<b>Excellent :</b> A response which provides thorough financial information and clear, comprehensive rationale. Very high level of confidence that the proposal and outputs are deliverable with the cost breakdown. Funds are used efficiently, clearly delivering additional value.

**Table 4 – Scoring criteria VFM4-5**

Score	Descriptions
0	<b>Cannot be scored:</b> No information provided or no added value / match funding proposed.
1	<b>Unsatisfactory:</b> Although the supplier does demonstrate some added value or match funding, there are some major risks or omissions in the response making it unrealistic to be delivered or amounting to very little value.
2	<b>Satisfactory:</b> A response which is capable of delivering some added value or match funding. Some confidence that the methodology is capable of delivering the proposed added value.

<b>3</b>	<b>Good:</b> A response which shows that the supplier demonstrates a good level of added value or match funding and has a credible methodology to deliver the proposed added value.
<b>4</b>	<b>Very Good:</b> A response which shows that the supplier demonstrates a high level of added value or match funding and has a strong methodology to deliver the proposed added value.
<b>5</b>	<b>Excellent:</b> A response which shows that the supplier offers significant added value or match funding with a strong, comprehensive methodology to deliver the proposed added value.

30. The scores achieved for both quality and value for money were added together to give an overall score.

### Start-Up Evaluation

31. Table 5 shows the scores for the tenderers for the Start-Up Programme.

**Table 5**

<b>Tenderer</b>	<b>Total score pre-clarification (100%)</b>	<b>Final Quality Score (70%)</b>	<b>Final VFM Score (30%)</b>	<b>Final Total Score (100%)</b>
Trampoline	48.8	44.6	14.2	58.8
Wenta	47.6	42	13.6	55.6
Digital Islands	46.2	35	16.8	51.8
Hustle and Heels	41.6	36	15.2	51.2
Macintosh Hospitality	41.6	36	15.2	51.2
CPG	37.6	31.4	17.4	48.8
Resume Foundation	46.8	42.4	4.4	46.8
Grow Inspires	37	31.6	11.8	43.4
Christian Millionaire Bookclub	25.4	21.6	3.8	25.4

### Start-Up Clarification

32. All tenderers were asked to clarify their outputs as some of the responses were not clear and it was critical that the panel were able to compare like-for-like. To ensure that everyone had fair opportunity to clarify their outputs, the same clarification question was sent to all tenderers. The criteria VFM1 and VFM2 were therefore scored after clarification which accounts for the large increase between the pre and post clarification scores.

33. Trampoline, Wenta and Digital Islands were invited to clarification interviews following initial scores, as these were the top 3 bidders by a clear margin of

at least 4.8% and the remaining bids would not have been able to make up the difference in the scores. Resume Foundation also scored highly pre-clarification, however it was rejected from the tender process as it achieved a score of 0 for VFM1 and VFM2 so was not invited to interview.

34. Once the scores for VFM1 and VFM2 had been taken into account, Trampoline increased their score by 2% following their interview. This was due to greater clarity provided around their approach to outreach and engagement, including confirmation that there was a digital option for programme registration and delivering support.
35. Although Wenta were asked some clarification questions at interview, the answers received did not impact their scores so their overall score remained the same once their scores for VFM1 and VFM2 had been taken into account.
36. Once the scores for VFM1 and VFM2 had been taken into account, Digital Islands decreased their score by 4% due to their lack of offline outreach and engagement and ability to make the service accessible to under-represented groups.
37. Overall Trampoline achieved the highest score both pre and post clarification, with a final margin of 3.2%.
38. It is noted that none of the top bidders for the Start-Up Programme scored as highly as the bidders for the Growth Programme. However this is likely due to the tenderers being smaller organisations with less experience of tendering, rather than a reflection of their ability to provide a good quality service. All of the top scoring tenderers met the minimum thresholds for quality and value for money.

## Growth Evaluation

39. Table 6 shows the scores for the tenderers for the Growth Programme.

**Table 6**

<b>Tenderer</b>	<b>Total Score Pre-clarification (100%)</b>	<b>Final Quality Score (70%)</b>	<b>Final VFM Score (30%)</b>	<b>Final Total Score (100%)</b>
Hatch	71.8	57.2	20.6	77.8
Goldsmiths	70.2	53.4	20	73.4
LSBU	65.8	52	15.2	67.2
Capital Enterprise	68	45.6	15.8	61.4
Engineering Business Growth	59.8	41.4	16.8	58.2
Digital Islands	59	39	18.4	57.4
Newable	57.6	42	13.6	55.6

Gemteq	50.6	36.6	14	50.6
Bayes	49	37.6	11.4	49.0
Accounts and Legal Consultants	47.6	32	15.6	47.6
Wenta	47	35.6	11.4	47.0
Sara Carter	37.6	28	9.6	37.6
Future Flexing	36	25.2	10.8	36.0
CPG	34.4	29.4	5	34.4

### Growth Clarification

40. All tenderers were asked to clarify their outputs as some of the responses were not clear and it was critical that the panel were able to compare like-for-like. To ensure that everyone had fair opportunity to clarify their outputs, the same clarification question was sent to all tenderers. The criteria VFM1 and VFM2 were scored before clarification, although slight adjustments were made after clarification answers were received as detailed in the following paragraphs.
41. Hatch, Goldsmiths, LSBU and Capital Enterprise were invited to clarification interviews as from the initial scores, these were the top 4 bidders by a clear margin of at least 6% and the remaining ones would not have been able to make up the difference in the scores.
42. Hatch increased their score by 6% due to greater clarity provided around how they would administer the grants fund. They increased their score for mobilisation by providing clarity around what support would be available from the start of the contract. They also clarified how the match funding offered would apply to the programme.
43. Goldsmiths increased their score by 3.2% due to clarification of the number of hours of support provided to enterprises. This made them top scorer for VFM1.
44. LSBU increased their score by 1.4% due to providing clarity around what support would be available from the start of the contract.
45. Capital Enterprise decreased their score by 6.6% by clarifying that they do not offer any support to enterprises to reduce their environmental impact, which is a requirement of the programme. They increased their score for match funding by clarifying how it would apply to the programme. However, their score decreased for VFM1 as this criterion was scored relative to other bidders. When other bidders clarified their outputs, scoring was adjusted accordingly and resulted in a reduced score for VFM1.
46. Overall Hatch achieved the highest score both pre and post clarification, with a final margin of 4.4%.

## Plans for the transition from the old to the new contract

47. This is a new service so there will be no transition between contracts.

## Plans for monitoring and management of the contract

48. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The Report Author must ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System.

49. The contracts will be managed and monitored by an officer within the Local Economy Team. The officer will meet with the suppliers on a quarterly basis to monitor performance and service delivery and verify evidence. Contract monitoring arrangements in line with council procedures and established processes will include:

- Quarterly monitoring of outputs and outcomes
- Regular review of costs
- Management and oversight of ongoing risks and staging of payments following the completion of project phases

50. The contractors will be required to monitor outputs beyond the duration of the contract. This will be written into the contracts with a mechanism to claw back costs should this requirement not be met.

51. The initial term of the contracts is two years, with the option to extend the contract for a further two-year term. This allows the council to terminate the contracts at the end of the initial term.

52. The final contracts will also include a clause allowing the council to terminate the contracts at any time by giving one month's written notice.

## Identified risks for the new contract

No.	Risk	Risk Level	Mitigating Action
1.	Limited mobilisation time	Low	<ul style="list-style-type: none"><li>• The providers have submitted mobilisation plans which will form part of the contract. Both providers offer a staggered approach to mobilisation with support on offer from August 2022.</li><li>• Trampoline has staff in place to deliver programme activities until designated programme staff are recruited.</li></ul>

			<ul style="list-style-type: none"> <li>• Hatch’s community programme runs all year round so will be immediately available to enterprises.</li> <li>• Although Hatch’s accelerator programme does not begin until January 2023, the community programme offers 121 and group support to enterprises in the meantime and helps build capacity so that enterprises are fully prepared for the accelerator.</li> </ul>
2.	Underperformance service quality –	Medium	<ul style="list-style-type: none"> <li>• The providers have set their own targets which are based on experience from previous programmes they have delivered. The targets should therefore be realistic and achievable.</li> <li>• Hatch has a strong track record of delivering contracts of a similar size and quality.</li> <li>• Although this will be Trampoline’s largest contract to date, their application demonstrated their potential to scale up similar services and provides assurance that they will deliver a high quality service.</li> <li>• Continuous improvement will be encouraged through a flexible approach to monitoring and service delivery. This will enable the providers and the council to monitor and resolve any issues at regular intervals.</li> <li>• The contracts include multiple mechanisms to manage performance including implementing improvement plans, serving default notices and applying service credits.</li> <li>• The contracts will be issued for a 2-year initial term with a 2-year extension so can easily be terminated after 2 years if necessary. The contracts will also include a clause allowing the council to terminate the contract at any time.</li> </ul>
3.	Underperformance - cost	Medium	<ul style="list-style-type: none"> <li>• The providers have provided a credible cost breakdown with well-reasoned rationale giving confidence</li> </ul>

			<p>that the budgets will be managed appropriately. This will be monitored closely on a quarterly basis.</p> <ul style="list-style-type: none"> <li>• An assessment of the financial standing of both providers has been carried out. Hatch has a normal level of financial risk.</li> <li>• Although the financial risk of Trampoline is higher because they are a micro-CIC, they will be asked to provide a budget for how the first payment will be spent before any payment is made. All subsequent payments will be made on evidence of expenditure.</li> <li>• The value for Trampoline's contract is also relatively low at £75K p/a. Overall it is considered that the benefits of building capacity in a Black woman-led micro-CIC with a strong Southwark presence outweigh the financial risks of investing in an SME.</li> <li>• The contracts will be issued for a 2-year initial term with a 2-year extension so can easily be terminated after 2 years if necessary. The contracts will also include a clause allowing the council to terminate the contract at any time.</li> </ul>
4.	Insolvency	Medium	<ul style="list-style-type: none"> <li>• A credit check has been undertaken on the providers. Hatch has a normal level of financial risk.</li> <li>• Trampoline will receive £30K up-front costs to support with cash flow from the start. This will only be paid on receipt of a budget for how the first payment will be spent. All subsequent payments will be made on evidence of expenditure and colleagues will maintain close monitoring of the financial position of Trampoline.</li> <li>• The value for Trampoline's contract is also relatively low at £75K p/a. Overall it is considered that the benefits of building capacity in a Black woman-led micro-CIC with a strong Southwark presence</li> </ul>

			outweigh the financial risks of investing in an SME.
5.	Supplier relationship management	Medium	<ul style="list-style-type: none"> <li>• The contract officer will work closely with the providers during the mobilisation period to clearly set out the services, milestones and targets to be delivered so that any ambiguity is kept to a minimum.</li> <li>• Monitoring meetings will provide the opportunity to raise and resolve issues at regular intervals.</li> <li>• The providers for the Start-Up and Growth programmes (and later the Green and Social and Community programmes as they come onboard) will be expected to collaborate in order to offer the most appropriate form of support to enterprises. They will be obliged to sign a collaboration agreement which sets out how they should work together.</li> <li>• Initial mobilisation meetings will take place with both providers present to foster good relationships from the start and minimise ambiguity.</li> <li>• Both providers are organisations with missions and values that strongly align with the aims of the SPF and SST which is a good basis for a cohesive working relationship.</li> </ul>
6.	Covid-19 restrictions	Low	<ul style="list-style-type: none"> <li>• Most, and if need be, all of the service delivery can take place online so that businesses can still access the service should further covid-related restrictions come into place.</li> </ul>

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

### Community impact statement

53. 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 (see Appendix 2).



54. 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.

55. 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

56. Additionally, ambitious equality and diversity targets have been set, with the aim of achieving high programme participation amongst the target demographics.

57. When finalising the contract, the council will ensure that the provider's practices are inclusive and require them to have an Equalities & Diversity policy in place.

58. Additionally the 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**

59. 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. For further information, see the Background Information section, community impact statement and economic and social considerations.

### **Health impact statement**

60. 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 deliver to ensure that their programmes are fully accessible. The support provided will be holistic, taking into account additional needs and focussing on building clients' confidence and offering motivational support, helping them to set up survival plans/budgets and providing networking opportunities. Additionally, Hatch provide 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.

61. 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**

62. A key aim of the SPF is for businesses to decrease their environmental impact. For further information see the environmental / sustainability considerations.

### **Social Value considerations**

63. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the wellbeing of the local area can be secured. The social value considerations included in the tender (as outlined in the Gateway 1 report) are set out in the following paragraphs in relation to the tender responses, evaluation and commitments to be delivered under the proposed contract.

### **Economic considerations**

64. The procurement was advertised on ProContract and open to all types and sizes of provider, including small, local providers, social enterprises and the voluntary sector. Local providers involved in the soft market testing were encouraged to apply.

65. Trampoline and Hatch are both SMEs with a strong local presence, 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.

66. The providers will be encouraged to advertise any posts (including apprenticeships) funded by this contract with Southwark Works – therefore creating more employment opportunities for Southwark residents.
67. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the council to provide works or services within Southwark pay their staff at a minimum rate equivalent to the LLW rate. It is expected that payment of the LLW by the successful contractors for this contract will result in quality improvements for the council. These could include a higher calibre of multi-skilled employees that will contribute to the provision of the services within Southwark, more experienced staff, or continuity of service provision resulting from reduced turnover of staff and will provide best value for the council. It is therefore considered appropriate for the payment of LLW to be required. The successful contractor will be expected to meet LLW requirements and contract conditions requiring the payment of LLW were included in the tender documents. As part of the tender process, bidders were required to confirm that they will pay the LLW. Following award, any cost implications will be monitored as part of the contract review process.
68. Enterprises in receipt of support will also gain an understanding of the local employment landscape and supply chains, consequently drawing on these resources as their business grows.
69. As the enterprise support will primarily be targeting micro enterprises, we anticipate that a long-term outcome of the programme will be that these enterprises become more resilient and are able to generate increased revenue for those connected to them. Additionally, a key aspect of the enterprise support will be to support enterprises to apply for funding and increase their income streams in order to self-sustain and grow, consequently benefiting Southwark's local economy.

### **Social considerations**

70. Social value objectives are fundamental to the SPF. The following social value benefits will be delivered directly through the enterprise support:
- Southwark residents will be supported to start-up and grow their enterprise, in turn stimulating the local SME market, and potentially leading to job and apprenticeship safeguarding or creation.
  - The programmes will target Black, Asian and minority ethnic communities, women, young people and disabled people to ensure support is tailored to the needs of those groups underrepresented amongst entrepreneurs.
  - Employers will receive training/ awareness of good employment principles, the London Living Wage and other responsible business practices.

- Enterprises addressing issues outlined in the Southwark Council Plan commitments and/ or Southwark Council Common purpose outcomes will be supported to generate social value.

### **Environmental/Sustainability considerations**

71. 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.

72. 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.

73. Additional environmental measures such as the number of enterprises supported operating in the green sector will be discussed on contract award.

74. Much of the enterprise support will be delivered online, or at community hubs, reducing the need for clients to travel.

### **Market considerations**

75. Trampoline and Hatch are both SMEs with a strong local presence, 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.

### **Staffing implications**

76. 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.

### **Financial implications**

77. A contract of up to £300,000 will be awarded for the Start-Up Programme, and a contract of up to £550,000 will be awarded for the Growth Programme. Both programmes will deliver from June 2022 to June 2026. All values of exclusive of VAT.

78. Both programmes also have a grants budget: £115,000 for the Start-Up Programme and £185,000 for the Growth Programme. However, the council will be the grant budget holder and administer the grant payments. The enterprise support providers will take responsibility for assessing the

enterprises' needs and will recommend to the council whether a grant award would be justified.

79. In June 2019 Cabinet approved the establishment of the SPF including the resources to commission a business support provider. Since the SPF was reinstated, the Cabinet Member for Jobs, Business and Town Centres approved the updated delivery strategy and redistribution of funds via an IDM report in February 2022.

80. It is expected that approximately 240 enterprises will be supported by the Start-Up Programme and 248 by the Growth Programme.

### **Legal implications**

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

### **Consultation**

82. 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.

83. During the initial development of the fund, a number of 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.

84. 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.

85. 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 have helped shape the specification.

86. 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.
87. 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**

### **Strategic Director of Finance and Governance (CE22/013)**

88. This report is requesting the Director of Strategy and Economy to approve the award of the Southwark Pioneers Fund (SPF) Start-Up contract to Trampoline NH CIC for the maximum value of £300,000 (as further detailed in paragraph 77) for a maximum period of four years commencing July 2022.
89. This report is also requesting the Director of Strategy and Economy to approve the award of the Southwark Pioneers Fund Growth contract to Hatch Enterprise for the maximum value of £550,000 (as further detailed in paragraph 77) for a maximum period of four years commencing July 2022.
90. The strategic director of finance and governance notes that the total value of the recommendations of this report will be contained within the £1.95m of Southwark Pioneers Fund.
91. It is noted that all staffing and other costs connected with this report will be contained within existing departmental revenue budgets.

### **Head of Procurement**

92. This report seeks the approval of the Director of Strategy and Economy for the award of the Southwark Pioneers Fund (SPF) Start-Up contract to Trampoline NH CIC for the maximum value of £300,000. This is further detailed in paragraph 77. The contract is for a maximum period of four years, commencing in July 2022.
93. The report seeks the approval of the Director of Strategy and Economy for the award of the Southwark Pioneers Fund Growth contract to Hatch Enterprise. The maximum value of £550,000, as further detailed in paragraph 77 for a maximum period of four years, commencing in July 2022.

94. The report details the procurement process and evaluation which are set out in paragraphs 21-45.
95. The plans for the management and monitoring of the contract are set out in paragraph 47-52. Paragraph 66 confirms that the contracts will both pay London Living Wage.
96. The Community Impact, Equalities, Health and Climate Change Impact Statements are set out in paragraphs 52-61 of the report.

### **Director of Law and Governance**

97. This report seeks the approval of the Director of Strategy and Economy to the award of the SPF contracts for Start-up and Growth to Trampoline and Hatch Enterprise respectively, as further detailed in paragraphs 1 and 2. By virtue of contract standing order 6.5.2(f) these decisions may be taken by the relevant Chief Officer, or under her delegated authority after consideration of the report by DCRB.
98. As noted in the Gateway 1 report, the nature and value of these services are such that they are subject to the light touch regime (LTR) tendering requirements of the Public Contract Regulations 2015 (PCR 2015). Paragraph 21 confirms that an open tender process was undertaken (which was advertised through the Find a Tender Service) satisfying the PCR 2015 requirements. Using the evaluation methodology set out in the invitation to tender, the council has identified Trampoline as having submitted the most economically advantageous tender for the Start-Up, and Hatch Enterprise for the Growth procurement and they are therefore recommended for award of those contracts.
99. The Director's attention is drawn to the Public Sector Equality duty (PSED General Duty) under the Equality Act 2010, which requires public bodies to have regard, when making decisions, to the need to eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The Director is specifically referred to the community, equalities (including socio-economic) and health impacts at paragraphs 52-61 setting out the consideration that has been given to equalities issues which should be considered when approving these awards.
100. Contract Standing order 2.3 requires that no steps are taken to award a contract unless the expenditure involved has been included in approved estimates, or is otherwise approved by the council. Paragraphs 77-80 confirm the financial implications of these awards.

**PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS**

Under the powers delegated to me in accordance with the council’s Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report (and as otherwise recorded in Part B below).

Signature .....  
Date.....

Designation .....

**PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:**

- 1) All key decisions taken by officers
- 2) Any non-key decisions that are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available (see ‘FOR DELEGATED DECISIONS’ section of the guidance).

<b>1. DECISION(S)</b>
As set out in the recommendations of the report.
<b>2. REASONS FOR DECISION</b>
As set out in the report.
<b>3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION</b>
Not applicable.
<b>4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION</b>
None.



**5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST**

*If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.*

N/A

**6. DECLARATION ON CONFLICTS OF INTERESTS**

**I declare that I was informed of no conflicts of interests.**

**7. CONSIDERATION GIVEN TO WHETHER, AS A NON-KEY DECISION, THIS SHOULD BE FORWARDED TO THE CONSTITUTIONAL TEAM FOR PUBLICATION IN ACCORDANCE WITH REGULATION 13(4)\***

*The decision taker should consider whether although a non-key decision, the decision is sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available. Where there is any doubt, having considered the importance and/or sensitivity of a decision, it should be deemed that Regulation 13(4) would apply.*

**I do not consider that the decision be made available for publication under Regulation 13(4).\***

\* Under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the council is required to put in place a scheme for recording and publishing some officer executive decisions. This process is sometimes referred to as "Regulation 13(4)".

## BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Title of document(s) Southwark Pioneers Fund: Establishment	Title of department / unit Address Local Economy Team	Name Phone number Libby Dunstan <a href="mailto:Libby.dunstan@southwark.gov.uk">Libby.dunstan@southwark.gov.uk</a>
Link: ( Insert hyperlink here)  <a href="https://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=6413&amp;Ver=4">https://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=6413&amp;Ver=4</a>		
Title of document(s)	Title of department / unit address	Name Phone number
Link: (Insert hyperlink here)		

## APPENDICES

No	Title
Appendix 1	IDM – Southwark Pioneers Fund Delivery Strategy
Appendix 2	Gateway 1: Southwark Pioneers Fund
Appendix 3	Insert title of document
Appendix 4	Insert title of document
Appendix 5	Insert title of document
Appendix 6	Insert title of document

## AUDIT TRAIL

<b>Lead Officer</b>	Only nominated Lead Officers who have been specifically authorised by the chief officer are able to sign off reports as complete and ready for circulation
<b>Report Author</b>	This is the person who wrote the report and co-ordinated any comments from other departments or individuals.
<b>Version</b>	Indicate whether it is the draft or final/complete version of the report.
<b>Dated</b>	It is important that each version of a report circulated is clearly dated to avoid confusion for colleagues as to which version is the most current, e.g. 5 July 2020
<b>Key Decision?</b>	Yes/No
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>	

<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Governance	Yes	Yes
Director of Exchequer (for housing contracts only)	No	No
Cabinet Member	Yes	No
<b>Contract Review Boards</b>		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	No	No
<b>Cabinet</b>	No	No
<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>		N/A