

Item No.	Classification: Open	Date: 14 December 2022	Decision Taker: Cabinet Member for Jobs, Business and Town Centres
Report title:		Approval of Southwark Pioneers Fund Social and Community Programme	
Ward(s) or groups affected:		All	
From:		Director of Strategy and Economy	

RECOMMENDATIONS

That the cabinet member for jobs, business and town centres:

1. Approves the Southwark Pioneers Fund (SPF) Social and Community Programme as set out in this report.
2. Agrees to a grant award of £500,000 of SPF to the Southwark Local Access Partnership (via Renaisi as the accountable body) to support businesses in the social economy.

BACKGROUND INFORMATION

3. 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.
4. The programme had a budget of £2m 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) by February 2020. Following this and prior to approval of the final stage, the COVID-19 pandemic, and its material impact on local business, required the Council to repurpose the remaining £1.95m of SPF into a Business Hardship Fund. This fund went live from April 2020.
5. Since the original inception of the SPF, Southwark's local economy has changed significantly, not least the impacts of COVID-19 and the cost-of-living crisis. It is as important as ever that we support local enterprises to build resilience, sustain and grow.

6. The combined impact of COVID, cost-of-living and other key issues such as Brexit and climate change, as well as progress made across the borough to tackle racism and address inequalities as part of Southwark Stands Together, required the Council to refresh the SPF Delivery Strategy. In February 2022 the cabinet member for jobs, business and town centres approved the refreshed SPF delivery strategy (see background papers).
7. The refreshed SPF has the following 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
8. To deliver these aims and ambitions, the SPF programme of enterprise support has been 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 minority backgrounds
9. The SPF Start-up and Growth programmes were officially launched in September 2022 and will run concurrently for four years. The Green programme is anticipated to launch in late summer 2023. This report deals specifically with the Social and Community Programme.

SOCIAL AND COMMUNITY PROGRAMME

10. In recognition of the good work that took place during the development of the initial SPF in 2018-19, the council was invited to submit a proposal for a £33m programme (the Local Access Programme (LAP)) of enterprise support and blended social investment for charities and social enterprises, to run over 10 years. Southwark was one of 12 places across the UK invited to apply by Access - The Foundation for Social Investment (Access Foundation) and Big Society Capital (BSC), who are jointly funding the programme.

11. The proposal was co-designed alongside a wide range of partners¹ and submitted in October 2019. This set out our vision for the LAP and our social economy / enterprise support plans.
12. The partners jointly agreed the LAP Vision Statement: *A collaborative, sustainable and diverse social economy, which delivers positive social impact and a better future for all Southwark's residents.*
13. The collective vision and ambition for the LAP is to:
 - a) Build capacity, skills, community, connections and support across our social ecosystem
 - b) Tackle entrenched social issues in Southwark
 - c) Widen the diversity of those who own, start up, and are employed by social enterprises and charities in Southwark.
14. In January 2020, Southwark was notified that it had been chosen as one of only six places to progress to the final stage of the process and had been provisionally allocated funds of £5.375m, as set out below:
 - Enterprise support £900,000
 - Investment £4.4m (£2.625m repayable capital, £1.85m grant capital)
15. While the council were the driving force in putting together the successful proposal, Renaisi is now the accountable body and coordinator for the LAP, bringing the partners together to develop the final plan which sets out how the partnership propose to use the funds from Access Foundation and BSC. This responded to a very clear steer by Access Foundation that the programme should not be led by local authorities.
16. The LAP partnership has now been in existence for over two years and the current governance structure is shown in Appendix 1. The council is a member of the Decision Making Committee (DMC) and as a significant match-funder, will continue to have strong influence over the decision-making process moving forward to ensure that any wider investment decisions and outcomes are fully aligned with council Delivery Plan commitments.

KEY ISSUES FOR CONSIDERATION

17. The Access Foundation has now formally approved the LAP Enterprise Support Plan. This means that the £900,000 funding will be made available to start delivering an enterprise support programme for social enterprises.
18. In line with the refreshed SPF Delivery Strategy, this report seeks approval from the cabinet member for jobs, business and town centres to allocate

¹ Tree Shepherd, Business Launchpad, Big Local Works, Hatch Enterprise, Community Southwark, The School for Social Entrepreneurs, Renaisi, Social Investment Business, United St Saviours, Peabody, CAN, Sustainable Ventures, UAL, Ernst Young, Young Foundation.

£500,000 from SPF to the LAP, to deliver support for social and community enterprises led by women or people from Black or minority backgrounds - the SPF Social and Community Programme.

19. The £500,000 from SPF will match-fund the £900,000 from Access, bringing the total budget for the programme to £1.4m.
20. The programme has been developed in consultation with members of the Southwark LAP User and Influencing Committee and research by Tree Shepherd, Young Foundation and Social Investment Business. The Enterprise Support package has been designed to address the following key barriers:
 - lack of good quality business support and networks
 - lack of finance – notably low margin in revenue generation and free reserves to build capacity
 - lack of affordable workspace.
21. Through this support the LAP aims to create empowered and knowledgeable leaders, who are running financially resilient organisations which are less reliant on external funding sources (traditionally held and administered by those with power in society), and who are creating significant positive social and environmental impact on Southwark.
22. The support should encourage peer support, connection and collaboration between participants ensuring a key legacy of the LAP is a strong interconnected social economy, where leaders have access to formal and informal networks of support.
23. The £500,000 match-funding contribution from the SPF will help the programme to support an additional 42 enterprises through a mix of enterprise support and grant packages. The table below provides an indicative number of Southwark-based enterprises benefitting from LAP support over a three-year period:

All Pot	No. enterprises supported	All costs (£)	Unit cost (£)
LAP	68	900,000	13,235
SPF	42	500,000	11,905
Total	110	1,400,000	12,727

24. Support will be available across four stages, referred to as packages. Organisations do not have to progress in a linear fashion between the stages, but it is expected that most of those getting later support will have received some form of earlier support, and the later packages will only come on stream from Year 2 onwards. A total of 62 organisations are expected to benefit from start-up support (package 1) over three years, with ten organisations benefiting from the more intensive package (package 4), which combines a more substantial grant, support and potentially provision

of workspace:

#	Title / description	Eligibility (turnover)	# orgs	Typical support	Typical grant
1	Start-up – individuals with an idea	---	62	£3,000	----
2	Early stage – strengthen and professionalise	£15,000	20	£3,000	£5,000
3	Growth-1 – step change	£50,000	18	£5,000	£14,000
4	Growth-2 – significant growth	£80,000	10	£5,000	£25,000

25. Based on research and consultation locally, the following have been identified as the main areas of support that would need to be offered:

- 121 business advice/support
- Mentoring and coaching
- Test trading
- Dragon's den
- Workshops
- Cohort-based learning
- Incubator/accelerator
- Networking opportunities
- Peer support sessions / online community.

These will be applied differentially at different stages, with likely focus being as follows:

Start up	Developing your idea, testing and piloting, insights into UK/Southwark business practices, creating a business plan, researching your problem and target customers, and an introduction to financial management.
Early Stage	Building resilient and sustainable income streams, developing leadership skills, accessing funding, increasing sales, legal structures, managing volunteers and setting up financial systems. The support will be designed to help leaders establish a sustainable base in order to be ready for growth in the future.
Growth-1	Building an effective team, establishing strong governance, creating new revenue streams, moving into a workspace, reaching new audiences, leadership skills and how to go from working on the business on the side to working for the business.
Growth-2	Responsive to the needs of the participating organisations and their growth plans and may include access to specific expert advice. Example focus areas are managing a growing team and learning to delegate, accessing supply chains/procurement readiness, social investment support, measuring impact at scale, building partnerships, business/financial models for scale and avoiding burnout.

26. It should be noted that the match funding between Access Foundation and Southwark council will enable a wider range of entrepreneurs to be

supported than would be the case with Access funding alone. Alongside Access/BSC’s usual social sector eligibility requirements, the programme will also support some small-scale sole traders pursuing businesses which create local social value.

27. The broad eligibility criteria for the LAP will match that of the SPF start-up and Growth programmes but be targeted specifically to Social Enterprises (including Co-operatives) and Trading Charities as follows:

LAP Eligibility criteria	
Start-up Programme (Package 1)	Growth Programmes (Packages 2,3,4)
Entrepreneur is aged 16 years or over	Entrepreneur is aged 18 years or over
Enterprise based in Southwark or where pre-start, entrepreneur must have a Southwark residential postcode	Enterprise based in Southwark
Enterprise has fewer than 10 employees	Enterprise has fewer than 10 employees
	Aiming to increase turnover by at least 10% per annum

28. In addition to the delivery of the Enterprise Support Plan, the LAP is developing final proposals in relation to the investment fund from BSC, to ensure that this pot delivers the most appropriate long-term investment solution for Southwark’s social economy.

Policy framework implications

29. 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”.
30. The Council Delivery Plan 2022-26 has a commitment to “Back Southwark residents to start more businesses, co-operatives and social enterprises”. Allocating £500,000 from SPF to LAP for the Social and Community programme directly delivers against this commitment.

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

Community impact statement

31. The LAP, via its partnership, aims to support social purpose organisations to drive through innovative solutions to local problems, create jobs, help broader regeneration aims and enhance Southwark’s inclusive growth.
32. Research has found that Southwark is young, diverse, and unequal. The organisational target market (see equalities section below) is relatively young, small scale and does not exhibit recent growth. The LAP aims to tackle the

key barriers to starting and growing a social purpose organisation by providing a comprehensive package of business support over the next four years and make strong progress towards the long-term goals namely:

- Build capacity, skills, community, connections and support across our social ecosystem
- Tackle entrenched social issues in Southwark
- Widen the diversity of those who own, start up, and are employed by social enterprises and charities in Southwark

Equalities (including socio-economic) impact statement

33. The purpose of Southwark LAP is to facilitate and drive investment into social enterprises in the borough that have typically been undercapitalised and underserved by support. Success for the LAP would be a strong social economy that is representative of the communities of the borough. This means investing particularly in ethnic-minority led social enterprises and enterprising charities and ensuring that women-led social enterprises are a significant part of that economy.
34. To ensure that this is achieved, the programme has two overlapping KPIs, which are intended as minimum standards:
 - At least 75% of all grants and investments will be received by black and minority-ethnic led social enterprises and trading charities in Southwark.
 - At least 60% of all grants and investments will be received by women-led Southwark's social enterprises and trading charities.
35. These will be measured by the number of grants/investments and not the value. The KPIs will be reviewed annually to ensure that they are enabling the programme to achieve the broader vision and objectives and not creating unintended consequences. Those who do not meet these criteria but do get funded will have to demonstrate the ways in which they are supporting and working towards the objectives of the fund.

Definitions

36. Black and minority-ethnic led means where at least half of the leadership team comes from groups that are not White British, but include those who describe themselves as mixed ethnicity, where White British is one of those ethnicities.
37. Women-led means enterprises controlled by a single woman or have a leadership team of which a majority are women. 'Majority' here means more than 50%.
38. The leadership team comprises the directors, working owners and board of trustees (where applicable).

39. 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.
40. The EIA has been reviewed and revised to reflect the updated delivery strategy, and to include reference to the social and community programme (see Appendix 2).

Health impact statement

41. Social entrepreneurs/leaders of charities can face immense strain from the dual pressures of running a sustainable enterprise whilst also tackling some of society's most entrenched issues. This was demonstrated by research from School of Social Entrepreneurs which revealed that one in four leaders had had to take time off as a result of this pressure. Both the Enterprise Delivery Partners and User and Influencing Group members have identified wellbeing support as a key requirement of the Enterprise Support Packages.

Climate change implications

42. Social enterprises have a key part to play in responding to the climate emergency, and as such are expected to be leading the way in demonstrating that there is a climate friendly way of doing business. This theme within the programme aims to equip participants to build climate sustainability into their organisation, including how to demonstrate this to potential funders, customers and within bidding processes.

Resource implications

43. The LAP Enterprise support programme will be delivered by contracted providers, commissioned via Renaisi, with relevant input from council officers. The council will also be part of the tender assessment panel given the significant financial contribution from SPF.
44. Monitoring is likely to require relatively little resource from the council, with the LAP Enterprise Support Delivery Committee expected to retain an oversight role.
45. There will be an ongoing resource requirement for representation on the LAP partnership's DMC, which will be met by existing officers within the Local Economy Team.

Legal implications

46. The council will enter into a grant agreement with Renaisi, who at the instruction of the LAP Decision-Making Committee, and following tender exercises, will sub-contract delivery of the Enterprise Support Programme

to relevant delivery providers.

47. It is anticipated that the total grant of £500,000 will be released in phases and include a range of performance measures and milestones to ensure value for money and that funds are released only when agreed objectives have been met.

Financial implications

48. The £500,000 contribution from the SPF budget for the Social and Community Programme has already been identified within the SPF Delivery Strategy approved by cabinet member for jobs, business and town centres in February 2022.
49. The total SPF budget of £2m is made up of £1.95m from corporate reserves (reserve reference 115) and an additional £50,000 from the Local Economy Team revenue budget.
50. All staffing and other costs connected with this report will be contained within existing departmental revenue budgets.

Consultation

51. The Enterprise Support programme has been developed in consultation with members of the Southwark LAP User and Influencing Committee and extensive research by Tree Shepherd, Young Foundation and Social Investment Business.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

52. The report seeks agreement from the cabinet member on the establishment of the Social and Community Programme as referred to in the revised Delivery Strategy of the Southwark Pioneer Fund agreed by the cabinet member in February 2022. 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. 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.
53. 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.
54. It is noted that the Programme will be run by the Local Access Programme (LAP) for which Renaisi is the accountable body and coordinator. The report seeks approval for a £500,000 grant to be made to the LAP for it to administer the programme together with the central grant funding with a view to making

grants to local businesses, primarily those led by women of people from Black or minority backgrounds.

55. 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.
56. The equalities analysis appended to the report clarifies the likely impacts on individuals with protected characteristics arising from the establishment of the fund and this programme 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.

Strategic Director of Finance and Governance (CE22/046)

57. This report is requesting the cabinet member for jobs, business and town centres to approve the Southwark Pioneers Fund (SPF) Social and Community Programme as set out in this report and to agree to a grant award of £500,000 of SPF to the Southwark Local Access Partnership (via Renaisi as the accountable body) to support businesses in the social economy.
58. The strategic director of finance and governance notes that cost of the recommendations will be funded from the Southwark Pioneers Fund (SPF) as detailed in the financial implications. Breakdown of £2m total Southwark Pioneers Fund (SPF) are shown in the financial implications.
59. 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 - Delivery Strategy (Feb 2022)	Local Economy Team 160 Tooley Street, SE1 2QH	Matt Little 020 7525 0388
Link: https://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?ID=7593		

APPENDICES

No.	Title
Appendix 1	Southwark Local Access Partnership – Structure and Governance
Appendix 2	SPF – Equalities Analysis (updated)

AUDIT TRAIL

Lead Officer	Stephen Gaskell, Director of Strategy and Economy	
Report Author	Matt Little, Principal Strategy Officer	
Version	Final	
Dated	25 November 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
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	13 December 2022	