

Item No.	Classification: Open	Date: 2 October 2024	Decision Taker: Cabinet Member for Climate Emergency, Jobs, and Business
Report title:		Southwark Pioneers Fund – Growth grant awards (Round 3) approval	
Ward(s) or groups affected:		Businesses, charities, and social enterprises in all wards	
From:		Senior Strategy Officer, Local Economy	

RECOMMENDATION

1. That the Cabinet Member for Climate Emergency, Jobs, and Business in consultation with the Strategic Director of Resources and Assistant Chief Executive (Strategy and Communities):
 - approves the award of £41,985 for the Southwark Pioneers Fund (SPF) Grow Your Enterprise grants (Round 3) to the organisations and for the amounts listed in the Appendix to this report.

BACKGROUND INFORMATION

2. The council has established the Southwark Pioneers Fund to support the creation and scale-up of commercial and social enterprises in the borough. It is a four-year programme of enterprise support, delivered through four separate agreements. This report refers to the SPF Growth programme.
3. In June 2022, Growth contract was awarded to Hatch Enterprise.
4. The programme consists of both an enterprise support and a grants programme. Grants are available only to enterprises accessing the enterprise support services delivered by the provider. The council is the grant budget holder and administers the grant payments. However, Hatch Enterprise takes responsibility for assessing the enterprises' needs and whether a grant award would be justified according to the criteria set out by the council.
5. The total grants budget for the Growth programme is £222,476 to be allocated over the same four-year period. It is the providers' responsibility to manage the allocations over the lifetime of the programme.
6. In Round 1 of the Growth grants fund, four applicants were awarded grants, amounting to £32,500 in funding. In Round 2, eight applicants were awarded grants amounting to £79,850 in funding. However, one of the

businesses – Best of Both Boutique – were not funded as they moved out of the borough. This reduced Round 2 total spend to £69,850 and the £10,000 ringfenced for them was retained for the budget for future grant rounds.

7. As with the previous rounds, applications for Round 3 of the Growth grants fund were open to graduates of relevant Grow Your Enterprise programmes. These programmes included an accelerator programme to support established businesses looking to scale up, and an incubator programme for entrepreneurs who would be too advanced for the SPF Start-Up programme, but not ready for the accelerator programme.
8. Following an assessment exercise undertaken by Hatch Enterprise, a total of 10 businesses are recommend for grants, amounting to £41,985 of the total SPF grants budget.
9. The contract managers for the programme from the Local Economy Team have reviewed the grant awardees recommended by Hatch Enterprise to ensure that they align with the overall aims of the SPF. The recommendations supported by the Local Economy Team are set out in the Appendix.

KEY ISSUES FOR CONSIDERATION

10. The grants available through the SPF support entrepreneurs accessing enterprise support. To be eligible, entrepreneurs must fully participate in the business support available and demonstrate eligibility against the agreed criteria for the programme. Hatch's business advisors have worked closely with the entrepreneurs, offering one-to-one support, and are best placed to advise on whether a grant award will have a positive impact on the enterprise and is aligned to the overarching ambition of the SPF.
11. All applicants are assessed on the key criteria agreed with the council and set out in the programme. This includes the strength of the enterprise idea or mission, what the funding is for, the impact the funding would have on the enterprise, and the social and environmental impact of the funding. The enterprises recommended for award have scored the highest against these key criteria.
12. The contract managers for the programme from the Local Economy Team have reviewed the applications received to ensure overall quality and that the award recommendations are justified. The enterprises recommended for award support the aims and objectives of the SPF and aim to deliver social and / or environmental value to Southwark.
13. Southwark is a Living Wage Place and the Council Delivery Plan 2022-2026 sets out a goal to double the amount of London Living Wage (LLW) employers in the borough. In line with this, the SPF programme providers deliver ethical business programmes where their participants learn the value of being LLW employers and sign post them to the council's

accreditation grant scheme

Policy framework implications

14. The development of the SPF was originally driven by the 2018-22 Council Plan commitment to “establish an Innovation Fund to invest in the Southwark’s entrepreneurs of the future”. 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.”

15. 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.”

16. The Economic Strategy 2023-2030 outlines a commitment to support “A culture of enterprise and entrepreneurship with no barriers to business success for diverse talent” and “Support young entrepreneurs to start their own business through the Southwark Pioneers Fund and other targeted programmes”.

17. The SPF supports the delivery of goal four of Southwark 2030: a “strong and fair economy” in which “we all benefit from Southwark’s economic strength and growth.” To help achieve a strong and fair economy we will “support local entrepreneurs from a wide range of backgrounds.” Southwark 2030 also sets out a commitment to working in partnership to delivering its vision that,

- “Together, we will build a fair, green and safe Southwark where everyone can live a good life as part of a strong community.”

The SPF aligns with this vision as it empowers local social enterprises, such as Hatch Enterprise, to deliver business support to the community it is embedded in.

18. Administering the SPF grants fund supports the implementation of these policies.

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

Community impact statement

19. With due regard to the Public Sector Equality Duty, an equality analysis was carried out on the SPF (see Background Documents). The analysis identifies service users across the protected characteristics, with detail of the mitigating actions that could be incorporated into the service design. For details of the full community impact statement which has been reviewed and continues to be applicable, see the Gateway 2 report (see Background Documents).

Equalities (including socio-economic) impact statement

20. The SPF is designed to be accessible to enterprises led by people from Black, Asian and minority ethnic backgrounds, women, disabled people and young people. Appropriate targets have been put in place for the Growth contract. During the SPF procurement, Hatch Enterprise scored highly on their ability to engage with the target demographics which is a contributing factor to them winning the contracts. For further information, see the Gateway 2 report (background documents).
21. In Round 3, 70% of those receiving Growth grants are female-owned or led businesses, and 40% are Black, Asian, or Minority-Ethnic owned or led businesses. The target for both groups is 60%, which Hatch has exceeded in one instance.
22. In Round 3, 10% of those receiving a grant identifies as having a disability, which meets the target for this group.

Health impact statement

23. 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. As per above, please see the Gateway 2 report for full details.

Climate change implications

24. A key aim of the SPF is to support enterprises to reduce their carbon emissions. The Growth programme includes performance measures around carbon reduction. As part of the grants application process, applicants were required to demonstrate how they had considered the impact the funding would have on the environment. This contributed to their overall score and consequently, whether they were recommended for an award.

Resource implications

25. All resource required to administer the payments will be contained within existing council teams.

Legal implications

26. Please see concurrent from the Assistant Chief Executive – Governance and Assurance.

Financial implications

27. The total amount of funding recommended for this second round of Growth grants is £41,985. This will be paid from the existing SPF grants budget.
28. Enterprises will be required to sign and return the council's conditions of grant funding within stated timescales and clear the council's financial procedures. Grants will only be paid once these conditions have been met. The providers will monitor the grant recipients at agreed milestones to measure progress and impacts.
29. The Local Economy Team maintains a detailed reconciliation of all grant allocations from various reports to ensure these are contained within the available funding. A summary of the total Growth grants budget is shown in the table below. The SPF Start-Up grants for Round 3 will be provided in an IDM in December 2024.

SPF Grant	Total Grants Budget (£)	Round 1 Expenditure	Round 2 Expenditure	Round 3 expenditure	Total Remaining Budget
Grow Your Enterprise	222,476	32,500	69,850	41,985	78,141

30. £260k of the grants will be paid from Southwark Pioneers Fund (SPF) reserve and £121K of the grants budget is funded from the additional UKSPF funds. See table below for details.

Programme	Total grant budget (£)	SPF budget (£)	UKSPF budget (£)
Grow Your Enterprise	222,476	171,106	51,370
Remaining budget	78,141	78,141	0

31. All staffing and other costs connected with this report will be contained within existing departmental revenue budgets.

Consultation

32. Extensive consultation was undertaken to inform the development of the SPF. For full details, see the Gateway 2 report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Assistant Chief Executive – Governance and Assurance (Con/KM/20240926)

33. This report seeks the approval of the Cabinet Member for Climate Emergency, Jobs and Business to the award of the SPF Grow Your Enterprise grants (Round 3) as further detailed in paragraph 1. As part of the Cabinet report dated 18 June 2019, the Leader delegated future decisions on individual elements of delivery of the SPF fund to the Cabinet Member for Jobs, Business and Innovation (now the Cabinet Member for Climate Emergency, Jobs and Business) in consultation with the Strategic Director of Finance (now the Strategic Director of Resources) and the head of the Chief Executive's office (now the Assistant Chief Executive – Strategy and Communities).
34. The Cabinet Member'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 Cabinet Member is specifically referred to the community, equalities (including socio-economic) and health impacts statement at paragraphs 18 -22, and the equality analysis carried out in relation to the SPF (appended to this report) setting out the consideration that has been given to equalities issues, which the Cabinet Member should give careful consideration to when approving the recommendation in this report. The duty is a continuing one, and as noted at paragraph 18, the equality analysis has been reviewed and continues to be applicable.
35. As noted in the original cabinet report, state aid rules (now subsidy control) could be relevant, and should be considered at each stage of the project. There are a number of circumstances needed for a grant to be considered a subsidy under the Subsidy Control Act 2022, including the need for the grant to be capable of having an effect on competition or investment in the UK. Given the value and spread of grants over a number of organisations, it is not considered that these grants would be considered subsidies.

Strategic Director of Resources (FIN24/37)

36. This report is requesting Cabinet Member for Climate Emergency, Jobs and Business to approve the award of £41,985 for the Southwark Pioneers Fund (SPF) Grow Your Enterprise grants (Round 3) to the organisations and for the amounts listed in the Appendix to this report.

37. The strategic director of resources notes that the cost of implementation of the recommendations can be contained within the funding, as detailed in the financial implications section.
38. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Gateway 2: Southwark Pioneers Fund Start-Up and Growth Contract Awards	Local Economy Team	Julia Craig, Senior Strategy Officer

APPENDICES

No.	Title
Appendix 1	Recommended enterprises for SPF Growth grant awards
Appendix 2	EQIA

AUDIT TRAIL

Lead Officer	Matt Little, Principal Strategy Officer	
Report Author	Julia Craig, Senior Strategy Officer	
Version	Final	
Dated	26/09/2024	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Assistant Chief Executive – Governance and Assurance	Yes	Yes
Strategic Director of Resources	Yes	Yes
List other officers here	n/a	
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	2 October 2024	