

Overview & Scrutiny

Skills, Economy and Growth Scrutiny Commission

All Members of the Skills, Economy and Growth Scrutiny Commission are requested to attend the meeting of the group to be held as follows

Wednesday 21 February 2024

7.00 pm

Council Chamber, Hackney Town Hall, Mare Street, London E8 1EA

The press and public are welcome to join this meeting remotely via this link:

<https://youtube.com/live/BiUHfiB3tt0>

Back up live stream link:

<https://youtube.com/live/WEAAiJwsi7U>

If you wish to attend please give notice and note the guidance below.

Contact:

Tracey Anderson

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Dawn Carter-McDonald

Interim Chief Executive, London Borough of Hackney

Members: Cllr Polly Billington (Chair), Cllr Clare Potter (Vice-Chair), Cllr Gilbert Smyth, Cllr Jon Narcross, Cllr Fliss Premru, Cllr Jessica Webb, Cllr Joe Walker, Cllr Claudia Turbet-Delof and Cllr Penny Wrout

Agenda

ALL MEETINGS ARE OPEN TO THE PUBLIC

- 4 Economic Development Plan Update 19:05 - 20:45** (Pages 7 - 44)
- This item will be split into 3 sections as follows:
1. Economic Development Plan Update (19:05 -19:45)
 2. Proposals for Responsible Business Charter (19:45 - 20:15)
 3. The emerging findings and recommendations about supporting social businesses (20:15 - 20:45)

Access and Information

Public Involvement and Recording

Public Attendance at the Town Hall for Meetings

Scrutiny meetings are held in public, rather than being public meetings. This means that whilst residents and press are welcome to attend, they can only ask questions at the discretion of the Chair. For further information relating to public access to information, please see Part 4 of the council's constitution, available at <https://hackney.gov.uk/council-business> or by contacting Governance Services (020 8356 3503)

Following the lifting of all Covid-19 restrictions by the Government and the Council updating its assessment of access to its buildings, the Town Hall is now open to the public and members of the public may attend meetings of the Council.

We recognise, however, that you may find it more convenient to observe the meeting via the live-stream facility, the link for which appears on the agenda front sheet.

We would ask that if you have either tested positive for Covid-19 or have any symptoms that you do not attend the meeting, but rather use the livestream facility. If this applies and you are attending the meeting to ask a question, make a deputation or present a petition then you may contact the Officer named at the beginning of the agenda and they will be able to make arrangements for the Chair of the meeting to ask the question, make the deputation or present the petition on your behalf.

The Council will continue to ensure that access to our meetings is in line with any Covid-19 restrictions that may be in force from time to time and also in line with public health advice. The latest general advice can be found here - <https://hackney.gov.uk/coronavirus-support>

Rights of Press and Public to Report on Meetings

Where a meeting of the Council and its committees are open to the public, the press and public are welcome to report on meetings of the Council and its committees, through any audio, visual or written methods and may use digital and social media providing they do not disturb the conduct of the meeting and providing that the person reporting or providing the commentary is present at the meeting.

Those wishing to film, photograph or audio record a meeting are asked to notify the Council's Monitoring Officer by noon on the day of the meeting, if possible, or any time prior to the start of the meeting or notify the Chair at the start of the meeting.

The Monitoring Officer, or the Chair of the meeting, may designate a set area from which all recording must take place at a meeting.

The Council will endeavour to provide reasonable space and seating to view, hear and record the meeting. If those intending to record a meeting require any other reasonable facilities, notice should be given to the Monitoring Officer in advance of the meeting and will only be provided if practicable to do so.

The Chair shall have discretion to regulate the behaviour of all those present recording a meeting in the interests of the efficient conduct of the meeting. Anyone acting in a disruptive manner may be required by the Chair to cease recording or may be excluded from the meeting.

Disruptive behaviour may include moving from any designated recording area; causing excessive noise; intrusive lighting; interrupting the meeting; or filming members of the public who have asked not to be filmed.

All those visually recording a meeting are requested to only focus on recording Councillors, officers and the public who are directly involved in the conduct of the meeting. The Chair of the meeting will ask any members of the public present if they have objections to being visually recorded. Those visually recording a meeting are asked to respect the wishes of those who do not wish to be filmed or photographed. Failure by someone recording a meeting to respect the wishes of those who do not wish to be filmed and photographed may result in the Chair instructing them to cease recording or in their exclusion from the meeting.

If a meeting passes a motion to exclude the press and public then in order to consider confidential or exempt information, all recording must cease, and all recording equipment must be removed from the meeting. The press and public are not permitted to use any means which might enable them to see or hear the proceedings whilst they are excluded from a meeting and confidential or exempt information is under consideration.

Providing oral commentary during a meeting is not permitted.

Advice to Members on Declaring Interests

Advice to Members on Declaring Interests

Hackney Council's Code of Conduct applies to all Members of the Council, the Mayor and co-opted Members.

This note is intended to provide general guidance for Members on declaring interests. However, you may need to obtain specific advice on whether you have an interest in a particular matter. If you need advice, you can contact:

- Director of Legal, Democratic and Electoral Services
- the Legal Adviser to the Committee; or
- Governance Services.

If at all possible, you should try to identify any potential interest you may have before the meeting so that you and the person you ask for advice can fully consider all the circumstances before reaching a conclusion on what action you should take.

You will have a disclosable pecuniary interest in a matter if it:

- i. relates to an interest that you have already registered in Parts A and C of the Register of Pecuniary Interests of you or your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner;
- ii. relates to an interest that should be registered in Parts A and C of the Register of Pecuniary Interests of your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner, but you have not yet done so; or
- iii. affects your well-being or financial position or that of your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner.

If you have a disclosable pecuniary interest in an item on the agenda you must:

- i. Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you (subject to the rules regarding sensitive interests).
- ii. You must leave the meeting when the item in which you have an interest is being discussed. You cannot stay in the meeting whilst discussion of the item takes place, and you cannot vote on the matter. In addition, you must not seek to improperly influence the decision.
- iii. If you have, however, obtained dispensation from the Monitoring Officer or Standards Committee you may remain in the meeting and participate in the meeting. If dispensation has been granted it will stipulate the extent of your involvement, such as whether you can only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a pecuniary interest.

Do you have any other non-pecuniary interest on any matter on the agenda which is being considered at the meeting?

You will have 'other non-pecuniary interest' in a matter if:

- i. It relates to an external body that you have been appointed to as a Member or in

another capacity; or

ii. It relates to an organisation or individual which you have actively engaged in supporting.

If you have other non-pecuniary interest in an item on the agenda you must:

i. Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you.

ii. You may remain in the meeting, participate in any discussion or vote provided that contractual, financial, consent, permission or licence matters are not under consideration relating to the item in which you have an interest.

iii. If you have an interest in a contractual, financial, consent, permission, or licence matter under consideration, you must leave the meeting unless you have obtained a dispensation from the Monitoring Officer or Standards Committee. You cannot stay in the meeting whilst discussion of the item takes place, and you cannot vote on the matter. In addition, you must not seek to improperly influence the decision. Where members of the public are allowed to make representations, or to give evidence or answer questions about the matter you may, with the permission of the meeting, speak on a matter then leave the meeting. Once you have finished making your representation, you must leave the meeting whilst the matter is being discussed.

iv. If you have been granted dispensation, in accordance with the Council's dispensation procedure you may remain in the meeting. If dispensation has been granted it will stipulate the extent of your involvement, such as whether you can only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a non-pecuniary interest.

Further Information

Advice can be obtained from Dawn Carter-McDonald, Director of Legal, Democratic and Electoral Services via email dawn.carter-mcdonald@hackney.gov.uk

Getting to the Town Hall

For a map of how to find the Town Hall, please visit the council's website <http://www.hackney.gov.uk/contact-us.htm> or contact the Overview and Scrutiny Officer using the details provided on the front cover of this agenda.

Accessibility

There are public toilets available, with wheelchair access, on the ground floor of the Town Hall.

Induction loop facilities are available in the Assembly Halls and the Council Chamber. Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

Further Information about the Commission

If you would like any more information about the Scrutiny Commission, including the membership details, meeting dates and previous reviews, please visit the website or use this QR Code (accessible via phone or tablet 'app')

[Scrutiny Panel](#)





Skills Economy and Growth Scrutiny Commission 21st February 2024 Item 4 – Economic Development Plan Update	Item No 4
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Outline

In March 2023 SEG discussed taking a theory of change approach in order to establish cross-cutting outcomes and appropriate metrics for the Council's activity on economic development.

This session will include the information below.

- Receive an update on the progress to establish an Economic Development Plan for the borough with an additional focus on two potential workstreams that will aim to:
 - get more businesses taking some action to support the Council's wider social and environmental aspirations
 - better help cooperatives, social enterprises or charities that trade to access public sector spend as a way to support their viability or growth.

This item will be split into 3 sections as follows:

1. Economic Development Plan Update
2. Proposals for Responsible Business Charter
3. The emerging findings and recommendations about supporting social businesses.

Purpose of this item is to get the scrutiny commission's feedback as the Council develops the above 3 areas.

Report in the agenda:

To support this discussion the following presentation has been provided for background information.

- Hackney Economic Development Plan Update (*this is a single presentation covering all the three areas outlined above*).

Invited Guests

London Borough of Hackney

- Cllr Guy Nicholson, Deputy Mayor & Cabinet Member for Delivery, Inclusive Economy & Regeneration
- Suzanne Johnson, Assistant Director Regeneration and Economic Development
- Michael Toyer, Economic Development Manager.

Action

The Commission is asked to note the presentations and ask questions.

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Hackney Economic Development Plan Update

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What we'll cover today

Background

In March 2023 we had a SEG session on taking a theory of change approach to establishing outcomes and appropriate metrics for the Council's economic development plan. In this session we'll provide an update on progress and highlight two areas of activity that we're progressing now.

1. Update on economic development plan progress and emerging outcomes
2. Proposal for a Responsible Business Charter to help businesses take action on wider social and environmental aspirations
3. Emerging findings and recommendations from our research into improving the ecosystem of support for cooperatives, social enterprises and charities that trade



Economic Development Plan Update

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Overall approach

Update the evidence (Oct - Dec 23)

The consultant team developed evidence bases for 4 key outcome areas to understand where Hackney's strengths and weaknesses are, and to look at best practice within the country for addressing any identified issues

Page

Develop the plan (Feb- Apr 24)

The consultant team will work with Hackney staff to establish how existing delivery could be improved and to develop new projects or approaches where necessary. This will result in the itemised list of Economic Development Plan interventions



Define Hackney's economic priorities (June - Dec 23)

Formed part of the wider ENRH Theory of Change work, which agreed a 'change statement' for the directorates teams to work towards, and 5 key outcomes to target - of which 4 were carried into Economic Development Plan work

Workshop solutions (Jan - Feb 24)

Workshops with senior management from relevant teams for the 4 outcome areas were held to map ongoing activity, discuss challenges and establish scope for change

Economic Development Plan presented to Cabinet Summer 2024

Hackney Council's levers to drive change

1. **Convener** – Bring people together, oversee and audit project development, provide inspiration and optimism
2. **Asset owner** – Use council assets for good, recognising value beyond commercial rents and productive capacity
3. **Planner and regulator** – Strategic oversight of development and growth in the borough
4. **Funder and Deliverer** - Where possible make strategic investments to support projects and processes. Deliver central and London-level funding
5. **Advocate** – Promote Hackney, its residents and intuitions. Lobby government on reform to support process
6. **Innovator** – Deliver of public value innovation as a vehicle to enable change in other sectors
7. **Auditor** – Oversee measurement and experience of change, providing space for reflection and conversation.

The emerging ERNH outcomes framework

Hackney is a more equitable borough. Communities are strong and have agency to thrive in a changing world. Residents are enabled to maximise their wellbeing and prosperity.

1. Residents have better access to high-quality and affordable homes

2. Residents have the ability to participate in the economy and society

3. Hackney's economy is climate resilient and sustainable

4. Hackney's economy is fairer and more inclusive

5. Regeneration benefits, respects and empowers existing residents

DoC 1.1: Every home in Hackney is warm, safe and fit for purpose

DoC 1.2: The supply and diversity of homes available to residents is increased

DoC 1.3: New social housing provides homes for residents who need them most

DoC 1.4: Good housing pathways enable residents to stay and thrive in Hackney as their circumstances change

DoC 2.1: Barriers to economic participation and good work are addressed

DoC 2.2: Residents are supported to build foundational skills throughout their lives

DoC 2.3: Residents' skills adapt to changes in the economy and labour market

DoC 3.1: All buildings in Hackney are decarbonised

DoC 3.2: Hackney has a strong regenerative and circular economy

DoC 3.3: Residents and businesses benefit from and contribute to a sustainable economy

DoC 4.1: Hackney is a more attractive place for organisations to start, stay and grow

DoC 4.2: Businesses based in Hackney are supported to be responsible employers

DoC 4.3: More of the value created in Hackney stays in Hackney

DoC 5.1: Investment and development celebrates and strengthens the culture, heritage and diversity of Hackney's communities

DoC 5.2: Residents influence the future of their area

DoC 5.3: Residents can access services, amenities and economic opportunity wherever they live in the borough

ERNH's 'Change Statement'

Hackney is a more equitable borough. Communities are strong and have agency to thrive in a changing world. Residents are enabled to maximise their wellbeing and prosperity.

2. Residents have the ability to participate in the economy and society

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DoC 2.1: Barriers to economic participation and good work are addressed

DoC 2.2: Residents are supported to build foundational skills throughout their lives

DoC 2.3: Residents' skills adapt to changes in the economy and labour market

3. Hackney's economy is climate resilient and sustainable

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5. Regeneration benefits, respects and empowers existing residents

DoC 5.1: Investment and development celebrates and strengthens the culture, heritage and diversity of Hackney's communities

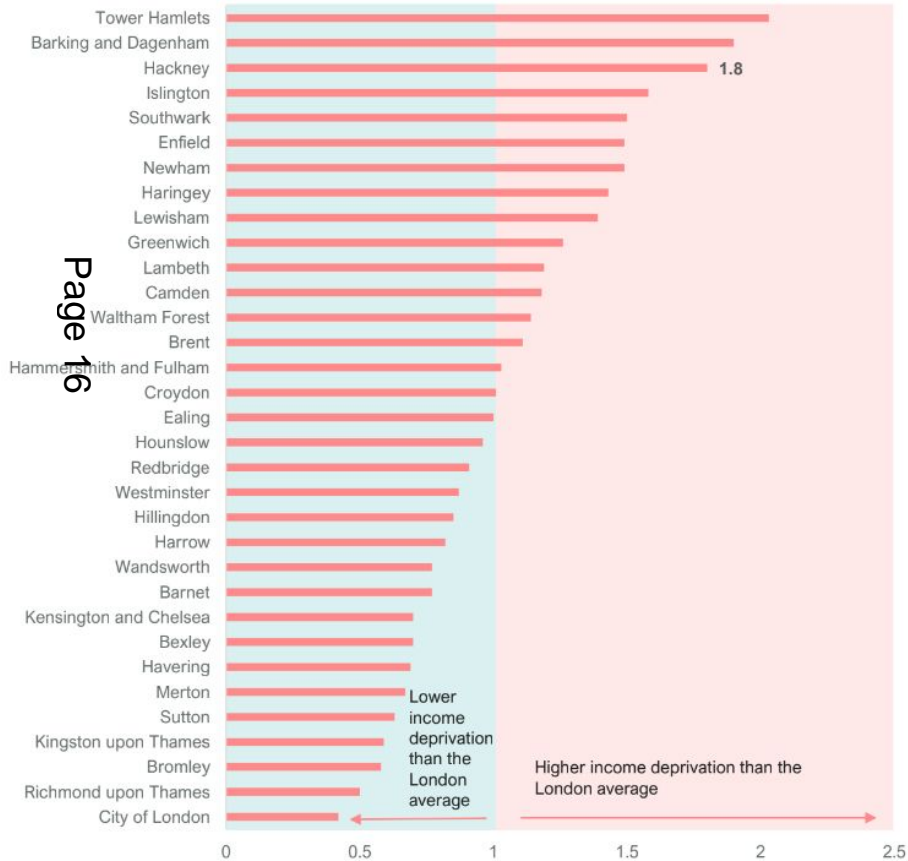
DoC 5.2: Residents influence the future of their area

DoC 5.3: Residents can access services, amenities and economic opportunity wherever they live in the borough

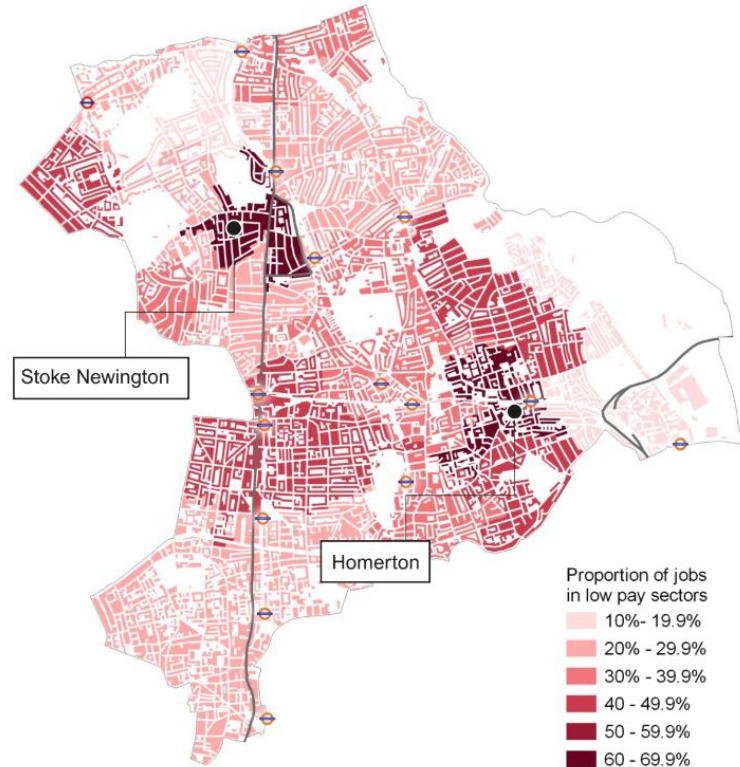
Underneath the overarching Change Statement, there are four key outcomes that the Economic Development will seek to address. Within each outcome, there are areas that the Council - with the right projects, partnership working and intervention - can help to tackle.

Example of evidence base review

London boroughs' median income deprivation ranking relative to London, 2019



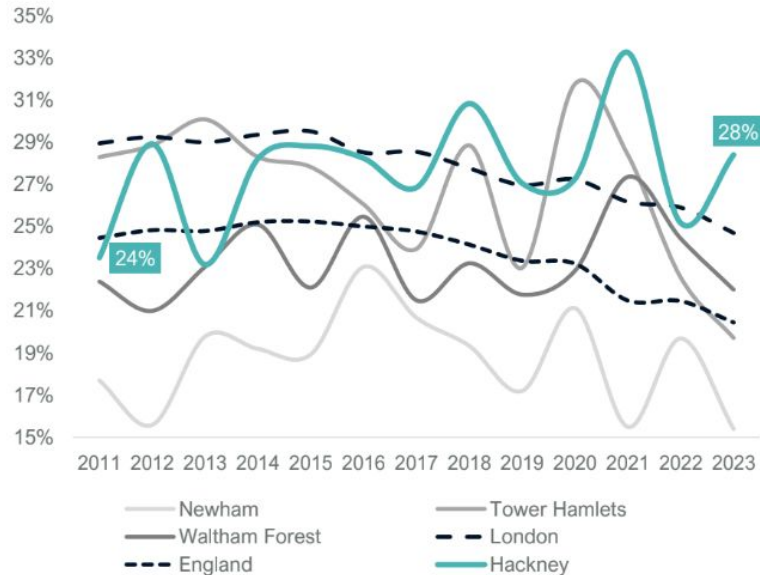
Proportion of jobs in low paying sectors, 2021



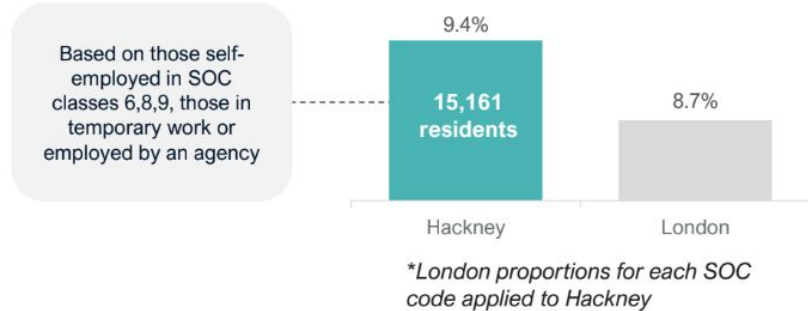
Example of evidence base review

But...participation is not a guaranteed route to wellbeing and prosperity. A significant amount of work in Hackney is characterised by low pay and long hours...

Proportion of working residents doing 45+ hours per week



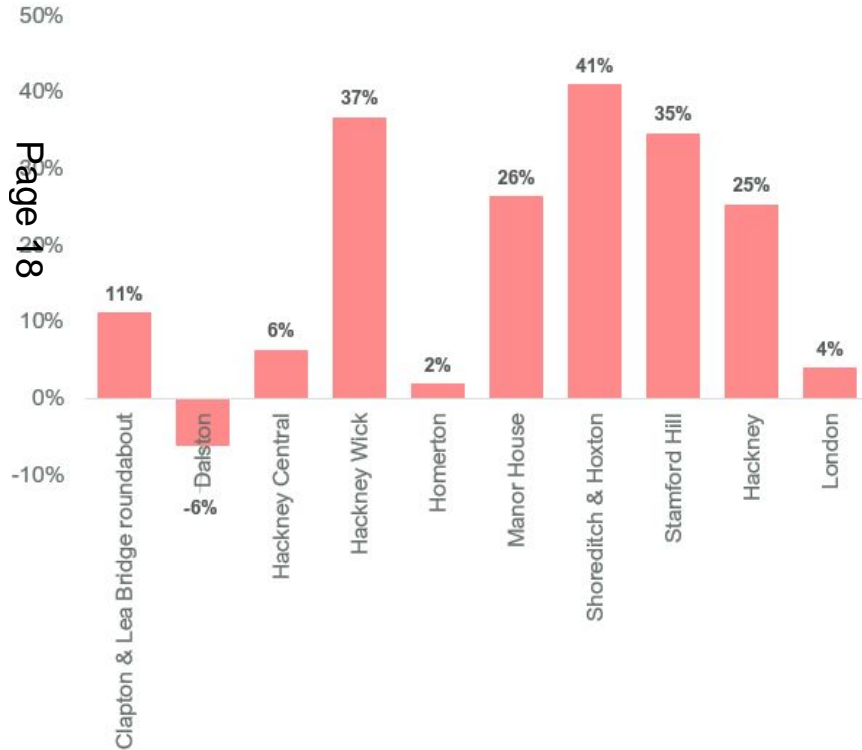
Proportion of working residents estimated to be in insecure employment*



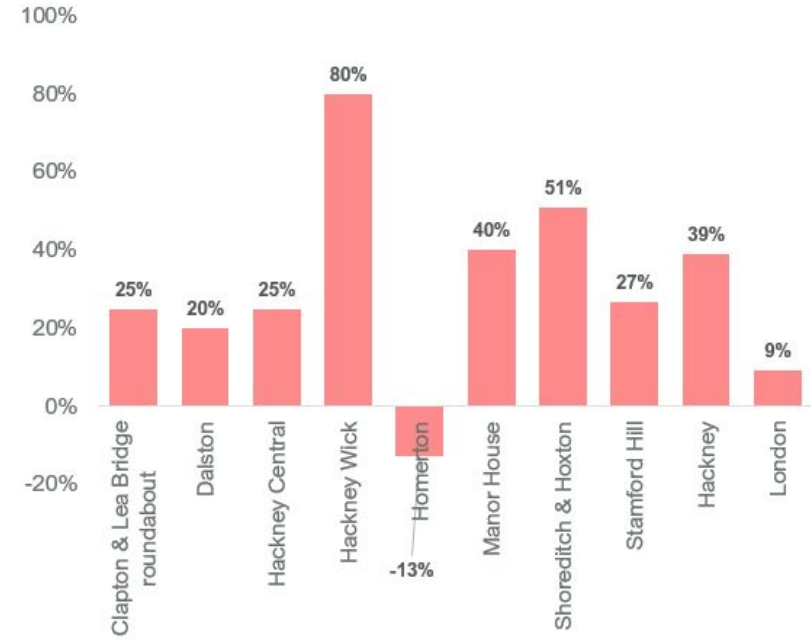
Example of evidence base review

Businesses & jobs are growing across most of our centres

Business change 2018-2023



Jobs change 2017-2022



Scoping potential solutions

What works?: Review of evidence on health barriers to work



Supported internships can lead to large employment gains: Supported Internships are for people with learning difficulties and/or autism who need extra help to get a job. These are a study programme where an individual does most of the learning at work and some in the classroom. Project SEARCH is a one-year transition to work programme for young adults with a learning disability and/or autism spectrum conditions. An evaluation of the programme showed that it led to more individuals gaining competitive employment, higher wages, and fewer intervention hours required to secure employment compared to standard supported employment programmes.



Due to the variety of barriers facing people with disabilities and health conditions, personalisation of services is required: The literature shows that people achieve greater numbers of days in work where advisors consider their occupational preferences and find tailored employment that meets these needs. Evidence from the Job Centre Plus' Pathways to Work programme also found that personalised action plans, and individual counselling in-work focused interviews increased the probability of disabled clients achieving employment.



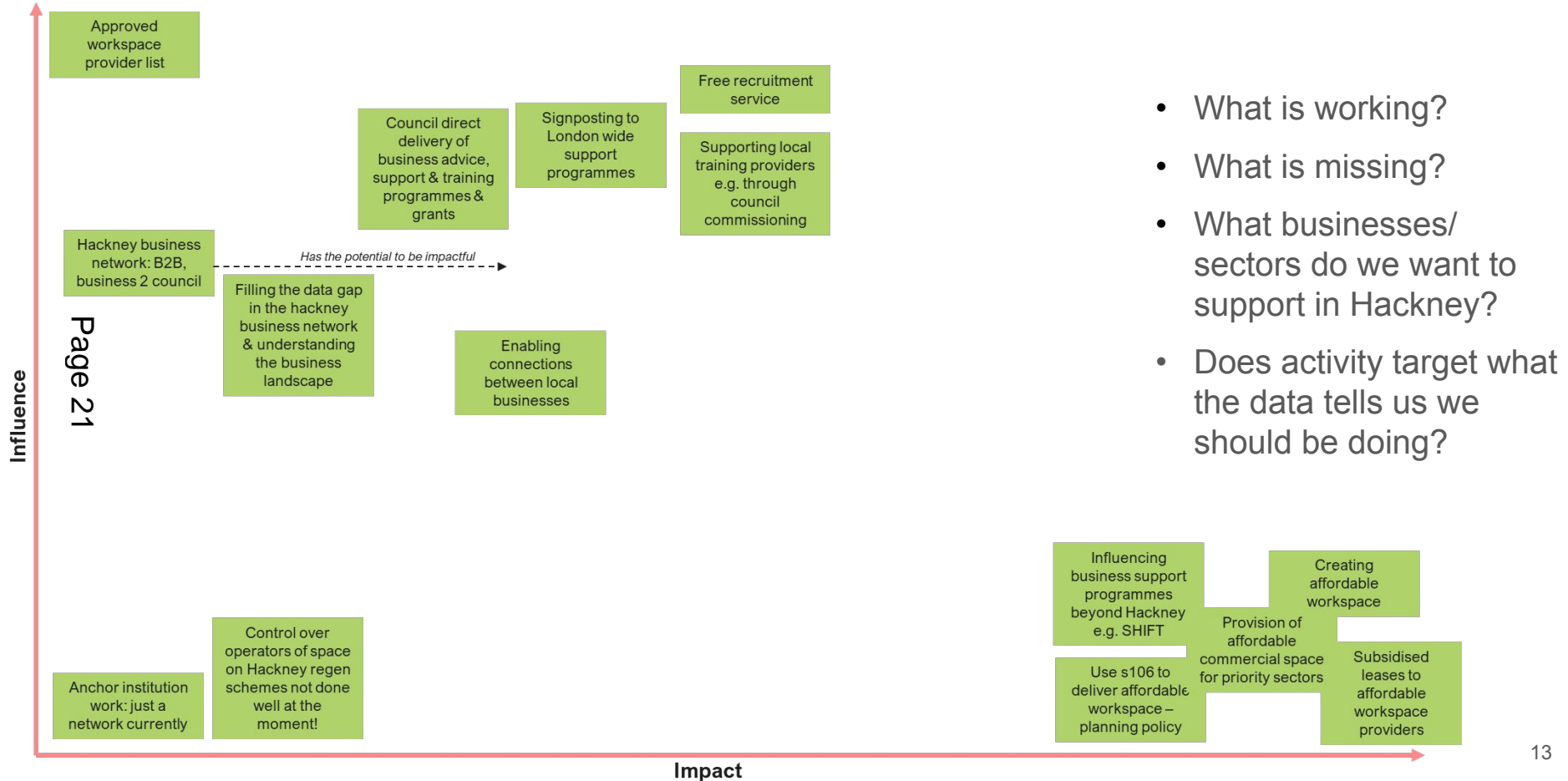
There is some evidence of the effectiveness of workplace accommodations: There are a wide range of potential interventions which can promote the employment of people with disabilities, by influencing the attitudes of employers. One review examined the effectiveness of workplace accommodations regarding employment, workability, and cost-benefit among persons with disabilities. The authors found that there was moderate evidence that specific types of workplace accommodations (vocational counselling and guidance, education and self-advocacy, help of others, changes in work schedules, work organisation, and special transportation) promote employment among physically disabled persons and reduce costs.

Scoping potential solutions

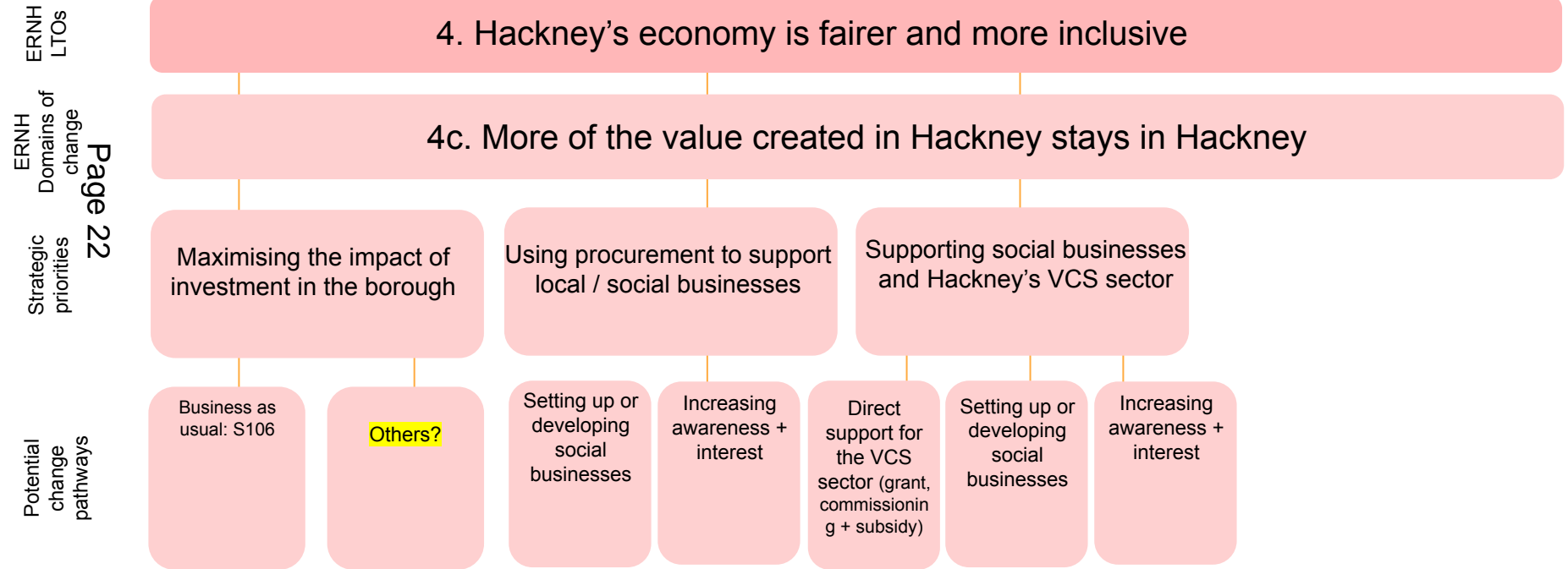
Case studies: Learning from other local employment charters

Charter	Description	Learning
Birmingham Business Charter for Social Responsibility	<p>The Charter is a set of guiding principles that the Council adheres to and invites all organisations to adopt as a mechanism for managing how they deliver social value.</p> <p>Charter signatories will consider and describe how they can improve the economic, social, and environmental wellbeing of Birmingham that result from their activities. This includes indirect outcomes through commissioning and procurement.</p> <p>The outcomes of the Charter are derived from the key Council policy drivers of: children; homes; jobs and skills; and health.</p>	<ul style="list-style-type: none"> • Well integrated into Council activities. There is a strong link to key Council priorities which helps to ensure this. The Charter is fully incorporated within procurement, grant and contract management arrangements • There is dedicated resource to support the management of the Charter
Croydon Good Employment Charter	<p>The Charter is aimed at businesses in all sectors and of all sizes. To become accredited employers, need to:</p> <ul style="list-style-type: none"> • Pay the Living Wage – evidenced via confirmation of Living Wage accreditation • Employ Local – by registering with Croydon Works job brokerage service and to use this when recruiting; • Buy Local – by registering with Value Croydon and using the website to promote procurement and supply chain opportunities; • Include All – have an equality policy or commitment to develop one and a statement to explain how this is monitored and reviewed (also link to Workplace Health Charter); 	<ul style="list-style-type: none"> • More effort is involved in getting smaller employers to commit to Charter • Found incentives to get employers on board to be important: The first 100 SMEs that become accredited are entitled to a one-off business rate discount of up to £1,000 and this additional benefit remains on offer until the end of the financial year.

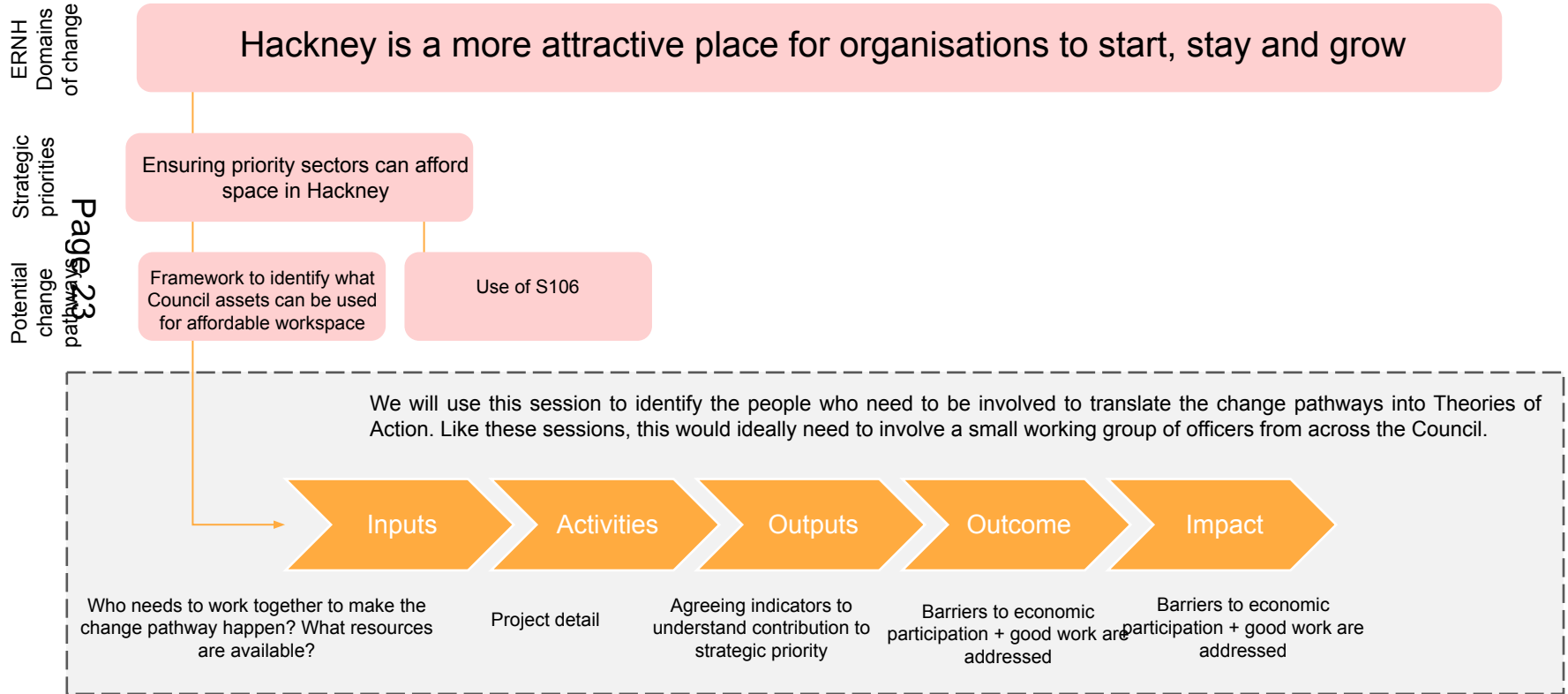
Establishing what Hackney already does - and whether this is effective



Developing the Theory of Action: what could Hackney do differently that would help to address the issues identified in the evidence base?



Establish how the areas of change translate into projects / approaches. Will balance resource requirements, delivery responsibility and timelines so the Plan is realistic and deliverable.



**Final ED Plan will replicate
Climate Action Plan
structure, ensuring it is
consistent, easy to
understand and to ensure
accountability**

Definition		
Objective	Action	Lever
#	What we will do	What type of action is this?
Green economy		
GE.1.1	Increase the number of Hackney businesses and jobs that contribute to the Green Economy, including through regeneration delivery programmes and procurement	
	Use the Economic Development Plan to set out the priorities for Council-specific activity to support growth of the green economy	Strategies & plans
	Build a picture of Hackney's business and labour market for both the green economy and carbon intensive industries to inform decisions on strategy and delivery	Strategies & plans
	Use the Council's approach to area based regeneration and its use of commercial assets to identify sites to support green economic activity	Strategies & plans
	Use the Council's purchasing power to create green job and training opportunities - through sustainable procurement, development agreements, regeneration programmes and s106 agreements via Employment and Skills Plans (or equivalent)	Strategies & plans

Example project list from CAP

Key challenges for delivery

Risk	Potential Impact on ED Plan	Mitigation
Will require collaboration across multiple directorates and teams	Recommendations will require new ways of working that may be difficult to implement or maintain, reducing impact	<ul style="list-style-type: none"> ● Engaging other directorates early to understand delivery challenges ● Report will clearly itemise projects or changes in approach with associated responsibility for delivery, coordination and input
Contingent on other emerging strategies and delivery plans	New SPIS, Town Centres strategy, Voluntary Sector Strategy and Property Strategy and other emerging key documents don't relate strongly enough to inclusive economy objectives in the ED Plan	<ul style="list-style-type: none"> ● ED team engaging with other service areas to understand priorities and likely interaction points ● Inputting into planned SPIS workshops ● Using ED Plan work to communicate key aims
Limited resources will require prioritisation of activity	Insufficient budget or internal capacity to deliver recommendations	<ul style="list-style-type: none"> ● Workshops with key service areas held to understand trade offs ● Mapping existing activity to establish what already works ● All recommendations will be informed by feedback and discussion with other teams to ensure they are realistic, proportionate and affordable
Changing external political environment	Change of national or metro government results in different funding or organisational environment	<ul style="list-style-type: none"> ● Evidence baselining will allow for flexibility should resource availability change ● Best practice from elsewhere included in final report in case wider funding environment improves

Next steps for the ED Plan

The four thematic “economic outcome” workshops are the complete the next steps are scheduled as

- Housing thematic workshop for ERNH (TBC dependent on availability)
- Planning “lever” workshop (TBC in Feb/Mar dependent on availability)
- Procurement “lever” workshop (TBC in Feb/Mar dependent on availability)
- Get steer on political engagement (Feb - was planned for Mayor’s 3:1 but now delayed)
- Develop theories of action (Mar/Apr - iterative process with key managers)
- Commence political engagement (Mar - TBC dependent on steer from Mayor)
- Translate theories of action into delivery plan (Apr - to be based on CAP format)
- Generate list of high level “trade-off” decisions to be made (Apr)
- Take “trade-off” decisions and establish priorities (Apr/May)
- Cabinet ratification of ED Plan (June Cabinet with May Policy and Strategy Group before)



Hackney Responsible Business Charter

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What is it?

Customised

A charter to help Hackney-based businesses show their own commitment to operating in a responsible way through a choice of different kinds of pledges

Celebratory and promotional

A space to recognise the social and environmental achievements of businesses and use that to actively promote success and wider influencing

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Light touch

A business can make one straightforward pledge with three supporting actions - options from the multitude of Council "asks" are brought together in one place

Small business friendly

Pledges could be small or large - the idea is that every type of business is able to participate through proportional action

Support

Council helps businesses with pledges and actions through signposting to ideas, information and guidance or providing relevant business support ourselves

Why are we doing this?

Encourage businesses to be more responsible

Help for business owners to take the first steps, or further develop, how they are running their business in a “responsible” way

Recognise businesses’ contribution to doing good

Businesses will be able to easily show the good they’re doing through signing up to the charter and making pledges linked to wider Council “asks” that they and customers understand

The Responsible Business Charter will help residents, other businesses and the Council be proud of Hackney as a place

- Reinforce Hackney’s history and brand of social responsibility
- Promote a positive image of Hackney as a place to live and work
- Provide information to help Hackney residents and customers make more informed choices about local businesses to use or work for
- Demonstrate shared values and different ways to be responsible

Set expectations for access to business support

Expectations about what the Council expects to see in any business that benefits from its own business support and/or business grant rounds

The Council will promote responsible businesses

Businesses will be promoted by the Council through the Council website, the Hackney Business Network, “shop local” campaigns and in relevant business articles in the Love Hackney magazine

Example commitments and pledges

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How will it work?

Onboarding

Monitoring

Signing up

promoting

Onboarding

Becoming Signatory

promoting

Collect evidence

Verification

Promoting

We'll ask you a few questions about your business and if you have an idea of what your pledge and commitment would look like. No prep needed at this stage, just your interest and thoughts about a pledge.

We'll ask you a few questions about your pledge, the actions you plan to take, then how and when you'll know you've succeeded. We can help you with this step if you need us to through a call or two.

We'll review your pledge and action plan. We'll agree the info you'll need to show you've achieved your pledge and when we'll next check-in with you.

We'll get in touch in at the agreed time to check-in on your progress and ask you to provide information about what you've achieved on your pledge

We'll review the evidence you provided. If everything looks good then we will update your status as verified.

We'll promote your business as a verified responsible business and we will talk about your achieved pledge in our channels

Supporter

Signatory

Verified responsible business

You will receive a physical and digital RBC validation that expires in one year

Renewing your commitment and pledges

we will check in with you on whether you want to switch to a different pledge or continue with more actions under the same pledge

Pre-launch timescales

Concept development

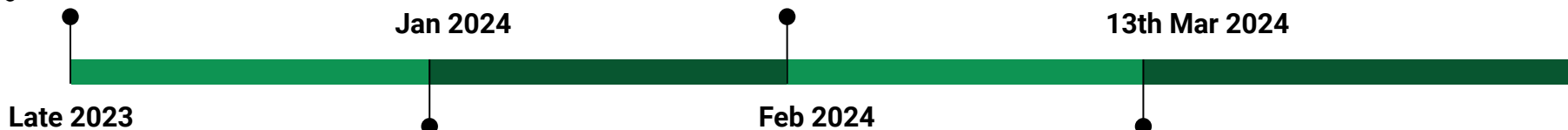
Background research into Council “asks” of businesses, other charters, and relevant accreditations.

Consider need, differentiation and purpose for a Hackney charter. Create minimum viable product for launch.

Market testing

Engage with businesses that we already know are “responsible” to test concept and process. Review concept and process in light of their feedback. Secure initial cohort of business “supporter” signups in advance of launch.

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Process development

Consider options for process, ie onboarding, comms, signposting to support, initial checks plus transition from easy access “supporter” to more in-depth verification as a “signatory” over time. Process should always be simple and engaging.

Supporter stage launch

Promote RBC at HBN event, celebrate existing “responsible” businesses and initial “supporter” sign ups.

Launch webpage on HBN site and promote via social channels ²⁴

Post launch timescales





Research into social businesses

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What we'll cover

1. Definitions
2. Baseline and ecosystem
3. Recommendations
4. Wider considerations
5. Next steps

Definitions

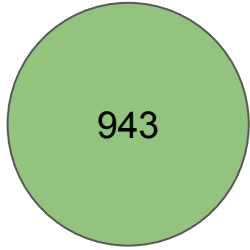
Background

- No universally accepted legal definition for 'social businesses' in the UK, various terms and legal structures associated with social enterprises and socially focussed businesses co-exist
- Definition needs to recognise the desirability of a business that does not extract any surplus generated from trading from the local economy, but redistributes it back to those that generated it, such as workers and customers or the local community. The core definition is below.

A social business is a business that generates more than 50% of its income is from trade (this can include grant funded service delivery), and meets the definition of at least one of the following:

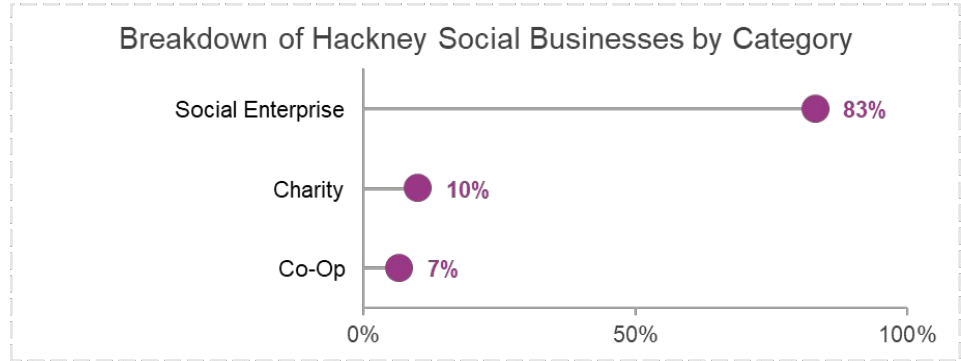
- A charity that trades
- A common ownership cooperative
- A social enterprise with an asset lock

Current baseline



Social businesses in Hackney

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Category	Subcategory	Number
Social Enterprise	Community Interest Companies	397
	Companies Limited by Guarantee	385
Cooperatives		63
Trading Charities		98

Features of social businesses in Hackney

- Social businesses in borough are overwhelmingly micro (as per the general business profile) represent a wide variety of sectors, with most common SIC descriptions (ie sector) refer to 'other' activities in various fields.
- Strong informal networks of social businesses exist, reflecting depth of civic engagement in borough
- Strong presence of support between businesses and from external socials organisations, but gaps in tackling some of the biggest challenges facing social businesses, such as dedicated funding sources, coordinated awareness raising, accessing public sector procurement opportunities and specialist business support offer
- Much of the existing network seems to have little formal interaction with the Council - this underpins an absence of mutual awareness and low levels of trust
- Only 17% of Hackney Social Businesses have received funds from the Council since 2004, and the Council procured from only 11 Hackney based social businesses in FY 2022-23
- Council contracts not felt to be a viable option for expanding activities as the opportunities are seen as difficult to identify, time consuming and unwinnable
- Mismatch between commissioning managers awareness of what social businesses exist, their delivery capacity deliver (scale and quality) and social businesses awareness of Council contracts relevant to them
- Uncertainty amongst procurement and commissioning managers over social business capacity to deliver Council contracts effectively, particularly due to budget constraints

Ideal ecosystem

The ideal ecosystem is similar to standard business support but requires longer timescale for development and investment.

This is to account for more complex governance forms, likely links to local communities, attitude to risk, the different market opportunity and the need to link to public sector procurement cycles:

- Access the right financing options for their stage of development.
- Accessing subsidy, often just to lower operational costs such as property/infrastructure within London, to support delivery of social value
- Receive meaningful support and capacity building in various ways from a range of stakeholders but specifically linked to public sector contracts/grants that address societal challenges.
- Connect with peers for mutual support, learning, collaboration and supply chain development.
- Benefit from supportive public policies - such as specialised legal forms, tax reliefs, and social procurement policies.
- Approaches are planned and delivered in way that recognises the real economy, ie sub-regionally, because business planning is aligned to market opportunity rather than administrative boundaries

Recommendations

A range of recommendations have been made and these need to be “stress tested” for deliverability within the Council and more widely with stakeholders in the ecosystem.

Increasing and improving procurement

- Improve the procurement environment
- Improve visibility of social businesses to commissioners
- Adopt sector-specific procurement strategies
- Improve social business data collection & categorisation
- Co-fund a Social Business ‘Champion’ role with other Councils
- Create a Community Wealth Building Directorate

Developing local support ecosystem

- Strengthen and improve the social business support provision
- Linked development of new social businesses to wider economic models (ie Community Wealth Building)
- Support standard business conversions into worker ownership
- Deliver social business accelerators for priority sectors

Making finance more accessible to set up or develop social businesses

- Encourage more joint funding
- Create a Hackney specific lending pot
- Offer local match funding for community shares
- Ensure that business support covers social business finance
- Collaborate with sector actors to make finance more accessible
- Provide subsidies to social businesses

Increasing awareness & interest

- Increasing awareness at the local level
- Increasing awareness at a multi-borough level / London-wide

Wider considerations

- Many of the procurement recommendations are highly relevant to the Council's strategic aims around community wealth building and increasing spend with Hackney based suppliers
 - The update to the Sustainable Procurement and Insourcing Strategy is complete so there's a challenge to reflect the findings from this report in the headline policies
 - Understanding of social value amongst commissioning managers varies considerably and often our SV "asks" are transactional ie what does a contractor give back to us, rather than how does this organisation's business model support the council's social and environmental objectives
- There is competition between the social and environmental "asks" - we need a smart approach
- Cross Council buy-in and collaborative approaches are needed amongst teams less familiar with the Council's economic objectives. The Economic Development Team is small and controls few levers internally to influence commissioning managers and deliver on this agenda.
- These recommendations will be plugged into the Economic Development Plan process, which will be the true test of buy-in to these priorities and the feasibility of delivery
 - The appetite for achieving wider systemic change with regional and national stakeholders needs to be tested, in particularly on achieving clearer routes to finance

Next steps

Step 1

- Findings from this report are presented to the MC10 working group for feedback and discussion
- Findings from this report are incorporated into the project and interventions planning for the Economic Development Plan work to test buy-in, options for delivery and resource requirements

Step 2

- Hackney Council and the research team host a multi-stakeholder workshop on the systems change elements of report with representation from potential partner boroughs and the wider ecosystem to stress test the wider appetite to collaborate on change
- The ED Team uses the outputs from the workshop, research report and ED Plan work to develop delivery options for supporting social business and enhancing the ecosystem of support

Step 3

- The ED Team implements and marshals a delivery plan for agreed activity that includes timelines, funding, responsibilities, development needs and reporting structures
- Delivery is expected to include a mix of influencing, partnership building, indirect and direct activity



The end
Thank you!

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