

13 May 2021

## Supporting the Development of Employee Ownership – SCR Ownership Hub

### Purpose of Report

This report outlines the successful bid that was made to the Cooperatives UK and Employee Ownership Association to become a partner in the pilot Ownership Hub.

### Thematic Priority

Cross Cutting – the Ownership Hub will provide an additional element of business support that can:

1. Ensure new businesses receive the support they need to flourish.
2. Facilitate and proactively support growth amongst existing firms.
3. Develop the SCR skills base, labour mobility and education performance

### Freedom of Information and Schedule 12A of the Local Government Act 1972

This paper will be available under the MCA Publication Scheme.

### Recommendations

That LEP Board Members:

- are invited to discuss the content and approach to the proposals for the Sheffield City Region Ownership Hub and
- are asked to consider the appointment of a private sector Board Member to lead the development of a business reference group.

## 1. Introduction

- 1.1 Cooperatives UK and the Employee Ownership Association ran an application process in November 2020 to identify a partner authority to run an Ownership Hub pilot. The purpose of the Ownership Hub is to raise awareness of the benefits of employee and worker ownership at a national level.
- 1.2 The SCR hub will receive support and resources to run an intervention to grow employee and worker ownership across the region which benefits individuals, businesses and the wider community through a fairer, more inclusive and resilient regional economy and supports the policy position of the SEP and emerging Inclusion Strategy for South Yorkshire. SCR was successful in securing the hub against other large Mayoral Combined Authority areas and it will be the only pilot to operate.

## 2. Proposal and justification

- 2.1 It is proposed that the Ownership Hub will sit within the SCR MCA Gateway Service with a training programme implemented to provide Gateway and Business Advisors with the knowledge to explore employee ownership opportunities with businesses. This will be

supported by a dedicated Hub Co-ordinator role and additional resources from Cooperatives UK and the Employee Ownership Association.

**2.2** Within the Sheffield City Region there are a number of existing successful employee owned businesses and cooperatives that have developed valuable experience and insight of these business operating models. Working with a cohort of these businesses to help promote the employee owned business model, the work of the ownership hub and to mentor businesses moving to employee ownership would be a valuable asset for the project. On this basis, the LEP Board Members are asked to consider the appointment of a private sector board member to lead the development of a business reference group.

**2.3** The SCRMCAs will contribute by:

- hosting the Hub Co-ordinator
- promoting the Ownership Hub and embedding the employee ownership model and support into the existing business support offered across the region
- utilising its networks across South Yorkshire to promote the Hub and

mapping the wider interventions in business support and skills development that can support businesses to adopt an employee ownership model.

**2.4** In terms of governance arrangements, it is proposed that the oversight of the Ownership Hub sits within the remit of the Business Recovery and Growth Board with the Board receiving regular reports on progress with implementation and performance against KPIs.

### **3. Consideration of alternative approaches**

**3.1** Do nothing – this would mean the loss of opportunity for Sheffield City Region startups and established businesses to benefit from the support the Ownership Hub provides in developing an Employee Ownership or Co-operative business model. If this approach was not fully engaged the region would be missing opportunities to deliver on its commitments to support inclusion and inclusive growth and the core strategic policies, the Strategic Economic Plan (SEP) and the Renewal Action Plan (RAP). The SEP for example will include a commitment to “promote cooperatives and other social enterprises to ensure that benefits are more directly linked to SCR residents.” Its key intervention areas include: “Enhancing innovation led community wealth building through the support and advocacy of cooperatives and other community ownership models.”

**3.2** Do more – this programme is a pilot scheme and the design of the programme will be focussed on stretched but realistically achievable outcomes, increasing the scope at this pilot stage would be a delivery risk with potential reputational issues.

### **4. Implications**

#### **4.1 Financial**

The programme will be delivered from existing resources and budgets. A part-time Ownership Hub role will be funded directly by Cooperatives UK.

#### **4.2 Legal**

A memorandum of understanding will be developed between SCRMCAs and Cooperatives UK.

#### **4.3 Risk Management**

The programme will operate a risk register and is supported by a project manager from with Cooperatives UK.

#### 4.4 Equality, Diversity and Social Inclusion

The principle of the Ownership Hub is to support inclusion and inclusive growth.

### 5. Communications

- 5.1 A marketing and communications plan for the programme is in development with a shared input from SCRMA, Cooperatives UK and Employee Ownership Association.

The announcement of the SCR success in being chosen as the pilot Ownership Hub has been delayed in consideration of Purdah and to allow sufficient time for Cooperatives UK to establish a web information hub to support the launch of the project. It is likely that an announcement will be made mid-June.

### 6. Appendices/Annexes

- 6.1 The Ownership Hub Prospectus

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: