

# Open for Business

London Councils review of borough business engagement



May 2019

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# Introduction

London Councils recently undertook a review of how boroughs work to create a stronger business environment. While it would be impossible to capture the huge range of support delivered by the 32 boroughs and the City, this short report aims to give a flavour of the diversity of business engagement occurring.

While not all boroughs have been investigated in detail, all are in some way actively engaging with their business base. Their drivers are principally twofold:

- a) To actively support business and specifically SMEs and micro-businesses;
- b) To promote inclusive growth and social value.

Business engagement is clearly a high priority in most councils, with over half of those surveyed involving the Leader on the main business forum. The format of engagement was variable, and most intensive when there was a specific issue, such as a consultation ahead of

a new Business Improvement District (BID) or the impact of business rates revaluation.

Business Rates retention will be an increasingly important part of boroughs' income, but direct action to increase Business Rates income does not seem to be the main policy driver around current business engagement by boroughs.

# Business Engagement

Our survey revealed a diverse range of businesses engagement, with three quarters of boroughs having some form of business board or forum and the same account having surveyed their businesses opinions in the last two years. Forms of engagement included: an annual business expo; writing to all new businesses in the borough registering at Companies House; running bespoke business networking events; and regular e-newsletters sent to over 2,000 local firms. One borough worked with a third-party business organisation to contact SMEs with 160 plus employees in the borough, informing them of their business support services and promoting an apprenticeship standard scheme. Its employment service had links with over 400 businesses.

Regular borough-wide formal business surveys were problematic due to the difficulty in surveying a business landscape composed predominantly of thousands of micro-businesses. Intensive engagement with businesses occurred around specific objectives such as in the lead up to a BID formation vote (where external consultants had been hired) or where there was a specific immediate concern, for example business rates revaluation or the sale of business space beneath rail arches and its potential impact on rents.

There were examples of closely working with businesses around specific topics, such as **Camden's** STEAM Commission, or when managing the impact of a major regeneration development. There is also

sub-regional activity, for example the **South London Partnership** engaged business around their [skills strategy](#) and a review of the [digital economy](#), while the **West London Alliance** has a close working relationship with [West London Business](#).

All boroughs saw the importance of business engagement, but not all thought that they were doing it successfully. This was partly due to the resources available and partly due to the fragmented nature of the business base. While they could identify and engage with their major employers this represents less than 50 per cent of the workforce.

**Harrow Council** actively engages with its larger businesses, although the number of large employers in the borough has decreased significantly, but they also work with their micro-businesses, identifying over 2,000 digital firms in the borough. Like other boroughs they also engage with business with the objective of enhancing their town centres. There is also an annual business expo bring together more than 250 local businesses. In February **Barking and Dagenham's** Leader held a well-received business reception, open to all the borough's businesses.

Standing consultation events, for example on the borough's budget, are often poorly attended - businesses do not see the value of attending them as they can not see the impact of their views. Boroughs recognise the need to engage better with their businesses



# Business Boards

around explaining how business rates are arrived at and what they fund. Our survey showed that most boroughs (65 per cent) considered it was too early to tell if the prospect of business rates devolution would significantly change the relation with their businesses.

The size of teams involved in business support varied hugely between boroughs, most being between 1-10 staff, but some coming in at closer to 30. However the boroughs recognized that if they include regulatory activities (e.g. licensing, trading standards and business rates), this lies between 150 to 200 staff.



Just under 60 per cent of the boroughs had a strategic overarching business board, but three quarters (75 per cent) of boroughs had geographically focused business boards or forums (often around town or district centres but not exclusively). There is a real diversity in the type of issues or themes that these forums focus on. The key focus was employment and skills, as well as regeneration and development, cited by 85 per cent of the boroughs. Business support and planning were also cited by over 60 per cent of the boroughs, with procurement, inward investment, transport and sector specific issues also being covered.

Councils tended to instigate and provide the on-going management of business board. **Camden** and **Southwark's** boards are chaired by a business representative, but often a Councillor (usually the Portfolio Holder or the Leader) chairs them. There was a keenness in some areas for the Business Board to be more external to the borough, coordinated for example by an external body such as the Chamber of Commerce.

The majority of those interviewed considered the forum either very or extremely influential on council policy and all considered the group at least somewhat influential. Those citing higher importance tended to justify this because senior figures (members and officers) at the council were behind its establishment or it was working on a high-profile piece of work for the council.

Southwark's [business forum](#) brings together major businesses in the

borough to inform the councils policies. Driven in part by frustration with the quality of local skills provision, the [Southwark Skills Strategy](#) grew from their business forum work, developed with local businesses to promote collaboration between providers and employers in the delivery of local skills provision, a better understanding of the skills gaps, enhancing careers information and opportunities, as well as promoting local apprenticeships.

The **Brent Business Board** was established in 2016 and is made up of significant Brent businesses, local education institutions, business memberships organisations and the Lead Member. It provides strategic engagement and helps set the agenda for business support. In addition they are developing business associations in the eight town centres, supported by four town centre managers. Brent is fairly typical in the nature of its businesses, being home to over 14,000 enterprises, who employ more than 130,000 people, with 92.2 per cent of businesses defined as 'micro' (<9 employees).

Overall university membership of boards was encouraged, recognising their economic importance. However the engagement with universities is recognised as patchy. **Hammersmith and Fulham** stand out as an example of close working with Imperial as they develop their White City Campus, which is a major economic asset, recognised in their [Local Industrial Strategy](#).

# Business Charters

Borough Business Charters have to date largely focused on encouraging employers to have enhanced employment practices, rather than setting out the offer of the borough to business. While they have been successful in setting a strategic direction, boroughs recognise charters have struggled to secure large numbers of businesses to sign-up.

The [Good Employer Croydon](#) is an example of a charter aimed at supporting businesses to enhance their practices. It is accredited by the borough and offers a business rates discount to the first 50 SMEs who become accredited in the 2018/19 financial year. To become accredited the firm needs to meet a series of criteria such as registering interest in becoming a Living Wage Employer with the Living Wage Foundation. There are also objectives around local employment and procurement, and providing examples of initiatives related to workplace equality, diversity and well-being.

**Wandsworth** is promoting the [Social Mobility Pledge](#) which has similar objectives for employers. **Westminster** recognises businesses local corporate responsibility with their [Westminster Lions](#) status.

A number of boroughs do not have formal Business Charters, but are working with the Living Wage Foundation, as well as looking closely at the Mayor of London's Good Work Standard. **Lewisham** has been promoting the London Living Wage by linking the commitment to business rate relief, although the take up to date has been limited. The Federation of Small Businesses is actively engaging with boroughs around their [manifesto](#)

to ensure a strong partnership with business, and this approach is worth exploring when refreshing business charters.

The innovative [Tottenham Charter](#) is used to engage and provide visibility to larger, non-local businesses in delivering social value to residents in Tottenham. For example Linklaters is developing a partnership with a local academy, delivering a range of programmes to raise students' aspirations and employability.

Making the case to business of the value of gaining the accredited charter is problematic as the tools at the council's disposal are limited. Most focus on enhanced engagement with the council, networking events and profile raising. Even the offer of business rates relief has delivered limited up take. Making the case for the business benefits of enhanced employment practices, such as reduced staff turn-over and increased productivity, also needs to be made including via case studies.

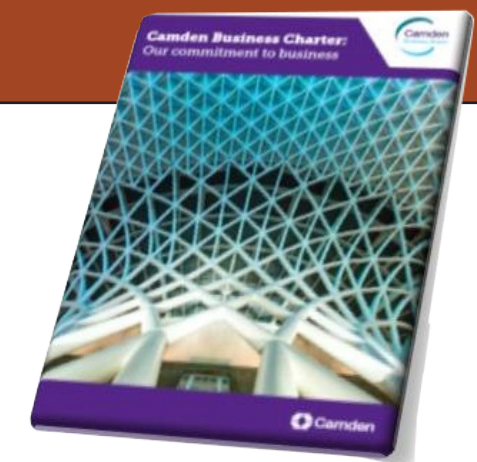
Charters do, however, have a useful role in defining a council's direction of travel for enhancing their business environment, as well as promoting the dialogue with firms around social value.

## Focus on: Camden Business Charter 2018-2022

The council formally adopted the new Camden Business Charter at Full Council, 21st January 2019, pledging to:

- Make Camden an attractive place to invest and locate
- Set the standards for responsible business
- Support small business, start-ups, scale-ups and the self-employed
- Develop a skilled workforce
- A series of measurables are currently being agreed to track success. Examples could include:
  - Apprenticeships targets – considering overall targets or discreet projects
  - Board diversity
  - Adoption of standards such as London Living Wage, Mayor's Good Work standard
  - Targets around pupils, schools and work experience – linked to the STEAM Commission
  - Measures based around responding to calls for action in Camden 2025
  - Climate Change/Air Quality and transport initiatives

The charter was developed with Camden's **Business Board** which includes all their BIDs, major universities, as well as sector representatives such as Google for tech.



# A More Responsive Service

Boroughs are complex organisations, with many business-facing departments. Our survey showed that, while enterprise teams are small (approx. five people), teams with a business-facing role are large, between 100 – 200 people, including trading standards, licensing, environmental health, business rates and planning. It often fell to the economic development team to work with other council departments and deal with issues raised by the Business Forums (or inform businesses about who to contact).

**Hackney** brings together business facing services into regular internal meetings to report business feedback and discuss how the council can improve its interface with business. **Waltham Forest** has designated directors that their larger businesses can directly liaise with about issues and drive rapid responses to their concerns.

A number of boroughs have parts of their websites as dedicated Business Portals, a sign-post to business facing regulatory services, business support services, as well as highlighting objectives they would like business to engage with, such as the London Living Wage or local employment brokerage. **Harrow** has developed a business tool-kit as a guide to the borough's regulatory services, supported with an [on-line portal](#). **Brent's Business Hub** provides a [directory](#) of useful partners, similar to **Hackney's business support** site, and **Bromley's portal** is supported by regular emails to registering businesses.

A business representative body stated

that consultation events need to demonstrate an impact, with a clear action being taken. Boroughs that had undertaken business engagement could point to specific changes that had resulted from it. These ranged from the operational, such as changing procurement practices, making licensing processes easier to understand and shaping a bid to improve broadband access, to the more strategic, such as determining the council's investment strategy in its Strategic Industrial Locations and shaping its approach to business across the council.

Coordinating a more business friendly service across a borough remains an issue and is worth exploring further. Given borough's limited resources and the impact on services such as planning, an organisation representing larger businesses has expressed an interest in how they can pay more to get a more efficient service, building on Planning Performance Agreements. It is worth exploring the restrictions, flexibilities and appetite around this, including what boroughs are already doing in this area.

While boroughs have invested significantly in providing on-line services for their residents there was a frustration that we have not come as far in delivering the same service for businesses. A single on-line business account is being progressed by a number of boroughs such as **Westminster**.

# Business Support

Boroughs are exploring a range of innovative ways to deliver local business support with limited or no budgets, partnering with third parties.

**Westminster** has a [Westminster Business Council](#), coordinating events for business and free support to SMEs. This includes [Pop-up Business School](#) and business mentoring to SMEs delivered via King's College University and the LSE.

[The Richmond Enterprise Challenge](#) focuses on early SMEs with a target of supporting 800 businesses. [Wandsworth Enterprise Week](#) (expanded to a month in 2019), works to promote SMEs and start-ups via series of events, as well as promoting enterprise via school engagement events. **Bexley for Business** (B4B) is Bexley's business support programme which offers many support services such as newsletters, social media, property searches, business to business mentoring and business advice. Ealing commissioned an external partner to deliver a range of business support events, while Redbridge provides "drop-in" business support at their library.

**Harrow** works with local branches of NatWest and Barclays, as well as the Institute of Chartered Accountants, to deliver initially free advice to their businesses, which are overwhelmingly micro-businesses. Last year they coordinated 26 events, which provided business planning advice to over 900 micro-firms. The [Harrow Business Den](#) gives local entrepreneurs an opportunity to pitch their ideas, with the winner gaining a range of free business support. The British Library

Start-ups in London Libraries project is partnering with 10 London boroughs to provide access to world leading business support.

The network of six enterprise support agencies [Business for London](#) cited the fragmentation of support and the lack of a standard offer for start-ups and SME growth, and is keen for a stronger relationship with boroughs. Overall SMEs continue to see the most valuable source of business advice as coming from accountants or informal conversations with their peers.

Ensuring local firms can access borough procurement opportunities has been a long running theme. **Harrow** set a target of 15 per cent of the borough's spend should be with local firms and it is currently running at 27 per cent. In addition boroughs are keen to promote the opportunities around major regeneration sites, for example **Lambeth** and Wandsworth **worked to open up procurement opportunities** via the [Supply Nine Elms](#) project.



# Relationships with Chambers

## Focus on: Richmond and Waltham Forest Town Centres

Ensuring thriving town centres remains a priority for boroughs. Richmond has maintained an annual £100,000 grant fund to support town and local centre traders' associations to address their local needs including community and high street events, shop-local promotions, website development, some small infrastructure improvements, including disability access, and Christmas festivities. This generated over £237,000 in match funding last year. Waltham Forest has an integrated programme to support their commercial centres, including a range of public realm improvements; nearly 60 shop-fronts upgraded; visual merchandising and business support; community partnerships realising public art; restoration of substation for revolving programme of local art.



In discussion with the [London local chambers](#) they cited that boroughs have stepped back from actively funding chambers, driven by financial constraints, but they generally have a positive relationship with them.

Overall, chambers are keen to work with boroughs, as a useful means of business engagement, and in the past they have supported boroughs on initiatives such as procuring locally, as well as campaigns around business rates and supporting exporting.

Chambers vary across London and some boroughs have questioned how representative of the diverse business community their local chamber is.



# Business Improvement Districts

BIDS continue to be an important part of London's business landscape. BIDs can cover up to 70 per cent of a borough's businesses in central London, while in outer London an increasing number of town centres are voting for BIDs.

**Westminster** works closely with its nine BIDs, including jointly lobbying. **Wandsworth** is actively promoting BIDs in its town centres for example at Clapham Junction. There are a number of Outer London BIDs in town centres and industrial parks, for example in [Sutton](#) and [Wood Green](#).

BIDs are increasingly looking beyond their normal remit of "clean, green, safe", delivering added social value, for example via the provision of affordable working space and employment programmes. For example [Employ SE1](#) brings together the three South Bank BIDs promoting employment opportunities for local people.

There is a strong overlap with boroughs' work, with collaboration on issues as diverse as tackling air pollution to community safety. Models such as the **Cross-River Partnership** (hosted by Westminster) show how boroughs, BIDs and others can collaborate around common objectives. Central London BIDs collectively believe they are spending between £6-7 million on dealing with the impact of rough sleeping.

# Affordable Workspace

Delivering affordable space is a key issue for all the boroughs London Councils met with, with a focus on co-working office space. For example **Lambeth** demonstrated that local rents increased by 45 per cent over the last five years, with 51 per cent of businesses saying affordability is a challenge. The loss of office space via permitted development rights is a common concern.

Boroughs are using a range of leverages to deliver new space, including planning and the use of their own stock. Boroughs such as **Hackney** have developed their own accreditation system for workspace provides, an approach that is being actively looked by a number of other boroughs. **Lambeth, Lewisham, Southwark** and **Wandsworth** have a joint programme to deliver affordable workspace, funded through the Business Rates Retention Pilot (SIP). **Sutton** has proactively bought vacant buildings, supporting their conversion to affordable works space, while **Merton** and **Kensington and Chelsea** are leasing underused library space to tech industry workspace providers.

## Focus on: Westminster

Westminster City Council have set the ambitious target of ensuring 220,000 square feet of affordable workspace, providing space for 5 per cent of the borough's businesses. Via section 106, using their own sites and discussions with partners they have already secured a range of spaces.



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# Inward Investment

Inward investment is an area of interest for many boroughs. Successful approaches build on an honest review of their current business assets as a basis for attracting further investment.

**Capital West London** is a sub-regional approach to promoting investment, launched with a [major conference](#) to promote the area. The [Develop Croydon Forum](#) is a not-for-profit Community Interest Company, with close links with the borough. It has more than 60 businesses, agencies and individuals whose main aim is to promote **Croydon** for investment, via events, research and publications. Limited resources mean that boroughs struggle to run effective inward investment programmes and collaborative approaches, such as London Councils' joint mission to the MIPIIM the property industry event, are popular.

Some boroughs see that the key driver is attracting businesses that are being priced out of central London, but still want high connectivity, for example **Haringey** which is promoting a high-tech creative hub, their Creative Enterprise Zone, related to Tottenham Hale, with its links to central London, Stratford and Stansted. The six [Creative Enterprise Zones](#) show boroughs building on their current business clusters to accelerate business development. For example **Hounslow** is looking to strengthen networks with locally based multi-national businesses Sky, Disney and Paramount, promoting local employment and closer working with local creative and digital companies.

There is significant investment in digital infrastructure, often delivered sub-regionally. For example, **West London Alliance's** £7.7 million successful SIP bid to provide fiber to employment sites. How boroughs can more effectively support the roll-out of 5G is an area business groups have raised with London Councils.

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Publication date: May 2019  
Images: iStock (other than where stated otherwise)