

The Small Business Friendly Borough Awards 2013



Overview

Small firms are playing an increasingly important role in London's economy. They represent approximately 97 per cent of all businesses in the capital and provide half of the city's 3.4 million jobs¹. Excluding the financial and insurance sectors, they account for about £430 billion of business turn-over². They are not only key wealth generators but are also an important part of their local communities. Small businesses face a number of challenges to their survival and growth including difficulty accessing good quality business advice and support, affordable workspace, business finance and public sector procurement contracts.

Recognising the importance of small and micro businesses, councils across the capital have been actively cutting red tape, simplifying procurement processes, providing business support services, investing in infrastructure, and running campaigns to support local trade. To celebrate this work and the positive impact it is having on London's small and micro business community, London Councils partnered with the London Region of the Federation of Small Businesses (FSB) on the inaugural Small Business Friendly Borough Awards for London. The awards were designed to highlight effective business friendly initiatives, and to allow boroughs to learn from good practice. This briefing provides an overview of some of the successful schemes that councils have been implementing.

Winners were presented with their awards at the CBI conference centre on 5th September. Image: Paul Bennett/London24



¹ Centre for Cities, 2012, Size matters: The Importance of Small Firms in London's Economy

² LEP, 2013, Jobs and Growth Plan

Award winners

Best all round small business friendly borough - commends councils for successfully implementing wide-ranging policies to support and develop the local micro and small business community.

- **Winner - LB Barking and Dagenham:** The council's private sector-led Skills, Jobs and Enterprise Board implemented a Single Programme of enterprise and business support for new and existing businesses. This included running a one-stop shop service and offering free one to one support and low cost workspace. The council also supports seven retail and industrial business forums, supports local procurement through its framework contractors, assists local firms to become fit to supply, offers access to finance and advice to increase environmental sustainability (thereby reducing small business costs), and runs annual Business Awards. The borough has the 4th highest new business formation rate in the UK, and businesses starting up have a greater chance of survival in early years compared to neighbouring areas and the UK average. The borough has also seen an increase in its self-employment rate and in net additional VAT registered businesses, as well as an above average growth in the business start-up rate.
- **Highly commended - LB Hammersmith and Fulham:** The council ran a programme of activities based on consultation with local businesses under the banner 'They said ... together we will' to support local business to grow and thrive. These activities included a one-stop advice portal, a monthly entrepreneurs event, a quarterly e-newsletter and guide to business support, a guide for SMEs on 'How to do business with the council', an annual networking and expo event, and annual Brilliant Business Awards. The council also developed a free CD ROM detailing 3,000 borough suppliers. Following implementation of the programme there has been a 5 per cent increase in the number of micro businesses in the borough, and the high-street vacancy rate has fallen below the London average.

Best campaign to support local trade - recognises specific council campaigns which have encouraged and supported the local micro and small business community.

- **Winner - LB Waltham Forest:** As part of its Project 2013 programme of regeneration work, the council invested £9m on high streets, including carrying out award-winning shop front improvements. To showcase the re-developed business locations created by this work, the council ran a Love Your High Street project. This included: a vouchers scheme, where residents could spend £5 to purchase £15 in vouchers to redeem at participating businesses; a directory of the borough's Hidden Gem retailers, with a challenge for residents to shop at a Gem and share a photo in an online gallery; and masterclasses at high street venues on topics chosen by local businesses, including social media strategy and visual merchandising.
- **Highly commended - LB Bexley:** Following feedback from small businesses that their most pressing challenge is getting new customers, the council introduced a *Think Local First* campaign to encourage council staff - and provide them with the tools - to give local small businesses an opportunity to quote for council contracts up to £35,000 in value. The campaign included building a business search facility on the intranet to enable officers to source local small businesses, and running a multi-channel marketing campaign to raise awareness of opportunities among council officers and local businesses.
- **Commended - LB Hillingdon:** Working with local businesses, the council ran an Independents' Day campaign in Northwood Hills to encourage residents to support small businesses by trying something local somewhere local. The day involved special offers, decorations and free branded shopping bags to generate interest. The majority of participating businesses reported a marked increase in shoppers and takings on the day. The council is now helping small businesses to promote special discounts to residents through the HillingdonFirst card, which also offers residents preferential rates at council parking, leisure facilities and other council services.

Best small business friendly procurement - celebrates council procurement activities that have enabled micro and small businesses to gain access to public sector contracts.

- **Winner - LB Harrow:** The council's Sustainable Procurement project was introduced to encourage a diverse base of small local suppliers. The project involved identifying local suppliers and advertising tender opportunities to them, as well as delivering pre-tender workshops to explain the tendering process. The council has also simplified its procurement processes on the basis of feedback from suppliers including replacing Pre-Qualification Questionnaires with a succinct single-stage process and introducing an e-procurement system which means potential suppliers only have to upload their information once. As a result of this activity, small firms have won a number of significant contracts, and council spend with local businesses and small businesses has increased, with the number of contracts with small firms increasing by 7.5 per cent.
- **Highly commended - LB Bexley:** In order to support local small businesses the council is reviewing its contract procedure rules to mandate officers to seek at least one of the three quotations required for work up to the value of £50,000 from a local supplier where possible. The council also runs advice sessions for local businesses on how to prepare for forthcoming tender opportunities, and provides a platform called Marketplace where local businesses can promote themselves. It is also working with major contractors to include more local businesses in the sub-contract procurement process. As a result of these efforts, the council's local spend has increased by around 10 per cent.

Best cutting of red tape - recognises council policies which have successfully reduced the administrative burden on micro and small businesses.

- **Winner - LB Havering:** The council introduced an online procurement system called iProc to simplify the procurement process and cut the administrative burden on small businesses. The paperless system for ordering and paying for goods, works and services has reduced payment times, improving cash flow and financial planning for small businesses. It has also increased the visibility of SMEs across the council, allowing officers to better monitor the council's small business spend, which is steadily increasing with the uptake of iProc.

Other successful schemes

Access to good quality business advice and support is critical to small businesses. In 2011, 45 per cent of small businesses in London felt that they lacked the information and practical knowledge to grow their business³. Councils across the capital are working hard to provide the advice and support that small businesses need, as well as sign posting them towards useful sources of information:

- Several councils, such as Sutton, Camden and Westminster have introduced business support services alongside incubation hubs and low cost hot-desking or other office space, helping to also give small businesses access to affordable space which they so desperately need.
- A number of councils, such as Southwark, Sutton and Camden, have offered start up courses, retail and other training through pop up shops, which also give fledgling businesses valuable exposure to potential customers.

³ Federation of Small Businesses, London Members Survey, April 2011

London boroughs have introduced a range of initiatives to **raise awareness of local small businesses** and help them promote their offer and raise their profile:

- Hackney Council worked with UK Trade and Investment to set up Hackney House, a pop up enterprise venue which provides exhibition, meeting and event space for SMEs looking to showcase their products and services. Launched during the 2012 Olympic and Paralympic Games it has since travelled to Texas, and is scheduled to appear at key events and cities across the world.
- The Royal Borough of Greenwich introduced the Greenwich Card which gives residents discounts at local businesses and attractions. The scheme is complemented by regular shop local voucher schemes that coincide with special events and holidays, as well as a Get Greenwich App to help residents and visitors discover local businesses and special offers.
- In a similar vein, Camden's Business Improvement District, Camden Town Unlimited also introduced a residents' discount card and developed an App to promote Camden Town to visitors, including three themed celebrity-guided tours, which have been downloaded by 45,000 people.
- Enfield Council adopted a different approach commissioning the North London Chamber of Commerce to develop a Connect Direct web portal for businesses and residents to source goods and services locally. The portal contains over 7,500 unique entries, 95% of which are SMEs and micro businesses. The portal is particularly useful for businesses that don't have websites, enabling them to manage their own profiles, whilst customers can rate their services.

Councils are also actively **helping small businesses to access business finance**:

- Croydon Council set up a community development finance initiative called the Croydon Enterprise Loan Fund (CELF) following consultation with SMEs struggling to raise finance through regular channels. The fund provides finance and support services (including capacity building, mentoring and debt management) for business start-up and growth. The self-sustaining fund issues new loans from debt repayments, and has supported almost 200 businesses, creating and safeguarding 248 jobs for the local economy.
- In a different approach, the London Borough of Richmond upon Thames runs a social enterprise development programme to encourage budding entrepreneurs to 'take the next step'. Social entrepreneurs are invited to present their ideas to a panel of experts, who provide them with intensive support to develop business plans. The strongest contender is awarded £10,000 of money and support (secured through commercial sponsorship) to develop their proposition further.

London boroughs have also been busy **simplifying their procurement processes** and helping small businesses to access contracts and enter supply chains:

- LB Tower Hamlets breaks down contracts into smaller sizes and requires bidders to build local firms into their supply chain
- LB Lambeth has streamlined its Pre-Qualification Questionnaires and adjusted the Immediate Purchase Threshold, increasing from £500 to £5000 the threshold at which the council only needs to get one quote.

Such efforts have helped to increase the average London local authority total procurement spend with SMEs from 27 per cent in 2012 to 35 per cent in 2013⁴. This is particularly valuable for SMEs as the average total annual spend of local authorities in London procuring goods and services is £298 million⁵.

The Small Business Friendly Borough Awards have shone a light on the important and valuable work that councils are doing to support local small and micro business communities. They have highlighted the issues that small businesses face and provided an opportunity to share good practice which councils can draw on to implement measures that will benefit their local economy.

If you are interested to learn more about what London boroughs are doing to support small businesses, please contact Souraya Ali at London Councils: souraya.ali@londoncouncils.gov.uk

⁴ Centre for Local Economic Strategies, Federation of Small Businesses - Procurement and Small Business Project: London Geographic Area, 2013

⁵ Ibid