

LONDON BOROUGH OF HARINGEY

**REGENERATION & PARTNERSHIPS -
SCRUTINY REVIEW**

SUPPORT FOR SMALL BUSINESSES

October 2003

SCRUTINY REVIEW: SUPPORT FOR SMALL BUSINESSES

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1.0 Executive Summary

- 1.1 Haringey is home to a culturally diverse community of approximately 216,000 residents. The borough's economy is dominated by small and medium size businesses (91% of businesses employ less than 24 people) which account for 40% of total employment. In total as at June 2002, there were 8,300 workplaces in the borough.
 - 1.2 Between 1995 and 2001 the number of workplaces in Haringey had increased by approximately 28%. The main areas for increase included computing retail and distributing, business services, professional services, retail and hotels. However, decreases were reported in some areas i.e. in chemical manufacture, construction, and non-metals manufacture.
 - 1.3 Small new businesses also have a role to play as potential contributors to the renewal of the poorest and most disadvantaged communities in the borough. This increased spending power can generate extra demand for local services, providing new opportunities for businesses.
 - 1.4 The Scrutiny Committee in 1999/2000 agreed to review the support that the Council and its partners gave to ethnic minority-led businesses in the borough. This review took place against the background of high unemployment, particularly amongst ethnic minority groups, which existed in Haringey at that time. At 14.8% it was the highest figure among the London boroughs.
 - 1.5 The 1999/2000 review produced a particularly long and comprehensive list of comments and objectives for future Council activities. This is outlined in the report.
- 2.0 The Current Review
- 2.1 The original intention of the current review was to consider what progress has been made with ethnic minority-led firms, and also to widen the brief to cover support for all small and medium sized enterprises (SMEs). The aim was to look at the immediate issues and what actions might be taken in the short term, and also to consider a policy framework for the medium term. A particularly important priority was thought to be to identify gaps and limitations in existing support and to see if the Council could devise and implement suitable policies to address these.

- 2.2 The Scrutiny Panel took the view, once it had completed the collection of evidence, that so much had changed since the completion of the 2000 Review that there would only be limited value in pursuing this large number of recommendations from the past. It would also have been difficult to do this properly.
- 2.3 The aims of the current review are therefore:
- (i) To monitor progress, since the original review, on improving the Council's and its partners' support to local business with particular regard to developing a strategic approach, delivery mechanisms, business information and promotion, liaison, corporate support services, and business support activities.
 - (ii) To report to the Overview and Scrutiny Committee on the progress achieved including making recommendations to the Council on any further action required.
- 2.4 From the evidence presented, the Panel had found it difficult to obtain a clear view of the progress which had, or had not been made, or who had been responsible for taking forward particular matters.
- 2.5 In making this judgement, the Panel also recognised that it would be much more useful for the future to identify a smaller number of key issues from the current review upon which focused recommendations for action might be made.

3.0 Supporting Small Businesses

3.1 The borough does not deliver business support directly to SMEs. This is done through a number of local agencies. However, the borough undertakes significant work in facilitating and developing business support projects including European Regional Development Fund (ERDF) Objective 2 funding for business support delivered through Haringey Business Development Agency (HBDA) in 2001 and Phoenix Fund finance for Tottenham Green Enterprise Centre.

3.2 The primary partners in business support for the Council includes:

- Haringey Strategic Partnership
- Haringey Business Development Agency
- Tottenham Green Enterprise Centre
- North London Chamber of Commerce
- Haringey Arts Council
- Business Link For London
- London Development Agency
- Middlesex University
- Government Office For London
- Keeping It Simple Limited.

- 3.3 This leadership role has been demonstrated through the Strategic Advisory Group, working in close partnership with Business Link For London, HBDA, Reed in Partnership, Haringey Arts Council, the London Development Agency and the North London Learning and Skills Council.
- 3.3 The Council has demonstrated an ability to secure resources to support local businesses from European, national, regional and local sources.
- 3.4 Haringey lacks a strong local Chamber of Commerce as a focus for firms seeking support. It was suggested that there are too many publicly funded organisations offering business support, which may make things confusing for small firms. Access to support services through a single generic agency was commended by the Panel. Haringey should have one good quality Enterprise Agency for start-up businesses, with its own incubation unit. It was suggested that Business Link and the Council might work together to identify gaps in service provision and develop methodologies for dealing with this.
- 4.0 'Gateway' to guide small businesses.
- 4.1 Panel was concerned that there continue to be too many business support organisations operating within the borough, all apparently operating in similar markets with no single organisation taking the lead. It felt that the Haringey Strategic Partnership should address these issues urgently.
- 4.2 It is the strong view of the Panel that Haringey needs a single, well funded "gateway" to guide small businesses to the services and support which they require. The gateway should be accessible online, by phone and for personal visits, and would replace the "one counter" recommendation in the 2000 Review. The Panel asks officers to approach Business Link For London (BL4L) to obtain support for this project. The Panel feels that such a project should be a core activity for BL4L. The Panel would also like officers to see if there is a role for the Haringey Strategic Partnership in the project.
- 4.3 Though the City Growth Strategy has provided an innovative business led framework in which business support issues can be considered in parallel with other factors that affect the development of firms, the single access was seen as one way of addressing business support across the whole borough.
- 5.0 Increased access to funding
- 5.1 Haringey has a higher than national average of business start-ups and of Black and Ethnic Minority owned and managed businesses. It is felt that the Council could provide additional help by way of improved access to funding, the provision of grants for new and existing businesses covering the entire borough, and by helping to encourage a business culture in the borough.

5.2 The evidence outlined the actions which have been taken by the Council to increase the participation of the borough's businesses. Through the Council's Local Works Project, local organisations are informed about the Council's procurement procedures, using seminars and information packs. The Local Works Project is working to ensure that contract notices are circulated to all relevant local businesses and organisations.

6.0 Accommodation for SMEs

6.1 The Panel was concerned about the potential loss of sites generating employment because of the pressures from alternative uses such as housing. It recommends that officers should be more robust in dealing with planning cases where there is a risk of employment being lost, providing that this would be in line with good planning practice, and sensitive to the requirements of residents.

6.2 The Panel recommends that officers review Haringey's holding of commercial properties with a view to seeing what might be done to develop or upgrade properties to improve the offering for the borough's small firms.

7.0 Public Sector Involvement in SME Support

7.1 Public policy is concerned about the performance of the SME sector because of the vital role which it is considered to play in the realisation of a range of important objectives. As the main motor of employment creation in post-industrial economies, the sector is seen as making a vital contribution to regional prosperity and to easing problems of poverty, deprivation and exclusion. SMEs are also seen as the drivers of innovation through the very small sub-sector of entrepreneurial growth companies, and thus to play a key role in overall economic growth. In a quite different context, community-based enterprises, which are run on commercial lines, are seen as effective, alternative means of delivering community services and empowering local people.

8.0 A London Borough Perspective on SME Support

8.1 If the outcomes of this scrutiny are to be helpful to the Council in framing effective policies for the future, it is important for there to be clarity about why the borough wishes to involve itself in SME support, and what outputs it wishes to achieve. It will also be important to be clear about how the borough might add most value in SME support within the context of public policy at the national level, the work of regional and sub regional organisations, the programmes of the European Commission, the work of the voluntary and education sectors, and the complex of influences from the commercial sector.

9.0 Business Improvement Districts: The Opportunity

- 9.1 Business Improvement Districts (BIDs) originated in Canada and have operated in North America for many years. More recently they have been taken up in Australia and South Africa. The legislation facilitates property owners in a particular district agreeing by majority vote to impose additional taxation on all property owners, with the proceeds of the tax being used to pay for improvements to the district. These improvements might include additional cleaning and refuse removal services, enhanced security, street furniture, improved lighting, public information services and publicity and other activities to make the districts attractive to shoppers or other users.
- 9.2 The pay-off for the owners of property is to see the value of their holdings increase as improved commercial vibrancy is brought back to formerly run-down areas.
- 9.3 Shopping districts are the most usual subjects of BIDs, but they can also apply to industrial estates where action is needed to reverse a drift into decline.
- 9.4 The British government is now proposing to introduce legislation to facilitate the establishment of BIDs. The final details have yet to be announced, but it seems likely that the occupiers rather than the owners of property are going to be the focus BIDs here, both as voters and taxpayers. The government has so far resisted a campaign to make property owners the key players. The problem is that for a tenant, a BID may chiefly represent an increase in costs, both in terms of the extra tax, and possible rent increases if the BID is a success, with the long-term benefit going to the owner.
- 9.5 A key feature of the government's plans is to make all BID applications subject to local authority approval. It is anticipated that local authorities will play a vital role in promoting BIDs in particular areas, working closely with local business people on working up their applications and the content of their plans.
- 9.6 This early stage there may well be interest from the London Development Agency (LDA) in seeing a broad range of examples being taken forward to show how the legislation may be best exploited for the benefit of the region as a whole. This could represent an important opportunity for Haringey, and for which it may be worthwhile for officers to prepare now, both in terms of policy expertise and liaising with key partners to take a project(s) forward.
- 9.7 The Panel therefore recommends that consideration should be given to setting up Business Improvement Districts for Wood Green and Tottenham High Road.

10.0 Recommendations

- 10.1 Haringey should have a single "gateway" to guide small businesses to the services they require. The Panel wants to see close monitoring of the performance of the "gateway" so that it can clearly be shown what might be achieved by such an innovation, with results being widely communicated. The first such monitoring should be after six months.
- 10.2 The Executive should ensure that action is taken to encourage an increase in membership and the strengthening of the Chamber of Commerce. The increased promotion of business success together with networking events would be desirable.
- 10.3 The Executive should ensure that gaps in market sectors are addressed by Haringey's business support organisations.
- 10.4 The Executive should ensure that the planning regime in Haringey recognise the need to maintain a satisfactory supply of business premises in the borough.
- 10.5 The Executive should take steps to increase the supply of quality business accommodation from its existing estate. There should be a priority on providing accommodation for medium-sized businesses.
- 10.6 The Executive should take steps to improve the amenity of retail areas in the borough, especially in improving waste removal services.
- 10.7 Consideration should be given to setting up Business Improvement Districts for Wood Green and Tottenham High Road.
- 10.8 The Executive should ensure that the Neighbourhood Management Service explore all opportunities for providing fuller funding for shop front improvement programmes in Town Centres.
- 10.9 The Executive should take steps to increase the promotion of its success in public procurement targeted at the small business sector to further increase its effectiveness. It recommends that the approach being taken by the Council should be promoted more widely and effectively to the small business community than it is at present, so that maximum advantage can be taken. It is also suggested that officers ensure that BL4L is aware what the Council is doing so that it can add to the Council's efforts.

- 10.10 The Panel commends the work of the Haringey Education Business Partnership and wishes to see a continuation of its work to foster self-employment and Entrepreneurship in the borough. This work can also be continued into further/higher education where Middlesex University would be a key partner.
- 10.11 The Executive should ensure that the work of the Council in economic regeneration and business support is boosted to enable officers to secure benefits from more effective engagement, especially at the London regional level, but also nationally and internationally.
- 10.12 The Panel recommends that the Executive provide additional help by way of improved access to funding, the provision of grants for new and existing businesses covering the entire borough, and help to encourage a business culture in the borough. The Tottenham Green Enterprise Centre and Keeping It Simple Limited were identified as strong providers in these areas.
- 10.13 In order to facilitate the financing of such improvements, (10.12 above) the Panel recommends that the Executive should consider joint venture possibilities with key partners to promote and encourage a business culture in the borough.
- 10.14 Greater London Enterprise Limited (GLE), which is owned by the London boroughs, has a track record of successful outcomes in other boroughs on such developments, with European as well as commercial funding being secured for a number of projects. The Panel recommends that officers approach the London Development Agency to see what support might be available in increasing the supply of commercial properties.
- 10.15 The Economic Regeneration Unit should report back to the Regeneration & Partnerships Scrutiny Panel with monitoring information after a period of six months.
- 10.16 The panel recommends that the Economic Regeneration Unit produce an action plan for the implementation of the recommendations contained in this report.

11.0 THE REVIEW

- 11.1 In 1999/2000 the Scrutiny Committee agreed to review the support that the Council and its partner organisations gave to ethnic minority-led businesses in the borough. This review took place in the context of the high unemployment, particularly amongst ethnic minority groups, which existed in Haringey at that time. At 14.8% it was the highest among the London boroughs.
- 11.2 The review concentrated on the special needs of ethnic minority firms in Haringey, and considered whether the Council and its partners were doing as well as they might to help them succeed.

The Current Review

- 11.3 The original intention of the current review was to consider what progress has been made with ethnic minority firms, and also to widen the brief to cover support for all small and medium sized enterprises (SMEs). The aim was to look at the immediate issues and what actions might be taken in the short term, and also to consider a policy framework for the medium term. A particularly important priority was thought to be to identify gaps and limitations in existing support and to see if the Council can devise and implement suitable policies to address these.
- 11.4 Members wished to consider whether the recommendations of the original Scrutiny Review had been met, and if not, what progress has been made towards their achievement. The 2000 Review produced a particularly long and comprehensive list of comments and objectives for future Council activities:
- The drafting of a “Charter for Small Business” setting out the Council’s strategy and commitment to small business support.
 - There should be an assessment of the potential impact on businesses of Council policy.
 - Action plans should be developed under the New Commitment to Regeneration, including a strategy and initiatives for promoting and developing businesses.
 - There should be an exploration of funding for enhancing mainstream business support.
 - Business support should be made an integral part of all regeneration initiatives.
 - There should be a focusing of the local delivery of business support on the key agencies of the Small Business Service and the Chamber of Commerce.

- The establishing of a database of the approximately 8,600 Haringey businesses.
- The undertaking of a review of the provision of business premises.
- devising a strategy for engaging:
 - i) with “informal businesses” to bring them into the legitimate mainstream, and
 - ii) with social enterprises
- Drafting a communications strategy by the Council and its partner organisations in order to improve awareness and access to support services by businesses.
- The use of the Council’s Customer Services Centres to provide information on services to businesses.
- The establishment of a Business Help Desk to deal with queries on support services and to direct clients to services provided by the Council and its partners.
- Establishing a Haringey Ethnic Minority Business Forum in conjunction with the Chamber of Commerce to promote closer links with ethnic minority businesses and to facilitate the growth of local networks.
- To extend the Local Works Project which encourages small business tendering for work from the Environmental Services Department to cover all Council services
- To give consideration to the establishment of a Community Finance Initiative
- To integrate town Centre management into business development.

11.5 The Scrutiny Panel took the view, once it had completed the collection of evidence, that so much had changed since the completion of the 2000 Review that there would only be limited value in pursuing this large number of recommendations from the past. It would also have been difficult to do this effectively.

- 11.6 The aims of the current review are therefore:
- (i) To monitor progress, since the original review, on improving the Council's and its partners' support to local business with particular regard to developing a strategic approach, delivery mechanisms, business information and promotion, liaison, corporate support services, and business support activities.
 - (ii) To report to the Overview and Scrutiny Committee on the progress achieved including making recommendations to the Council on any further action required.
- 11.7 From the evidence presented, the Panel had found it difficult to obtain a clear view of the progress which had, or had not been made, or who had been responsible for taking forward particular matters.
- 11.8 In making this judgement, the Panel also recognised that it would be much more useful for the future to identify a smaller number of key issues from the current Review upon which focused recommendations for action might be made.
- 11.9 The Panel also recognised the limited staffing resource which the Council devotes to regeneration, and that the resources which have been required to take forward the City Growth Strategy have impacted on improving business support, and would be a useful vehicle for taking forward many of the Panel's recommendations. The Panel considered that the absence of a Business Support Manager for a lengthy period of time has been particularly regrettable.
- 11.10 Developing this point further, and noting the points made in the Appendix [A], the Panel recommended that the Council should take steps to raise its profile with the London-wide agencies involved in economic regeneration, and that the officers concerned should be resourced to develop the policy, expertise and standing to make relationships at the regional level more effective on behalf of the Council. Apart from reflecting the size and importance of the Council's contribution to regeneration, this recommendation would improve the Council's ability to benefit from London-wide programmes. By the same token, a profile at the national and international level could also be established through organisations which exist for this purpose.

12.0 Methodology

- 12.1 The Review has been led by a panel of elected Members. It has gathered information and views from a number of sources, including written submissions from officers, meetings with local traders and meetings with many of the key agencies working in the borough. The panel also visited a number of initiatives including the Finsbury Park Partnership and the Tottenham Green Enterprise Centre.
- 12.2 The information has been considered by the panel, and expert advice on policy and practice has been provided by Greater London Enterprise in order to reach the conclusions presented in this report.
- 12.3 The Appendix (A) contains briefing papers on the policy issues relating to public sector involvement in small business support. These have guided some of the recommendations of the Panel.
- 12.4 It became clear at an early stage of the scrutiny process, despite progress having been made, much remains to be done to implement many of the recommendations of the original review, and to create a satisfactory level of service in Haringey.

13.0 Background information

- 13.1 This section of the report is based on information supplied to the Panel by Seema Manchanda, Head of Economic Regeneration.
- 13.2 As in virtually all urban economies the vast majority (90%+) of all businesses are small, with less than 24 employees. 52% of the businesses in the borough have been established for at least twelve years. No data is at present collected on commercial performance or levels of employment.
- 13.3 In June 2002, there were 8,300 workplaces in Haringey, an increase of 28% over the figure for 1995. The main areas of increase were computing, Retail & Distribution (58%) business services (44%), professional services (37%), retail (35%) and hotels (14%). There were decreases in chemical manufacture (35%), construction (14%) and non-metals manufacture (10%). The main business sectors in the borough are general manufacturing, general wholesale/retail, food, clothing, creative/cultural, business services and ICT.
- 13.4 It is estimated that some 66% of businesses in Haringey are controlled by people from black and ethnic minority groups.
- 13.5 The borough does not deliver business support directly to SMEs. This is done through a number of local agencies, principally Business Link For London and Haringey Business Development Agency (HBDA). The bulk of Council support is targeted towards micro businesses that employ less than 10 people. However, the borough undertakes significant work in facilitating and

developing business support projects including European Regional Development Fund Objective 2 funding for business support delivered through HBDA in 2001 and Phoenix Fund finance for Tottenham Green Enterprise Centre.

13.6 The primary partners in business support for the Council are:

- Haringey Strategic Partnership
- Town Centre Managers for Tottenham and Wood Green
- Haringey Business Development Agency
- Tottenham Green Enterprise Centre
- North London Chamber of Commerce
- Urban Futures
- Middlesex University
- Haringey Arts Council
- Keeping It Simple Limited
- The Princes Trust
- Business Link For London
- London Development Agency
- Government Office For London

14.0 Recent Progress

14.1 It was reported to the Panel that Haringey's approach to SME support has changed significantly with emphasis on leading other agencies in delivery rather than the "hands-on" approach which was previously adopted. This leadership role has been demonstrated through the Strategic Advisory Group, working in close partnership with Business Link For London, HBDA, Reed in Partnership, Haringey Arts Council, the London Development Agency, Keeping It Simple Limited, The Princes Trust and the North London Learning and Skills Council.

14.2 The Council has demonstrated an ability to secure resources to support local businesses from European, national, regional and local sources:

- o Accessing cash from the Phoenix Fund for business grants.
- o In 2001, securing Objective 2 funding from Europe for core business support along with the HBDA and Keeping It Simple Limited.
- o Phoenix Fund finance was secured on behalf of the Tottenham Green Enterprise Centre.
- o A "City Growth Strategy" national pilot was obtained for Haringey.
- o Through the delivery agent Urban Futures, there are current bids for Objective 2 funding for projects ranging from support for the uptake of broadband, procurement initiatives and addressing the business regulatory framework.
- o The Council is providing significant assistance to the Haringey branch of the North London Chamber of Commerce (NLCC).

- In 2003, the Council was successful in launching projects supporting business through the Neighbourhood Renewal Fund.

14.3 Since the last Review in 2000, the recent initiative by the Council on procurement has had a significant impact. It is estimated that it has resulted in the Council spending an extra £1 million on the purchase of products and services from local businesses, with particular emphasis on employment agencies.

14.4 Other examples of progress include the addition of workspace at the Chocolate Factory, the re-vitalisation of Wood Green/Shopping City/Spouters Corner, and the improvements in security and other environmental aspects on some industrial estates through SRB funding.

14.5 The provision of suitable accommodation for small firms is identified as an important strategic deficiency to be addressed. There is reported to be a mismatch in the availability of accommodation and the special needs of particular sectors. There is also a shortage of affordable serviced office space.

15.0 Themes Arising from Panel Meetings, Visits and Written evidence, contributing the Recommendations.

15.1 Organisations giving support to SMEs

¹*"Engaging effectively with local businesses is absolutely vital to developing economic strategies that mean something. Business and the local authority are 'in it together' Local authorities should lead on economic strategies but they cannot do it alone. Without a healthy and functioning partnership with the business sector, authorities will be next to powerless to affect the things that matter in economic development in their areas. Evidence suggest that most, if not all, authorities could do better in this area."*

15.2 This aspect of the Scrutiny Review occupied the largest part of the Panel meetings and visits. Evidence was taken from:

- Mike Nixon, Interim Chief Executive, Urban Future.
- John Daly, Director, Business Link For London North.
- Professor Ken Goulding, Middlesex University.
- Malcolm Gorman, Director, Tottenham Green Enterprise Centre
- Heather Prendergast, Business Adviser, Business Link For London.
- Dr. Effiong Akpan, Chief Executive, Haringey Business Development Agency.
- Dr. Ken Ife, Chair, Haringey Business Development Agency.
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¹ Engagement with business I&DEA

- Emmanuel Blackman, Business Development Manager, Keeping It Simple Training Ltd.
- Carol Kennedy, Manager, Wood Green Town Centre.
- Derek Wheeler - Haringey Education Business Partnership.
- Tottenham High Road Traders Association.

15.3 Evidence was based on the practical experience of each provider. The main points arising from this section of the investigation were:

- Haringey lacks a strong local Chamber of Commerce as a focus for firms seeking support. It was felt that SMEs in the borough would welcome a strong Chamber, and the issue arises as to what the Council might be able to do promote or facilitate such a development.
- It was suggested that there are too many publicly funded organisations offering business support, which may make things confusing for small firms. Access to support services through a single generic agency was commended. Haringey should have one good quality Enterprise Agency for start-up businesses, with its own incubation unit. The vital role of mainstream private sector suppliers of services such as the banks and accountancy firms should be remembered as perhaps the best places for firms to go for advice.
- The representatives from Business Link would like to see the Council being able to refer more small firms to them from the network of agencies and programmes with which the Council is involved. It was suggested that Business Link and the Council might work together to identify gaps in service provision and develop methodologies for dealing with this.
- Business Link drew attention to its involvement in partnership work with the North London Chamber of Commerce to identify start-up and pre start-up businesses and entrepreneurs, with a particular emphasis on voluntary and community businesses with an emphasis on disadvantaged groups.
- Business Link outlined its commitment to raising the quality of service provision through the London Business Support Network, with evaluation programmes based on client satisfaction surveys, interviews, and feedback at consultation meetings.



Tottenham Green Enterprise Centre

- Haringey has a higher than national average of business start-ups and of Black and Ethnic Minority owned and managed businesses. However the borough also has a high percentage of businesses which fail in their early years. Tottenham Green Enterprise Centre was set up in 2001. There is a high demand from start-up businesses for the incubator space currently supplied by the Tottenham Green Enterprise Centre. The Centre has become an incubating house which aims to 'grow' small businesses run by Black and Ethnic Minority entrepreneurs. Rents are subsidised, and a range of support services to the businesses is available, including individual counselling and participation in training courses. It is felt that the Council could provide additional help by way of improved access to funding, the provision of grants for new and existing businesses covering the entire borough, and helping to encourage a business culture in the borough.
- Middlesex University (which is local to Haringey) has considerable expertise in business development support work in the borough and is recognised nationally for its work in this area.
- The Haringey Business Development Agency (HBDA) identifies a number of strategic challenges in terms of business support:
 - More needs to be done to encourage enterprise in the cultural, media, arts and sports sectors.
 - It is important to engage young people at an early age through regeneration and community development strategies.

- There are problems in fostering entrepreneurship amongst unemployed members of the young ethnic minority population.
- HBDA suggests that the Council could achieve more in SME support by:
 - Using its position to influence the policies of key organisations such as Business Link For London, the London Development Agency, the DTI's Small Business service and Urban Futures.
 - Establishing business and enterprise friendly policies and strategies.
 - Developing and implementing the local Business Support Charter.
 - Supporting the development of a Business Centre, and Single Business Gateway system in terms of IT support.
- The evidence from Keeping It Simple Training Ltd closely followed the themes of other organisations, highlighting the need to improve SME access to funding, the lack of business premises, the need for more IT support and the importance of business education to create a stronger business culture in the borough. Among ideas that Keeping It Simple Limited presented to the panel were:
 - The Chamber of Commerce should focus more on initial start up businesses.
 - Increased promotion of all businesses in the borough.
 - Increased networking events.
- Carol Kennedy, Manager of Wood Green Town Centre, emphasised the importance of the training component in small business support. It was suggested that not all agencies in the borough provided good quality training, and that position might be improved by working through one main agency. Business Advisers should have real business experience, and there should a particular training emphasis on customer relations.

16.0 Panel Response

- 16.1 The Panel was concerned that there continue to be too many business support organisations operating within the borough, all apparently operating in similar markets with no single organisation taking the lead. It felt that the Haringey Strategic Partnership should address these issues urgently.
- 16.2 It is the strong view of the Panel that Haringey needs a single, well funded “gateway” to guide small businesses to the services and support which they require. The office should be accessible online, by phone and for personal visits, and would replace the “one counter” recommendation in the 2000 Review. The Panel asks officers to approach Business Link For London (BL4L) to obtain support for this project. The Panel feels that such a project should be a core activity for BL4L. The Panel would also like officers to see if there is a role for the Haringey Strategic Partnership in the project.
- 16.3 The Panel wants to see close monitoring of the performance of the “gateway” so that it can clearly be shown what might be achieved by such an innovation, with results being widely communicated. The first such monitoring should be after six months.
- 16.4 The Panel expressed concern at the continuing weakness of the Chamber of Commerce, which was considered a potentially useful vehicle for the delivery of business support in the borough. It urged officers to make recommendations as to what the Council might do to facilitate membership growth and capacity building within the Chamber.
- 16.5 The Panel was disappointed that it heard little from the support agencies about the gaps in the market, and there was some concern that this might reflect a self-serving attitude in organisations currently delivering business support. The Panel heard that there was a preponderance of start-ups in over-heated markets such as web design, and it was disappointed not to hear of more direction into growth areas of business such as the building trade. This was an issue to be addressed by the Haringey Strategic Partnership, and officers are requested to take this matter up.

17.0 Providing Accommodation For SMEs

- 17.1 In common with many other boroughs, the view of those involved in small business support in Haringey is that there is a shortage of quality, affordable accommodation for small business in the borough. The problem was raised in evidence from the Haringey Business Development Agency, Keeping It Simple Training Ltd., and Business Link For London. This is highlighted as a problem which has persisted since the 2000 Review.
- 17.2 There is a suggestion that growing businesses are likely to make the move to Enfield because of the lack of suitable space in Haringey.

- 17.3 The Panel heard evidence from Richard Barrett, Head of Properties and Facilities Management, that Haringey's commercial property portfolio is quite substantial compared to other boroughs, and is probably the largest commercial landlord in the borough.
- 17.4 Of particular relevance are the 91 light industrial units in the Techno Park unit where 89% occupancy is achieved. It was reported that growing Techno Park firms were most likely to move to Enfield where there is more appropriate space in terms of size with better transport links.
- 17.5 During the period since the last Review, the Council has been introducing shorter leases of about three years in length, which are more attractive to SMEs.
- 17.6 Despite the size of the Council's estate, the view is that there is little capacity to increase the supply of accommodation which would be attractive to SMEs. Additional commercial units could only come from new developments or conversions from other uses. In both these areas, competition from more profitable uses such as residential makes commercial expansion difficult – a situation which obtains in most parts of the London region. There would also be problems for the Council in financing any expansion of SME provision.

18.0 The Unitary Development Plan - Accommodation for Small Firms

- 18.1 The Panel learned from the Planning Department that the Council's current Unitary Development Plan (UDP) (1998) seeks to retain all land and building that are used for light and general industry, warehousing and other similar purposes.
- 18.2 However, in certain circumstances such sites may go to non-employment generating uses if they are not considered suitable on environmental, amenity and transport grounds or it could be demonstrated that there is no realistic prospect of the land or building being used for 'employment generating use'² in the foreseeable future. Within the most important employment areas in the Borough, identified as Defined Employment Area (DEA) in the UDP, the preferred 'non employment uses' will be for uses which offers a high density of employment.
- 18.3 Additionally, there is a policy which encourages the provision of accommodation for small firms in new business or industrial developments.

² Employment generating use for the purposes of the current UDP is the employment of workers for the production of goods or provision of services including commercial or industrial activities and public and private services.

- 18.4 The Council is currently reviewing its UDP and as part of the Review, the Council has commissioned a Borough wide employment study which will provide a comprehensive examination and audit of the demand and supply for employment land and premises. The study will identify the size, type, affordability and location around the Borough, where such activities could and should occur. The study is expected to submit a draft 2003.
- 18.5 The emerging planning policies for the employment section of the revised UDP will seek to retain employment land and building unless there are exceptional circumstances similar to those in the current plan. New employment proposals will be assessed for their impact on the environment, amenity, highways, traffic, waste and how they relate with their surrounding. Specifically the proposed UDP does highlight the need for small workspaces.
- 18.6 Finally, the most important employment areas are still identified as DEAs, although within some DEAs there will be a more flexible approach regarding the uses allowed or encouraged in them to reflect new working methods and Council regeneration initiatives and priorities.
- 18.7 The following suggestions were made to the Panel for improving provision for SMEs in Haringey:
- The Council might obtain sites and develop new business units.
 - It could take on risk factors by taking head leases.
 - It could develop a joint approach with other providers.
 - It could examine the possibility of obtaining regeneration/European funding to finance new development as has been done in other boroughs.
 - A suitable industrial site could be identified; there might be a possibility of developing in partnership with a commercial developer.

19.0 Panel Response

- 19.1 The Panel was concerned about the potential loss of sites generating employment because of the pressures from alternative uses such as housing. It recommends that officers should be more robust in dealing with planning cases where there is a risk of employment being lost, providing that this would be in line with good planning practice, and sensitive to the requirements of residents.
- 19.2 The Panel also recommends that officers review Haringey's holding of commercial properties with a view to seeing what might be done to develop or upgrade properties to improve the offer for the borough's small firms.

- 19.3 In order to facilitate the financing of such improvements, the Panel recommends that the Council should consider joint venture possibilities. Greater London Enterprise (GLE), which is owned by the London boroughs, has a track record of successful outcomes in other boroughs on such developments, with European as well as commercial funding being secured for a number of projects. GLE is experienced in working with local authorities and is playing an important part in developing an SME accommodation strategy with the London Development Agency.
- 19.4 The Panel felt that effort to increase the provision of quality accommodation which might be taken up by medium-sized businesses could add a particular stimulus to the local economy, bring more jobs, and attract inward investment to the borough. Such a policy strand might bring more balance to the Council's efforts to boost the small business sector, which for the most part was concentrated too much on micro businesses and start-ups.
- 19.5 The Panel requested that officers approach the London Development Agency to see what support might be available in increasing the supply of commercial property.

20.0. Support for retail businesses

- 20.1 The panel received evidence from Carol Kennedy, the Manager of Wood Green Town Centre, and Chris Lane with traders from Tottenham High Road.
- 20.2 It was reported that improvements in Waste Management and Enforcement Services were required from the Council at Wood Green, which "should be a priority area". There was a problem with cleanliness and litter, requiring more cleaners working under supervision.
- 20.3 It was also noted that staff provided by the Council, funded from the Single Regeneration Budget, made a useful contribution to both the appearance of the Centre and security.
- 20.4 The Tottenham High Road Traders Association also pointed out amenity problems which they looked to the Council to address:
- Litter is a problem on the High Road; flats above the shops have nowhere to put their rubbish.
 - There was a threat to the continuation of parking facilities.
 - There is a need for 24 hour CCTV, and a greater police presence to improve public safety.

20.5 Planning restrictions were seen as an inhibitor to the growth of some small firms. There was also felt to be a need for larger stores to attract shoppers, and the lack of banks was also seen as a problem.

21.0 Panel Response

21.1 The recommendation of the Panel is that the Council should take immediate steps to improve waste removal service and other measures which might improve amenity.

21.2 Panel also recommends that the Council should consider taking advantage of new legislation introducing Business Improvement Districts (BIDs) for both Wood Green and Tottenham High Road. The aim here would be to achieve a comprehensive improvement in street scene appearance and the provision of services so as to boost the performance all SME traders at these locations. Officers are recommended to take this matter forward with the London Development Agency, which is promoting interest in BIDs and the development of new projects.

22.0 Role of Public Procurement

22.1 The Scrutiny Panel received evidence from Sally Brooks, the Council's Head of Procurement and from Dana Woodmansey, Senior Project Manager (Procurement).

22.2 The evidence outlined the actions which have been taken by the Council to increase the participation of the borough's businesses. The detail is available in the Appendix. These are some of the key points:

- Through the Council's Local Works Project, local organisations are informed about the Council's procurement procedures, using seminars and information packs. The programme is being expanded with the help of ERDF funding which should greatly improve the wider profile of what is being done, and help local businesses to engage more effectively with the Council.
- Business sections within the Council are being encouraged to "think local" when seeking quotations or going to tender.
- The Local Works Project is working to ensure that contract notices are circulated to all relevant local businesses and organisations.
- There is close working between Procurement and Economic Regeneration departments, particularly on the programme using ERDF funds, to ensure that the activity has maximum impact in the borough.

Trade Local's aims and activities

Trade Local is sharing information with businesses on how and when the public sector buys its goods and services, and creating a level playing field for small and medium sized companies to compete for this work. This is achieved through:

- Trade Local Website (www.trade-local.co.uk). This includes details of procurement opportunities and information on how the public sector buys its goods, services, works and utilities.
- Trade Local Development Programme. This provides group training, one-to-one diagnostic and mentoring and information sharing sessions for SMEs.
- The Trade Local Database is currently being constructed and will go live on Harinet in the near future. It is an electronic 'yellow-pages' of local businesses willing to supply to the council that can be used by all council officers. It will assist in 'funnelling' low level spend towards local businesses. The application form for local businesses to join this Database is downloadable from the website.

Trade Local's ERDF output targets are as follows:

Businesses advised	500
Businesses assisted	100
New jobs	25
Jobs safeguarded	10

Whilst these targets must be met, Trade Local's 'bigger picture' target is to create a sustainable, mutually beneficial engagement between Haringey and Enfield's businesses and the public sector.

SME Procurement Pilot

- The Small Business Service (an agent of the Department of Trade and Industry) has commissioned Haringey Council to address the recommendations of the Better Regulation Task Force report "Government, Supporter and Customer?" In doing so, Haringey is creating innovative means of opening up all its supply chains to SMEs, and ensuring that a level playing field is created, in particular for minority ethnic businesses. The value of this work is £150,000, to early 2005.
- The benefits of this work will be delivered to SMEs via Trade Local.
- This work is entitled Haringey's "SME Procurement Pilot". Along with a sister pilot in the West Midlands, we report on progress to Chief Secretary to the Treasury, Paul Boateng.

- This work is split into several phases. Phase I involved extensive research into all existing public and private sector good practice in opening up supply chains to SMEs. This work was completed in October 2003.
- Phase II involves taking the lessons and recommendations of Phase I and piloting responses in Haringey. This work is underway and is three-fold:
 - i. Drafting and piloting social benefit clauses, potentially to be included in tenders and contracts. This will allow bidders (particularly for large contracts) to be assessed on how they manage their supply chains in relation to SMEs, and what benefits their winning the contract would bring to the borough of Haringey. These are currently being piloted in three tenders. Haringey is the first local authority to undertake this kind of work.
 - ii. Incorporating elements encouraging officers to 'think SME' into all procurement documentation, guidelines and processes.
 - iii. Logging all issues that may act as barriers to an SME entering the council's supply-chain and finding solutions to as many as possible.
- In due course, the results of our work will be rolled into a 'toolkit' which will be made available to other local authorities and public sector bodies.
- As part of this work, we have begun monitoring of ethnicity, gender and disability status of suppliers and potential suppliers. The revised Pre-Qualification Questionnaire (PQQ) includes a monitoring form, and this should also be included in tender packs. The new Contract Management System will also capture this information.

22.3 As a result of the SME Procurement Pilot, Haringey Council is working closely with many elements of central government, and is at the centre of the national procurement agenda.

22.4 A detailed update on Trade Local is included in Appendix [C].

22.5 Evidence supplied by the HBDA indicated a high level of importance being attached to the Council's efforts on procurement in terms of the potential benefits to local businesses.

23.0 Panel Response

23.1 The Panel considered that the progress, which has been made through public procurement, is a significant success for the Council.

23.2 It now recommends that the approach being taken by the Council should be promoted more widely and effectively to the small business community than it is at present, so that maximum advantage can be taken. It is also suggested that officers ensure that BL4L is aware of what the Council is doing so that it can add to the Council's efforts.

24.0 Education And Enterprise

24.1 The Panel has considered the role of enterprise training in schools to prepare young people to take the option of running a business, and generally to increase the awareness of entrepreneurship and enterprise in the borough.



Increasing the awareness of Entrepreneurship at HEBP.

Haringey Education Business Partnership was established in 1989 by Haringey Local Education Authority and Tesco Stores Ltd and provides a comprehensive advice development and management service for Education Business Link activities. Students develop enterprising skills including problem solving, decision-making, use of initiative, risk taking and teamwork activities etc.

- 24.2 The Panel reviewed the Davies Report of February 2002, which considered the role of enterprise in education. The report made three main recommendations:
- There should be a re-focusing of time in schools devoted to work-related learning, with particular emphasis on enriching work experience.
 - Enterprise learning could also be included in other areas such as citizenship.
 - It is vital to fully engage brokering intermediaries to enable schools and business to fully engage.
- 24.3 The Panel has obtained information on the work of the Haringey Education Business Partnership, which encourages links between business and schools over a wide range of projects. The Partnership was established in 1989 by Haringey Local Education Authority and Tesco Stores Ltd and provides a comprehensive advice development and management service for Education Business Link activities. Students develop enterprising skills including problem solving, decision-making, use of initiative, risk taking and teamwork etc. Similar organisations are active in a number of other boroughs. There is an involvement from local employers in the public and private sectors, as well as the Council itself, the Learning and Skills Council and other organisations involved in business support such as the Tottenham Green Enterprise Centre.
- 24.4 A detailed note on the operation of the Partnership is included in the Appendix [C].
- 25.5 The Panel noted a proposed programme of enterprise work in schools to help young people into self employment, or business start-up, and which it was claimed might help tackle social and economic exclusion for particular groups. This begins with exposure to enterprise issues from Key Stage 2 ("Primary Enterprise"), proceeds with work experience from Key Stage 4, and continues with possible evening and weekend working after the age of 16, which might eventually lead to an application for funding from the Prince's Trust and the establishing of a business at the TGEC.
- 25.6 The Haringey Education Business Partnership is funded by ERDF and does not receive direct financial support from the Council. Bearing in mind that ERDF funding may well not be available beyond 2006, action will be needed if the work of the Partnership is to be maintained. The Partnership would welcome closer involvement from the Council in taking its work forward.

26.0 Panel Response

- 26.1 The Panel was keen to see the continuation, and indeed the extension, of the work of the Haringey Education Business Partnership. Bearing in mind the need to secure funding for the long term, the Panel would like to see the Council becoming involved to support the Partnership.

27.0 Conclusion

- 27.1 Haringey's approach to SME support has changed significantly since the completion of the original scrutiny review in 2000. The Council has placed more emphasis on leading other agencies in delivery rather than the 'hands-on' approach which was previously adopted. It became clear early on in the review process that, despite progress having been made, much remains to be done to implement many of the recommendations of the original review, and to create a satisfactory level of service in the Borough.

Procurement

- 27.2 The recent initiative by the Council on procurement has had a significant impact. It is estimated that it has resulted in the Council spending an extra £1 million on the purchase of products and services from local businesses, with particular emphasis on employment agencies. The Panel recommends that the approach being taken by the Council should be promoted more widely and effectively to the small business community than it is at present, so that maximum advantage can be taken.
- 27.3 The provision of suitable accommodation for small firms is identified as an important strategic deficiency to be addressed.
- 27.4 Haringey has a higher than national average of business start-ups and of Black and Ethnic Minority owned and managed businesses. However, the borough also has a high percentage of businesses which fail in their early years. From the evidence gathered, the panel concluded that Haringey lacks a strong local Chamber of Commerce as a focus for firms seeking support. It was felt that SMEs in the borough would welcome a strong Chamber.
- 27.5 The Panel found that there are too many publicly funded organisations offering business support, which may make things confusing for small firms. Access to support services through a single generic agency was commended.
- 27.6 It is the recommendation of the Panel that the Economic Regeneration team produce an action plan for the implementation of the recommendations contained in this report. Also that the team should report back to the Regeneration and Partnerships Scrutiny Panel with monitoring information after a period of six months.

GLOSSARY

- BIDS:** **Business Improvement Districts**
Business Improvement Districts originated in Canada and have operated in North America for many years. The British government is now proposing to introduce legislation to facilitate the establishment of BIDs.
- BL4L:** **Business Link for London UK**
email: www.businesslink4london.com
Business Link for London, part of the national Business Link network, delivers impartial, expert and practical business advice to London's small and medium sized businesses.
- GoL:** **Government Office for London**
www.go-london.gov.uk
The Business Enterprise Branch within GOL has been established to provide a focal point where businesses in London can obtain information, guidance and assistance to aid their growth and sustainability.
- HEBP:** **Haringey Education Business Partnership**
email: www.haringey.ebp@hebp.co.uk
Provides a comprehensive advice, development and management service for Education Business link activity. They assist schools and businesses in developing ideas, delivering link activities and management of the process.
- KIST:** **Keeping it Simple Training**
email: www.kistraining.co.uk
Offers a range of research, regeneration consultancy and training services to organisations and partnerships engaged in reducing social exclusion.
- NLCC:** **North London Chamber of Commerce**
email: www.nlcc.co.uk
A member organisation run by business for business. They endeavour to listen to business needs and react. They represent the interest of all business and commercial organisations.
- LDA:** **London Development Agency**
email: www.lda.gov.uk
Prepares the Mayor's business plan for London and mobilises the support and resources of hundreds of partner organisations to help build a thriving economy for London's people, businesses and communities. The LDA is dedicated to improving sustainability, health and equality of opportunity for Londoners.

- MU: Middlesex University**
email: www.mdc.ac.uk
Plays a major role in the local, national and international business communities. Provides education, research and consultancy services that promote economic growth and business success.
- HAC: Haringey Arts Council**
Based at the Chocolate Factory, a vibrant Centre for the arts, home to over 100 artists studios including photography, film making, ceramics, sculpture, painting, furniture making, set building and model making.
- SMEs: Small Medium Size Enterprises**
The borough's economy is dominated by small and medium size businesses (91% of businesses employ less than 24 people) which account for 40% of total employment. All the for-profit businesses based in Haringey, except just one, are classified as small and medium sized enterprises. That is they have less than 250 employees.
- ERDF: European Regional Development Fund**
Contact Economic Regeneration Unit: 020 8489-4534 for further details
- NRF: Neighbourhood Renewal Fund**
One of many funding national funding streams to assist in the delivery of neighbourhood-based services. This target resources to the 10% poorest wards in England- there are 8 in Haringey.
- SRB: Single Regeneration Budget**
Contact Economic Regeneration Unit: 020 8489-4534 for further details
- UDP Unitary Development Plan**
The UDP is the Council's plan for the whole borough which is used to decide whether to allow a planning development. It contains a set of policies on housing, jobs, shopping, leisure, transport, education and health. These policies are used to help decide whether to allow or refuse planning applications.
- DTI Department for Trade & Industry**
Email: www.dti.gov.uk
The dti aims to promote enterprise, innovation and increased productivity and competitiveness to deliver prosperity for all.
- GLE: Greater London Enterprise Limited**
Email: www.gle.co.uk
Owned by the London boroughs, has a track record of successful outcomes in other boroughs on such developments, with European as well as commercial funding being secured for a number of projects

NNLSC North London Learning & Skills Council

Email: www.lsc.gov.uk

The Learning & Skills Council is responsible for funding and planning education and training for over 16 year-olds in England. It works alongside the Employment Service, the Small Business Service, Connexions, the National Training Organisations, further education and sixth form colleges, and representatives of community groups, to understand, define and then meet training and education needs.

TGEC: Tottenham Green Enterprise Centre

email: www.tgec.co.uk

Assist with building and sustaining businesses. Offer a free mentoring scheme, business clubs and low cost units.

HBDA: Haringey Business Development Agency

Telephone: 020 8808-1455.

Assist with building and sustaining businesses in Haringey.

KEY DOCUMENTS USED DURING THE COURSE OF THE INVESTIGATION

- Support for Ethnic Minority Businesses Review (2000)
- City Growth Strategy
- The Davies Report (February 2002).

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The panel would like to thank all the individuals and organisations who contributed to the scrutiny investigation by attending meetings and submitting written evidence.

The Panel would also like to thank those officers who attended meetings and provided essential information.

APPENDIX: A

Public Sector Involvement In SME Support

Public policy is concerned about the performance of the SME sector because of the vital role, which it is considered to play in the realisation of a range of important objectives. As the main motor of employment creation in post-industrial economies, the sector is seen as making a vital contribution to regional prosperity and to easing problems of poverty, deprivation and exclusion. SMEs are also seen as the drivers of innovation through the very small sub-sector of entrepreneurial growth companies, and thus to play a key role in overall economic growth. In a quite different context, community-based enterprises, which are run on commercial lines, are seen as effective, alternative means of delivering community services and empowering local people.

Such a broad range of characteristics indicates clearly that the SME tag is applied to some very different types of organisation. For example, the European Commission's SME definition for support programme eligibility purposes includes businesses with up to 250 employees: quite large firms by most standards. This huge diversity calls into question the usefulness of the SME label. For the most part, the businesses which concern a London borough in terms of SME support policy will be at the very small end of the spectrum with less than ten employees, perhaps better described as micro-businesses. The important point for policy here is that to be effective it should be focused and fit for purpose to address the needs of its target group of businesses.

A public sector aspiration to intervene in commercial markets to support SMEs arises from a perception that the potential benefits from the sector are not being fully realised. The extent to which this has happened is often described as "market failure". However, it is important to bear in mind that for the most part commercial markets actually work very well in sustaining small businesses. For example, in terms of financial services, apart from banking, an array of more specialist services including term loans, factoring and invoice financing, leasing and venture capital are offered by firms which compete vigorously for clients. It is important for policy makers to be aware that if such services are denied by a competitive commercial sector, there must be powerful market forces at work which make this so.

This reinforces the argument for the public policy responses to be well researched, focused and fit for purpose. It also suggests that they should follow the grain of the market, perhaps incentivising existing commercial providers to extend their offerings, rather than attempting radical interventions with new delivery mechanisms. Not only is the former approach likely to be more effective, it should also be less costly and risky.

The record of public sector involvement in the provision of accommodation for small businesses in London illustrates this point. In the period up to the 1980s the London boroughs provided a significant amount of space directly. A combination of poor management, a lack of funds for continuing refurbishment, and bad commercial planning made many of these developments unattractive to tenants, resulting in low occupancy rates, and a continuing operational and financial headache for the boroughs.

During the same period tax incentives to high net worth individuals also encouraged the development of a similar type of industrial estate, but once developed these estates also suffered from similar management problems to those of the public sector. Neither of these approaches attempted to incentivise the specialist providers of small business accommodation, having first examined the factors inhibiting the development of more good quality space.

There is now a record of good results in London, both in terms of cost and quality outcomes from taking this latter approach. Boroughs have played a key part in this, working with other public sector organisations and with specialist commercial sector firms, thus providing a guide for future policy.

Working alongside commercial suppliers of services to SMEs is likely to maximise the leverage of private finance, and also provide solutions, which are effective and sustainable for the long term. Continuing subsidies and the dependency they foster rarely present this opportunity.

There is more to say about how public policy should best respond to market failure in SME support. Small firms are private sector creatures, operating within commercial markets both to generate their revenues and to secure the goods and services, which they require to trade. An effective public sector intervention needs to work within this complex of supply and demand, and from the point of view of the target SMEs to operate under the same regime as any other market player. This has particular consequences for public policy:

- ***need to ensure that there is real demand for any increase in provision created by the public sector***

This requirement involves the need to ensure that there is both the quantity and quality of deal flow for new programmes, and where there is doubt about this, that additional components are added to address the problem. This might include measures to assist firms to receive investment, or the addition of marketing strategies to reach target firms.

- ***need to ensure that additional provision is made available on attractive terms, both in price and quality***

Inappropriate pricing or quality are major inhibitors to making sales. The same is true of programmes for SMEs. Even where public sector support is delivered without charge, the quality of provision needs to match the requirements of recipients. The public sector often has problems with quality. This can waste the time of potential SME clients and create a major opportunity cost for them, suggesting the advisability of using commercial sector or other suppliers to deliver public programmes.

- ***need to consider the target firms for support as clients for what is on offer***

In summary, this sets the context for the delivery of public programmes. Small firms are sophisticated operators and need to be approached as such as suggested above. Simply making a service available which seems to compensate for a market failure, as a kind of welfare benefit to SMEs is unlikely to produce a good result.

The requirement for programmes of SME support to be well researched, focused and fit for purpose produces an apparent contradiction in policy development, in that it suggests the need for a reasonably extensive range of diverse, well-targeted programmes. The complaint in London is always that there are too many SME support programmes leading to client confusion and to a duplication of both services and delivery costs. This arises because many of the programmes are very small, are too similar and either fail to focus on particular niche market needs, or are poorly promoted. Policy responses may also fail to focus appropriately by being too big, creating an overprovision of funding and resource leading to an inevitable failure to meet objectives.

A London Borough Perspective On SME Support

If the outcomes of this scrutiny are to be helpful to the Council in framing effective policies for the future, it is important for there to be clarity about why the borough wishes to involve itself in SME support, and what outputs it wishes to achieve. It will also be important to be clear about how the borough might add most value in SME support within the context of public policy at the national level, the work of regional and sub regional organisations, the programmes of the European Commission, the work of the voluntary and education sectors, and the complex of influences from the commercial sector. A consideration of the policy tools, which might be most useful, should follow from this analysis.

The following points address these issues:

- It is far from clear why a London borough should concern itself with supporting small businesses. Unlike local authorities in other countries, the need to support and attract businesses as contributors, through taxation, to pay for local services does not apply. Some boroughs give the matter a low priority, whilst others like Haringey consider it as highly important and devote above average resource to the work. The main driver for most boroughs is to enhance the service provision to their residents who may derive direct benefit through gaining employment, or enhanced income through a successful SME support policy. There may be secondary benefits such as improving the financial performance of borough-owned commercial real estate and improving the quality and appearance of town centres.
- The focus on the resident gives the borough a distinct role. National and regional policy will be concerned with wider strategies for economic growth and technological innovation. Helping to ensure that individuals have maximum access to support programmes is not only a vital part of the whole process, but it also helps define the tools, which a borough might use in SME support. This was a clear theme in many of the recommendations of the original Scrutiny Review.
- Whilst SME policy development and debate may centre around national government and other organisations such as regional development agencies, boroughs have a much greater capacity to affect what happens to small businesses at the local level. The implementation of regulatory functions such as planning and public health are examples of this, but the point also covers a wide range of functions including parking control and waste removal. This impact of the borough, across departments, has led to the suggestion of a "Charter For Small Business" in many authorities in an attempt to encourage officials to give a high priority to addressing their needs. It was a recommendation of Haringey's original Scrutiny Review, which has still to be implemented.
- Because the role of the borough is to help its SMEs derive the most from what is available in support programmes from other organisations, it is essential that officers are well informed about these, and possibly liaise with the programme managers to ensure that the borough obtains maximum benefit. This appears to be difficult to achieve in practice. Formal structures between boroughs and regional organisations do not necessarily facilitate such communication, and without an up to date knowledge of policy development borough officers cannot engage in the process.

- Through the Strategic Advisory Group, Haringey is already addressing these issues. Building further on this work, it is suggested that the Executive considers designating an appropriate officer and find the resource, largely in time, to enable expertise in policy and programmes to be further built up. Informal links to officials in the key organisations such as the London Development Agency, Business Link For London, the Government Office For London, the Association of London Government and Greater London Enterprise (for European Programmes) should be developed. This should be backed up by active involvement in policy organisations such as the London Business Support Network, and more widely, the British Urban Regeneration Association and the European Association of Development Agencies. The advantages are cheap and easy access to current policy information and the opportunity to network and establish relationships with key individuals, which can be used to take forward the SME support work of the Council.

(Examples:

- Haringey has a considerable interest in the implementation of Objective 2 Measure 2.3, Access To Finance, which is directed at small and medium sized firms and includes a particular commitment to black and ethnic minority businesses. There is an investment readiness and promotional component which is being implemented by Business Link For London, and the introduction of new funding schemes under the management of the London Development Agency. The regional organisations may not effectively and fully involve the boroughs in the implementation of the programme, even though the borough and its partners may have a great deal to offer in terms of identifying firms which could benefit. Although Haringey has already taken an active and successful role in this programme, a fuller involvement in the manner suggested above might increase the working knowledge of these programmes, which, coupled with direct initiatives from Council officers to participate in the implementation, could improve outcomes in the borough.*
- The potential for using the new legislation on business improvement districts (BIDs), as outlined elsewhere in this report, to bring early benefit to Haringey, would be enhanced by the Council having its own in-house expertise in this new area of policy, and playing an active part in the London region development of this new town centre improvement mechanism).*

Business Improvement Districts: The Opportunity

Business Improvement Districts (BIDs) originated in Canada and have operated in North America for many years. More recently they have been taken up in Australia and South Africa. The legislation facilitates property owners in a particular district agreeing by majority vote to impose additional taxation on all property owners, with the proceeds of the tax being used to pay for improvements to the district. These improvements might include additional cleaning and refuse removal services, enhanced security, street furniture, improved lighting, public information services and publicity and other activities to make the districts attractive to shoppers or other users.

The pay-off for the owners of property is to see the value of their holdings increase as improved commercial vibrancy is brought back to formerly run-down areas.

Shopping districts are the most usual subjects of BIDs, but they can also apply to industrial estates where action is needed to reverse a drift into decline.

The British government is now proposing to introduce legislation to facilitate the establishment of BIDs. The final details have yet to be announced, but it seems likely that the occupiers rather than the owners of property are going to be the focus BIDs here, both as voters and taxpayers. The government has so far resisted a campaign to make property owners the key players. The problem is that for a tenant, a BID may chiefly represent an increase in costs, both in terms of the extra tax, and possible rent increases if the BID is a success, with the long-term benefit going to the owner.

A key feature of the government's plans is to make all BID applications subject to local authority approval. It is anticipated that local authorities will play a vital role in promoting BIDs in particular areas, working closely with local business people on working up their applications and the content of their plans.

Although it has no statutory role in BIDs, the London Development Agency has taken a strategic position in seeking to encourage their development in the London region. The Central London Partnership recently won a contract to stimulate applications for the whole of London, in advance of the legislation coming into effect. Although the main shopping districts in central London may be seen as the vanguard for this new regime, there are also opportunities for secondary shopping areas operating BIDs on a relatively limited scale, and also for industrial estates.

At this early stage there may well be interest from the LDA in seeing a broad range of examples being taken forward to show how the legislation may be best exploited for the benefit of the region as a whole. This could represent an important opportunity for Haringey, and for which it may be worthwhile for officers to prepare now, both in terms of policy expertise and liaising with key partners to take a project(s) forward.

