
Overview and Scrutiny

Business Development: a short review

Sustainable Development Select Committee

May 2013

Membership of the Sustainable Development Select Committee in 2012-13:

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Chair's Introduction

To be added.

Councillor Liam Curran
Chair of the Sustainable Development Select Committee



1. Executive summary

The business sector in Lewisham is made up mostly of 'micro businesses'. These are usually defined as very small businesses that employ less than five people each. This can be seen as a reason for optimism because it is believed that growth in the economy, as well as future employment, will be created through growth in these small businesses. Furthermore, an increasing proportion of business growth is likely to occur in small technology and media enterprises. This is another reason for optimism because there are over 600 of these businesses in Lewisham.

However, although the number of small businesses increased significantly in the years up to 2008, the financial crisis and the resulting recession curtailed this growth and the number of businesses in the borough still remains low compared to most other London Boroughs. Nonetheless, the borough remains an important location for businesses to become established and businesses report that they value the central location and good transport links on offer.

The Council commissions a business advisory service to work with entrepreneurs to set up businesses and to build on the boroughs enterprising culture. New businesses bring innovation and expertise to the borough and there is some evidence that there is an emerging cultural, creative and digital media industry developing. Even so, significant challenges remain. The business development service has limited funding; businesses can not always access finance or find the space they need to adapt and grow; and the business environment in some parts of the borough currently lacks the vitality required to entice new customers.

Three of Lewisham's small business owners shared their experiences with the Committee. They spoke about working with the Council's support services and they described the benefits and drawbacks of operating in the borough. These small businesses provided the Committee with a useful snapshot of enterprises trading locally; the first was a recently established fashion business run by an enterprising individual in a newly revitalised town centre; the second was a small catering business attempting to win new business through the Council's supply chain; the third was a cutting edge technology business, which had recently worked with the Council to explore new ways of working. Their experiences were roundly positive and regardless of reorganisation and reductions in funding, it appears that the Council's economic development service continues to use its resources to good effect.

2. Recommendations

The Committee would like to make the following recommendations:

Draft recommendation 1:

The Council and its partners should continue to be responsive to requests from the community for support with developing neighbourhoods and local high streets.

Draft recommendation 2:

The Council should work to expand the number of 'meet the buyer' events it holds. Where the Council is tendering major contracts, it should be an expectation that local businesses are invited to meet with the main contractor or developer at an early stage in the contract process.

Draft recommendation 3:

The Council should review its communications with businesses in order to ensure the widest possible distribution of its business newsletter. This should include a review of ways in which the Council can use day to day interactions with businesses to highlight the support available.

Draft recommendation 4:

The Council should consider the potential of developing a business mentoring scheme, which is delivered through the business advisory service and led by businesses that have benefitted from support.

Draft recommendation 5:

The Committee supports the creation of the business procurement directory and urges the Council to give full consideration to extending the directory beyond construction related businesses.

Draft recommendation 6

The Council should assess the feasibility of working with developers and partners to create incubation space for new businesses. Businesses using this incubation space should be supported by the Council's business advisory service.

Draft recommendation 7:

The Council should continue to work with partners to identify explore and develop, new 'business clusters' in the borough.

Draft recommendation 8:

Once clusters of new businesses are identified, the Council should work with the Chamber of Commerce and other local organisations to publicise and develop these new hubs of activity.

Draft recommendation 9:

An update on the committee's recommendations should be brought before the Committee before the end of the 2013/14 municipal year.

3. Purpose and structure of review

At the meeting of the Sustainable Development Select Committee in April 2012 Members resolved to carry out a short review into business development in the borough. The scope of the review and its key lines of enquiry were agreed by the Committee in November 2012. It was decided that the review would explore the following themes and seek answers to the following questions:

1. Enabling start ups: Members of the review agreed to examine the Council's role in creating the conditions for new businesses in the borough. The Committee also decided to consider the capacity of the Council and other public and voluntary sector partners to engage in business development.

Key questions:

I: What are the ideal conditions in which to start and expand a business? And what, if any, are the barriers to business start ups in the borough?

II: To what extent does the Council have the ability to facilitate favourable conditions for business?

III: How can the Council and its partners add value to the work being carried out in the borough to encourage business start ups?

2. Encouraging sustainability: Members sought to determine how the Council and its partners could help to sustain a fertile environment for existing businesses and attract consumers to the borough.

Key questions:

I: What do businesses want from the Council in terms of services and support?

II: How does the Council focus its services and support on the businesses most in need?

III: What are the key problems facing Lewisham's businesses? Does the Council (or do any of its partners) have a role – and the resources – to exert influence and alleviate these problems?

3. Promoting growth: Members decided to scrutinise Lewisham's future plans for business development, in the context of reduced budgets and diminishing public sector resources:

Key questions:

I: Which sectors within the local economy can be supported for growth? What resources does the Council have to encourage growth?

II: What is the availability of premises and how good is the local infrastructure?

Evidence sessions were held on 11 December 2012 and 19 March 2013.
Witnesses were:

- Kevin Turner (Economic Development Manager, LB Lewisham)
- Paul Hadfield (Enterprise Development Manager, LB Lewisham)
- Tracey Kilty (Greater London Enterprises)
- Louisa Gillespie and Marian Cattanach from Ruhbarb and Custard, a small food business in the borough.
- Jordana Malik (From Renewal, which is planning a major development in the north of the borough)
- Michael Giessler (From the technology company Mo-Sys)
- Denise Atkinson (Local Labour and Business Co-ordinator, LB Lewisham)
- Steve Nelson (London Chamber of Commerce)
- Chantel Wedderburn (Best of Both Boutique, a new business in Forest Hill)

In addition, the Committee considered the following written reports:

- A report from officers in economic development setting out the central elements of their business development work.
- Greater London Enterprises interim report on the performance of the Lewisham and Southwark Business Advisory Service
- Business development section of the Council's most recent Local Economic Assessment.

The Committee concluded its review and agreed its recommendations in May 2013.

4. Enabling business start-ups

Support for start ups

- 4.1 The Council funds a business start-up service, which provides residents with training and development opportunities in order to build their skills as entrepreneurs and to help them start their own businesses. Since 2011 this service has been delivered by the Greater London Enterprise group and it is managed on behalf of Lewisham and Southwark Councils by officers in Lewisham's economic development team. In the last two years more than 50 new business have been set up and more than 300 organisations have benefitted from support. Officers have found that new businesses that are started after receiving support are more likely to survive:

'70% of businesses that start up after receiving support are still trading after 12 months compared with 45% of businesses who do not receive support.' (Officer report to the Select Committee, December 2012)

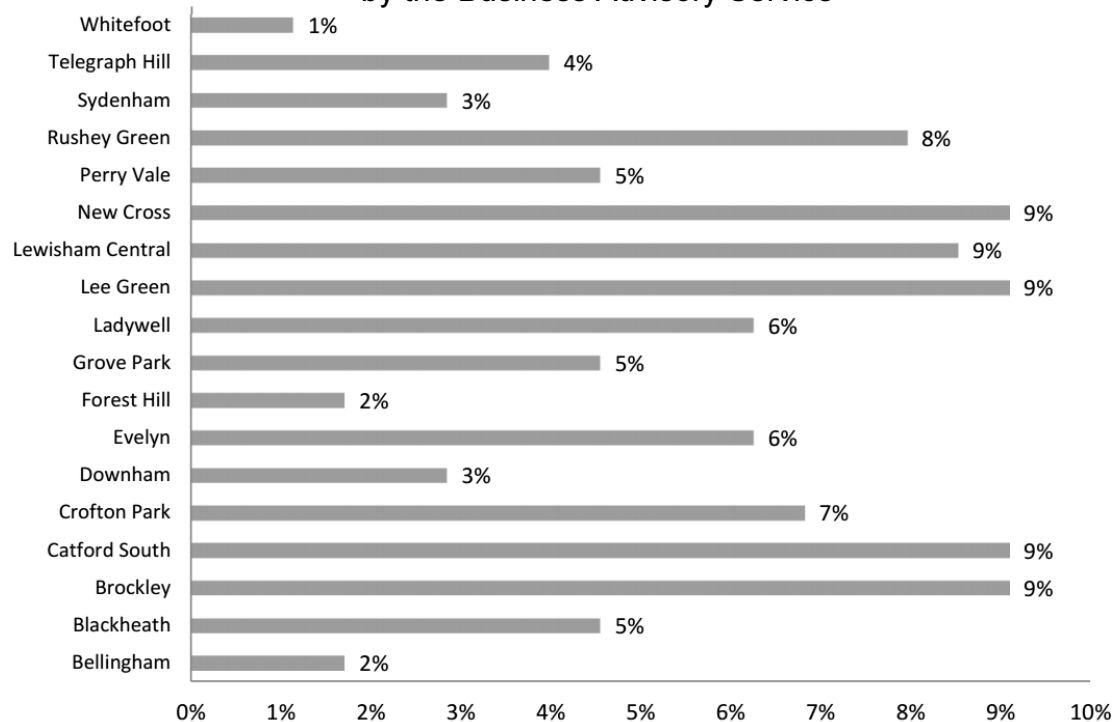
- 4.2 Support for new businesses is provided through workshops, one-to-one advice and tailored mentoring sessions with Lewisham and Southwark Business Advisory Service business advisors. The business advisory service's aims are to:

1. To support residents across the boroughs to start up in business and become self-employed
2. To support the survival of existing businesses (particularly small businesses), increasing their robustness, and capacity to adapt and innovate
3. To support local businesses in becoming 'fit to compete' for public and private sector contract opportunities
4. To enhance the delivery of services by coordinating support and developing joint working and referral mechanisms with local, regional and national providers of business support.
5. To develop innovative and sustainable methods of delivery, including the potential for fee-paying services for specific client groups.

(Business advisory service interim report, GLE 2012)

- 4.3 Support is available borough wide. It is delivered in Council premises, such as libraries and community centres by the advisory service's start up specialists. The specialists aim to ensure that businesses have robust plans in place and that they have adequately assessed the risks and opportunities for their business in the initial months of operation.

Location of small businesses registered by the Business Advisory Service



(Small and medium sized business registered from Lewisham wards by the business advisory service, interim report, GLE 2012)

- 4.4 The advisory service's highest levels of engagement are in Catford South, New Cross, and Lewisham Central wards. The service has found that the lowest level of support is delivered in Telegraph Hill and Bellingham wards so the advisory service carried out a programme of marketing activities in these areas, using fliers and direct approaches to business, to ensure that aspiring business people were also aware of the support available.
- 4.5 Support for start ups has been substantially reduced. Previously central government funding was used to match fund the Council's own funding for business advisory services. Since this funding ended the Council's service has been reduced in funding by 70%, resulting in a reduction in the support available. Government funding is now being targeted towards people claiming Job Seekers Allowance. General support, provided by the government's Business Links programme is only available over the internet and on the phone. Council funding available each year to encourage businesses to start up is approximately £30k, which facilitates the start up of around 30 businesses. The chart below demonstrates the impact the reduction in funding has had on these services:

Lewisham's business start up service	2011/12	2012 /13	Reduction
Number of residents benefiting from business start up services	250	92	-63%
Number of business start ups	31	25	-20%

(Officer report to the Select Committee, December 2012)

- 4.6 The most recent available figures from the Office of National Statistics¹ indicate that there are more than 7800 active businesses in the borough. The figures also show that in 2011, there were 1350 business start ups, which was an increase from the 985 started in 2010. As set out above, the Council's business advisory service was only able to assist a small number of these businesses to become established.
- 4.7 The strong growth in the small business sector indicates that there are a significant number of people who would like to start their own business in the borough. However, enterprising people who are working or studying are usually unable to access central government start up support because this funding is targeted towards people claiming unemployment allowances. Regrettably, in the current climate, the Council does not have the resources available to fund additional services and support for all enterprising residents who are considering setting up in business. Moreover, the business advisory service's initial efforts to charge for business advice have met with mixed success, suggesting that funded support is required.

Starting up a business in Lewisham

- 4.8 The Committee heard from Chantel Wedderburn, who started her own fashion business in Forest Hill with support and guidance from the business advisory service. The advice and mentoring she received was fundamental to the initial success of her business. Her experience of setting up was positive. She found that the borough compared favourably to other areas in South London in terms of the availability and price of business premises as well as the quality of premises available.
- 4.9 There have been a significant improvements to the business environment in Forest Hill. The new leisure centre and the East London Line extension have created new footfall. The community's involvement in the life of the high street has also been a significant driver for the positive changes which are being felt by local businesses. Forest Hill is part of the 'Totally Locally' enterprise, which is a national initiative designed to reconnect people with their local businesses. The campaign brings together local people and local businesses to provide new,

¹ Office of national statistics: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-283124>

innovative and interesting offers for existing shoppers. It also provides ideas for marketing and publicity in order to help local businesses attract new customers. Chantel's business has been involved in the 'five fest', in which businesses provide a special offer on a given day for five pounds in order to showcase their offer to new customers.

- 4.10 The Council provides structured support and advice through the business advisory service. However, informal networks, mentoring opportunities and involvement with active community groups are also of importance for new and young businesses. The South East London Chamber of Commerce provides opportunities for businesses to network with other businesses and commercial organisations. The chamber has 80 members. It also has a contact database of 500 organisations. The Chamber seeks to provide mentoring opportunities for new businesses. However, these are most often informal arrangements, which are developed through the Chamber's events, talks and meetings. The Chamber's events also enable entrepreneurs to share knowledge about new initiatives and best practice.

Barriers to business start ups

- 4.11 The business advisory service carries out regular reviews of its work. It also carried out a review of the impact of its services to demonstrate its compliance with the Lewisham and Southwark advice contract. The interim review (October 2012) provides a range of information about the effectiveness of the advice service as well as feedback from members about their experience of accessing advice.
- 4.12 The advisory service reports that a significant number of organisations note problems with access to finance amongst the key issues facing their business. Chantel Wedderburn found that her business' inability to access finance was a key hurdle she had to overcome when setting up. The business advisory service assisted in helping the business to develop a comprehensive and robust business plan, nonetheless, it was still unable to access the finance required to launch. Chantel was eventually able to start her business with loans from family and friends.
- 4.13 The Committee also heard from Louisa Gillespie and Marian Cattanach, who run a catering business called Rhubarb and Custard in Lee Green. They also found it difficult to access finance. They advised the Committee that accessing finance is not necessarily the right goal for all small businesses. Rather, new businesses might need to focus on controlling costs and seeking new business as well as developing sustainable procedures and financial discipline. In the absence of ready finance, this approach was followed by Louisa and Marian for their business. They felt that this approach laid a firm foundation for its future development and growth.
- 4.14 There is evidence to suggest that access to suitable premises is a problem for new businesses in Lewisham. A previous review into

economic development by the Public Accounts Select Committee in 2009 found that access to suitable premises was an issue in the borough. The Committee found that some employment premises in the borough were of low quality and that it was difficult to encourage private sector investment when there was little incentive for businesses to locate in Lewisham. The Committee made the case that creating the right business environment for businesses was crucial. (Economic development, a review by the Public Accounts Select Committee, p42, 2009)

- 4.15 The business environment in some parts of the borough, particularly on industrial estates is not always welcoming to new businesses. Also, when in direct competition with other areas, the borough might struggle if it is unable to deal with the perceived prevalence of negative businesses, such as betting shops and pay day loan companies, which may create an unattractive business environment for other businesses. Furthermore, recent changes to planning legislation have weakened the Council's ability to restrict the proliferation of these businesses, which may have a negative impact on the borough's high streets.
- 4.16 Members heard that the demand for business premises is considered as part of the development of the Council's Core Strategy. The strategy allocates and protects employment land and ensures that the borough has plans in place to deliver the flexible premises required for future business use: 'In 20011/12 11,886sqm of new commercial space was completed including 2,892sqm of new retail space and over the next seven years it is forecast that the development of major strategic sites will create a further 39,000sqm of new space for businesses creating up to 3,000 new jobs.' (Officer report to the Select Committee, December 2012) The Council has developed an evidence base for the development of its plans and officers have consulted on them widely to ensure that potential developments are suitable for future business use.

Creating favourable conditions for business

- 4.17 The Council is working with partners on a number of regeneration projects in the borough, including the redevelopment of Catford and Deptford high streets. Last year, the Council also supported the local community in bidding for funding to become a 'Portas Pilot'. The pilot, which follows from Mary Portas' high street review is being led by local people. It aims to improve the town centres in Sydenham, Forest Hill and Kirkdale. Along with this pilot, funding has been secured to help reduce the number of empty premises in the borough's high streets by providing small grants for improvements to empty shops, developing temporary uses for empty premises, encouraging pop up shops and improving the appearance of empty units.
- 4.18 Initiatives led by local people on a neighbourhood level to support business development are fundamental to creating the right conditions for business to thrive. These activities might include: hosting local events

and festivals; leading projects to improve the local environment; and working with businesses to encourage people to shop in their local area. However, the use of volunteers requires the engagement of committed people over extended periods, which might, in some instances be difficult to maintain.

Draft recommendation 1:

The Council and its partners should continue to be responsive to requests from the community for support with developing neighbourhoods and local high streets.

5. Supporting existing businesses

Council services

- 5.1 The fall out from the financial crisis has created a difficult economic climate for businesses. The numbers of business start ups in Lewisham increased year on year to 2008 and then began to slow. The number of business failures also increased in the immediate aftermath of the credit crunch in 2008. The impact of the continued uncertainty in the economy is also likely to be having a detrimental impact on Lewisham's businesses. The legacy of the crisis continues to shake the economy and the public debate about the long term repercussions of shock and austerity are ongoing. Nonetheless, it is obvious that the reduction in funding for public services has had an impact on the support the Council is able to provide.
- 5.2 A higher than average proportion of Lewisham businesses are micro businesses. These businesses are less likely to survive compared to larger organisations, especially when they are starting up. Therefore, support for small businesses is primarily targeted at small businesses during their first 24 months of trading. This is when these businesses are most vulnerable to closing down because they are still getting established within the marketplace and their owners lack experience.
- 5.3 The business advisory service provides an 'advocacy and a rapid response service' for struggling businesses. The advice, mentoring and support covers issues such as:
- best practice advice to develop new business plans
 - marketing and sales initiatives
 - reviewing pricing policies
 - advice on VAT / PAYE
 - reviews of rates relief
 - rent negotiations with landlords.
- 5.4 Funding for this element of the service has been reduced due to changes in funding and cuts to Council budgets. Figures from the office of national statistics² indicate that in 2011/12 there were 865 business closures in the borough. The advisory service was able to deliver the following level of support:

	2011/12	2012 /13	Reduction
Number of businesses receiving in depth advice and support	156	117	-25%

² <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-283124>

- 5.5 Even so, the Council and its partners are committed to creating opportunities for existing businesses to build on their successes and avoid the worst impacts of the ongoing economic uncertainty. Louisa Gillespie and Marian Cattanach from 'Rhubarb and Custard' were involved in one of the Council's 'meet the buyer events'. These events are organised by the Council's economic development team to maximise the benefits of the Council's spending and supply chains on local businesses.
- 5.6 The Committee heard about a 'meet the buyer event' at which local catering businesses were invited to meet the future operator of the Glass Mill leisure centre in Lewisham. The operator was looking for a catering business to run the café and catering services in the new building so the business advisory service worked with 11 local businesses to ensure that they were able to compete for the tender. The contract was eventually let to one of the small businesses that had been supported by the service.
- 5.7 Louisa and Marian reported that they received advice about their businesses plans, as well as access to dedicated support to develop the capacity of the business to compete for contracts. They reported that many small business people are short on time because most of their time is taken up with the day to day running of the business. This means that they don't have the time to look outside of the business for the advice and support that is available.
- 5.8 The economic development team's work to engage with businesses is intelligent and effective. By linking existing contracts and opportunities with businesses already in contact with the advisory service, the Council is maximising the impact of Council spending. Marian and Louisa spoke highly of the business advisory service and of the Council's approach to supporting local businesses. The specialists at the advisory service understand how businesses work and are knowledgeable about the main problems facing small businesses, however, it is apparent that the Council would be unable to keep up with the constant pace of change in the world of business.

Draft recommendation 2:

The Council should work to expand the number of 'meet the buyer' events it holds. Where the Council is tendering major contracts, it should be an expectation that local businesses are invited to meet with the main contractor or developer at an early stage in the contract process.

- 5.9 The Council and its partners can only support a limited number of businesses through the advisory service. However, the Council can also use its engagement with large businesses to maximise opportunities for small businesses in the borough. Marian and Louisa suggested that the Council might look to make the most of its 'day to day' interactions with local businesses. For example, food businesses need to register with the Council for food hygiene. This interaction might provide an opportunity

for the Council to share information about the services and support available.

Draft recommendation 3:

The Council should review its communications with businesses in order to ensure the widest possible distribution of its business newsletter. This should include a review of ways in which the Council can use day to day interactions with businesses to highlight the support available.

- 5.10 Alongside the services and support offered by the business advisory service there is the potential for business owners in the borough to support the owners of less well established businesses. One of the other small business owners who provided evidence to the Committee said that they made sure that they passed on the benefit of their experiences to other aspiring business people. Steve Nelson from the Chamber of Commerce also talked about the importance of businesses sharing best practice and mentoring new enterprises. As set out above, the Council's business advisory service can not support every person in the borough who wants to set up their own business, therefore, the Council and its partners need to innovate to ensure that best practice is shared and opportunities for business development are maximised.

Draft recommendation 4:

The Council should assess the potential of developing a business mentoring scheme, which is led by organisations it has supported through the business advisory service.

Working with local businesses

- 5.11 Providing support for small business generates a range of benefits. Small businesses tend to employ local people and they can provide an important step up for young people trying to access the labour market. Local businesses are also more likely to use other local businesses and suppliers, further multiplying the benefit of local investment and spending.
- 5.12 The local labour and business scheme uses Council contracts to create employment opportunities for local people. It is funded by contributions made by developers and enables the Council to work with external organisations to deliver training and employment opportunities for local residents, as well as assistance for local businesses to access business opportunities.
- 5.13 The local labour and business scheme coordinator works with local businesses and partner organisations to create successful links between local contractors, suppliers, employers and growing businesses. Work carried out by the scheme to link local businesses with the development

of the new Glass Mill leisure centre in Lewisham through the 'meet the buyer event' required input from a number of different partners, including:

- Lewisham Council's leisure contracts manager
- Fusion Lifestyle and Leisure Contracts Manager
- Lewisham's Project Manager from the Glass Mill project
- The Business Advisory Service
- 11 local businesses

5.14 The local labour and business scheme is developing a business procurement directory in order to enable the Council to notify local businesses when procurement opportunities become available. Lewisham's other select committees have considered the issue of procurement practices in more detail. Most recently the Public Accounts Select Committee carried out a review of Fairness in Procurement and Pay & Employment Practices. The Committee found that:

'The Council actively encourages local small businesses to access opportunities with the Council, other public sector organisations, and large private sector organisations...'

(Fairness in Procurement and Pay & Employment Practices, Public Accounts Select Committee, October 2012)

5.15 The recommendations by the Public Accounts Select Committee covered a wide range of issues relating to local businesses, including: the Council's contracting arrangements; use of local suppliers, consideration of social value and the importance of joint working.

5.16 Following, in part, from PACs work on this issue, the local labour and business scheme intends to create a business procurement directory, which will be designed to alert local businesses about contracting opportunities. The directory will initially only be available for construction related businesses.

Draft recommendation 5:

The Committee supports the creation of the business procurement directory and urges the Council to give full consideration to extending the directory beyond construction related businesses.

Barriers to business

5.17 There is nothing specific to suggest that there are significant barriers to business in the borough. Nor that any action by the Council or its partners is creating hostile conditions for business in the borough. Steve Nelson (South East London Chamber of Commerce) reported that businesses are relatively consistent about what they do and do not like about Lewisham. Most say that they like the borough because of its

proximity to central London, good quality transport links and the low cost of doing business.

- 5.18 Parking may be an issue for some businesses. However, the Committee recently considered the results of the Council's parking policy review. There was little in the consultation to suggest that parking was a wide spread problem for local businesses. However, this needs to be kept under review and where issues with parking are identified, they should be considered on a case by case basis.
- 5.19 It is also the case that in some instances local businesses lack 'move on' space when they begin to grow. Moreover, some parts of the business environment, particularly on industrial estates are not be adequate for businesses. As noted above, the Council's planning policies include provision for the creation of additional space for local businesses. Substantial investment has also been secured for the development of Catford and Deptford town centres.
- 5.20 Lewisham sometimes suffers from a negative perception in the media. Inaccurate reports that the borough is an 'un-peaceful' place to live because of crime might deter new businesses from setting up. The Committee supports all efforts to ensure that negative perceptions of the borough are challenged. Business people should be encouraged to visit the borough for themselves to see what it has to offer.
- 5.21 London provides many opportunities for businesses to prosper and to grow, however, it is also an intensely competitive environment in which for small businesses to operate. Evidence indicates that there was a dip in the number of businesses started in the borough following the credit crunch in 2008, which may have reduced competition for surviving businesses, nonetheless, the market remains competitive and the pursuit of new customers is a challenge for small businesses. The Council's efforts to support local businesses are effective and they can be targeted to maximise their impact, however, the Council does not have the capacity or the resources to carry out large scale interventions in the marketplace.

6. Promoting growth

Premises and infrastructure

- 6.1 The Council continues to work with its partners on the major redevelopment of Catford town centre. Work at Loampit Vale is well under way and the provision of a new leisure centre in Lewisham town centre will provide an additional draw to the thriving, well connected heart of the borough. The combined benefits of new transport links, civic amenities and community involvement have played a vital role in the rejuvenation of Forest Hill. The Council has played a key role in lobbying for, funding and encouraging the delivery of these benefits. Officers have also secured funds to redevelop Deptford high street and provide new business space in the north of the borough by securing agreements with developers, amongst other initiatives and plans to improve the borough.
- 6.2 The Council's approach is to build on Lewisham's strengths, including its proximity to central London and the city's major financial districts, by encouraging the development flexible business spaces. New developments on Creekside in Deptford and in Plough Way and Surrey Canal Triangle in New Cross include plans for new start up space and centres for small businesses. New space for designer makers along Resolution Way in Deptford was also included as part of the development of Deptford Lounge, building on existing creative businesses in the locality.

Recommendation 6:

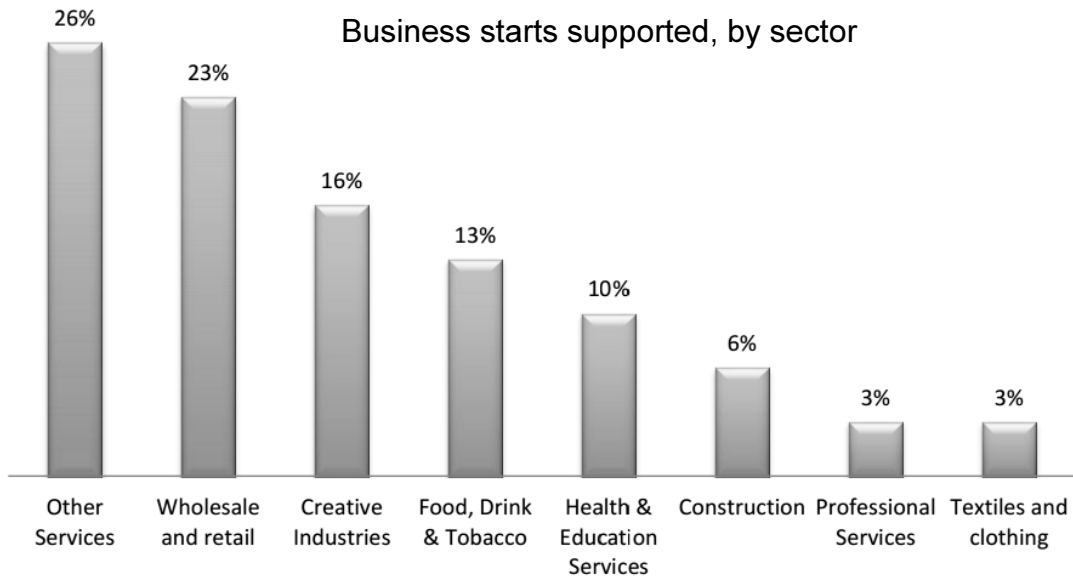
The Council should assess the feasibility of working with developers and partners to create incubation space for new businesses. Businesses using this incubation space should be supported by the Council's business advisory service.

- 6.3 Jordana Malik spoke to the Committee about Renewal's plans for the Surrey Canal Development. It is anticipated that the development will provide 'move on space' for businesses alongside incubation spaces for creative organisations. The new development also includes plans for sporting facilities, an inter faith centre, housing and retail space. There are also ambitious plans to create a new digital and creative hub for London. Working with the economic development team, Renewal has already started to engage with creative businesses to utilise existing space in Surrey Canal.

Growth industries

- 6.4 The chart below provides a summary of the business start ups supported by the business advisory service. There is some encouraging evidence that creative industries are beginning to establish themselves in the borough, however, existing creative businesses are small and there is no

immediate evidence that there is a great deal of interaction between them.



(Business advisory service interim report, GLE 2012)

- 6.5 Some success has been shown in other local authority areas for targeting support at specific industries and enabling them to ‘cluster’ to help them grow. The idea behind this approach is to create accessible, flexible, readily available business spaces which are then used by businesses from similar or related sectors. These organisations should benefit from the proximity to other organisations working in the same field. This might help to encourage customers, because of the ease of acquiring all of the services they need in the same area. It’s also possible that businesses might support and mentor each other, create informal networks and where appropriate share resources. However, this approach needs to be treated with caution because if it is overly prescriptive it might fail to meet the demands of the business market and end up being counter-productive.
- 6.6 The local Chamber of Commerce is keen to encourage the growth of new sectors and to facilitate interaction between the borough’s creative and media organisations. The Chamber has engaged with design, video, lighting and graphics businesses in Lewisham to build links between these organisations and to further understand common concerns. The plans for the north of the borough make it an enticing place for innovative businesses. The housing developments, population growth and improving transport connections is likely to provide a new stream of business for innovative entrepreneurs.
- 6.7 Neither the Chamber nor the Council has had a great deal of interaction with Goldsmiths University, but it is acknowledged that the University provides a creative driver for the north of the borough by bringing students, artists and education services together in close proximity to central London. Further work with partners needs to take place to ensure

that Lewisham makes the most of the benefits of development in the north of the borough. The ambition ought to be to attract entrepreneurs and creative people to innovate and invest, so that the whole borough benefits.

6.8 In order to maximise on the potential for the new creative quarter in Surrey Canal, the Council's economic development team and arts services are developing a joint project to support the growth of digital media businesses in the borough. It is estimated that there are more than 600 of these businesses in the borough. However, as with the overall pattern of business in the borough, many of these are micro businesses and there is no existing hub of activity for this sector. To encourage growth, the economic development team has worked with partners to:

- Consult with local firms to establish barriers and opportunities for growth
- Develop networking opportunities
- Support local supply chains
- Improve access to resources and technology
- Raise skills and knowledge in digital technology

6.9 Businesses realise that customers will travel for uniqueness and variety. The borough has a number of well established markets and with the planned redevelopment of Catford and Deptford town centres, there is an opportunity to create new and unique clusters of businesses which would retain local custom and draw in new consumers. It is clear that the Council's capacity for new initiatives has been reduced due to changes in funding. Nonetheless, working with partners in the business advisory service, officers intend to explore options for other growth industries in the borough. Current work includes the development of projects to encourage new food businesses in order to create links with existing suppliers and businesses in the boroughs town centres.

Encouraging innovation

6.10 Michael Giessler from the technology company Mo-Sys spoke to the Committee about running a technology business in the borough: Mo-Sys is the manufacturer of specialised camera equipment, which has been used on a large number of high profile films. The company was introduced to the development company Renewal by the Council's economic development team. This led to Mo-Sys becoming the anchor operator for the new Surrey Canal Studios. At the time of giving evidence to the Committee, the new studio had only been in operation for 6 weeks.

6.11 The company worked with Renewal to set up a hi-tech film studio, which featured a so called 'green screen'. Using motion control robotics and computer generated backdrops the green screen technology enabled the creation of realistic virtual landscapes. This new business venture was designed to put this innovative technology within reach of smaller

businesses, such as those attempting to make lower and medium sized productions. It was intended that the studios would bring together a complete range of media businesses, including those who make film, those making film tools, and people who wanted to organise cultural events.

6.12 The nature of the business meant that it required highly skilled specialists to carry out its work. However, the Studios had made a commitment to working with schools, colleges and other organisations as much as possible to extend opportunities to the local community. Mo-Sys also believed that the studios would attract a range of skilled people to move to the borough.

6.13 Following the evidence session about the new business venture, the Committee were due to visit the studios to see the operation of the technology first hand as part of this review, however, following a mutual agreement about the future of the studios, it was agreed that Renewal would look for a new operator to run the space. Initial efforts to develop a new business in Surrey Canal are obviously proving challenging but the economic development team's work with partners to develop new initiatives is encouraging.

Recommendation 7:

The Council should continue to work with partners to identify explore, and develop, new 'business clusters' in the borough.

6.14 If the Council is able to utilise its existing resources to support the development of new business clusters in the borough, this might produce a range of benefits. Aside from the immediate job opportunities, the benefits might extend to the creation of new supply chains, and, as seen with Mo-Sys, the introduction of new skilled people to the borough. This visible pooling of innovation and ingenuity in the borough may also help to encourage young people to consider a wider range of careers and business opportunities, which are likely to be the jobs of the future.

Recommendation 8:

Once clusters of new businesses are identified, the Council should work with the Chamber of Commerce and other local organisations to publicise and develop these new hubs of activity.

7. Monitoring and ongoing scrutiny

A number of issues were discussed during the course review which could not be considered in depth. The Committee might want to consider these issues further at a later date. These include:

- The development of business clusters
- The interaction between availability of transport and business development
- Work with surrounding boroughs
- The Council's role in attracting new businesses to the borough
- Support for hospitality, training and education businesses
- Approaches to working with creative industries

The Committee may decide to consider these issues as part of its 2013/14 work programme (time permitting) failing this, these issues might be considered as part of the development of the 2014/15 work programme.

Recommendation 9:

An update on the committee's recommendations should be brought before the Committee before the end of the 2013/14 municipal year.

Sources

Business development: economic development team report to the Sustainable Development Select Committee, December 2012. Available online at: <http://tinyurl.com/ctop9ok>

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Lewisham Local Economic Assessment, section 1: business and enterprise, March 2012. Available online at: <http://tinyurl.com/cpz5kbk>

Lewisham and Southwark Business Advisory Service interim report, October 2012. Available online at: <http://tinyurl.com/cm98ln9>

Evidence received by the Sustainable Development Select Committee at its meetings on the 11th December 2012 and 13th March 2013. Agendas, papers and minutes available online at: <http://tinyurl.com/c8ex9me>