

**MINUTES OF THE SCRUTINY REVIEW - SUPPORT TO SMALL BUSINESSES
THURSDAY, 14 JANUARY 2010**

Councillor Adje (Chair), Allison, Thompson and Winskill
s

Also present Juneed Asad, Nick Schlittner, and Patrick Jones LBH, Bob Austin LYST, Clare Richmond Crouch End Project, Nicky Price Tottenham Carnival, Gary Ince North London Business, Effiong Allpan LBDC, Alem Gebrehiwot Embrace UK, Yosias Negath Embrace UK, John Spindler Capital Enterprise, Nick Nicolaou GLE, and Carolyn Banks (minutes).

LC8. APOLOGIES FOR ABSENCE (IF ANY)

Received from Marc Dorfman- Assistant Director Planning Regeneration and Economy

LC9. URGENT BUSINESS

None received.

LC10. DECLARATION OF INTEREST

None received.

LC11. MINUTES

The minutes of the meeting held on 11 December 2009 were agreed.

LC12. SERVICE PROFILE/ EFFICIENCIES AND SERVICE DEVELOPMENT

It was agreed that this report be deferred to the next meeting to enable the Assistant Director to attend and present it.

LC13. SUPPORT TO LOCAL BUSINESSES

The panel received a presentation from Embrace UK, an organisation funded by the Council and set up in 1994 as a grass root organisation to provide information, advice and guidance for disadvantaged groups including migrants and refugees. Their services included business advice, training and development. An outline of their organisational structure was noted. Embrace advised that there were around 8,500 businesses in Haringey, of which 90% employed 10 or less people. SME's accounted for 29% of the total employment in the borough and in particular BME's were considered to be disadvantaged.

MINUTES OF THE SCRUTINY REVIEW - SUPPORT TO SMALL BUSINESSES THURSDAY, 14 JANUARY 2010

Embrace were sceptical of the Council's statements that enterprise grants were available throughout the borough and that over 750 voluntary and community organisations were addressing community needs through enterprise activity.

Embrace considered that the main needs of businesses starting up and existing small businesses from BME communities were training (planning management, bookkeeping and marketing) finance (grants and low interest finance) and community based business advice, particularly where there could be cultural and language difficulties. They stated that businesses were naturally suspicious of local authorities.

Details of Embrace's achievements since October 2008 were outlined which included providing one to one support to businesses and residents, supporting newly established business, referring to Haringey Guarantee, organising workshops and events and helping to establish networks for the hard to reach business communities. There was a need of BME small businesses for more community based business support in all categories of skills, financial support i.e soft loans, and more training and networking activities.

In terms of support given to small businesses from the Council they stated that the Business and Enterprise team were always very helpful and supportive, particularly in respect of advice, networking and organising and attending events. As part of their contractual arrangements Embrace attended workshops and events organised by the Council and pan London training. The Council also supported them with staff recruitment. With regard to support in finding premises the Council's website was helpful and its application was simple. However there was some concern around the limited number of properties available, particularly retail and the market rent was too high for many start up businesses.

In respect of signposting to information the business link website was helpful and for employment the Haringey guarantee was a good scheme. Research and dealing with applications was an area where small businesses required further help. Businesses felt that there was too much formality and more assistance was needed around training, planning, management, bookkeeping and marketing. The Authority's officers' should be bridging the gap and more resources were needed to help BME's with language and cultural differences. Embrace also felt that more help was needed in accessing funding as they considered that much of the existing finance was out of range for many small businesses. Council officers advised that through Embrace the Council had gained far greater access to many small BME's.

Embrace would like to see more networking amongst small businesses, and more community advice funding. Also they wished to gain the Council's support in its bid to form a micro finance organisation which would be mainly targeted at the disadvantaged community. They also supported "pop up" shops and would be interested in being involved in any test and pilot scheme if the Council were to pursue this option.

Embrace advised that they were not an umbrella organisation, they were based at Selby Centre, employed 23 members of staff and were funded by the Council, Government, charitable trusts and 2 PCT's. Their youth service project to run healthy living projects had received lottery funding which Embrace agreed to supply further information on the problems faced by BME's in securing funding and ideas for improving this, size of their operation, how many businesses they helped, their

MINUTES OF THE SCRUTINY REVIEW - SUPPORT TO SMALL BUSINESSES THURSDAY, 14 JANUARY 2010

business plans, how they helped businesses, i.e. successes and their aspirations for the future.

The representative from Tottenham traders expressed concern over the possible duplication of services provided. He agreed to meet with Embrace to discuss further. Also Gary Ince from North London Business advised that they had extensive links with the business community. The LDA paid North London Business to keep a register of all business premises across North London.

Bob Austin from LYST advised that he had 60 studios in Tottenham Green which could be run as “pop up” shops.

It was accepted that there was a need for better co-ordination and joint thinking across business organisations. The Council should ensure that all appropriate information was posted on their website. Whilst Embrace did not consider that they were duplication work undertaken elsewhere they accepted that there was a need for better networking. The view was shared that there was insufficient resources given to the management of projects.

There was a suggestion that the Council needed a support strategy for SME's. Details of the 10 point leaflet supporting SME's was requested by Members. Additionally Members requested a briefing on Haringey for Business and why this had folded.

Resolved:

1. That Embrace be requested to supply further information on the problems faced by BME's in securing funding and ideas for improving this, size of their operation, how many businesses they helped, their business plans, how they helped businesses, i.e. successes and their aspirations for the future.
2. That officers provide the members with a copy of the Council's 10 point leaflet for small businesses
3. That officers provide the Panel with a briefing on Haringey for Business

LC14. LOAN FUNDS

The Panel received a presentation from GLE oneLondon in respect of the availability of loan funds for local authorities. GLE one London was a provider of business support and non bank finance to SME's. They provided loans to London businesses that had difficulties in securing access to mainstream finance. The majority of the loans were for sums less than £50k and were for existing businesses to prevent closure or redundancies caused by the current credit crunch, they were all based on the liability of the business. GLE oneLondon explained that their tailor made packages were ready to go, with fully established procedures and experienced lending teams. Details of the likely costs were outlined. The cost to the Council of running a £300,000 loan scheme would be less than £100,000, and such a loan would support around 25 businesses to maintain the local economy, to save or create new jobs. The offer from GLE was open to all London boroughs. Although the loans were unsecure, guarantees were required from Directors and occasionally debentures were sought. Sole traders were personally liable.

**MINUTES OF THE SCRUTINY REVIEW - SUPPORT TO SMALL BUSINESSES
THURSDAY, 14 JANUARY 2010**

Members sought further statistical data on the number and types of loans that had been issued. It was noted that less than 15% of loans defaulted. GLE oneLondon agreed to provide further information on their recovery procedures.

It was accepted that there was a general shortage of start up capital for small businesses in London.

RESOLVED:

1. That the report be noted
2. That GLE oneLondon be requested to provide further information on the number and types of loans issues and information on their recovery procedures.

LC15. INITIATIVES BEING DELIVERED BY CAPITAL ENTERPRISE

The Panel heard from Capital Enterprise on initiatives supported by them. Capital Enterprise offered to implement and manage pop up shop schemes for London Councils, Landlords and Town Centre Managers. A “pop-up” shop was a short term let of a property in a good or unusual location for a nominal rent to either a team of creative individuals who use the shop to display and sell their time limited offers or limited number of creative wares or to a pre-vetted new businesses to test and trail new innovative products/services or retail concepts in a suitable high street setting. It was noted that an intermediary such as the LYST was needed to run the schemes. A major issue that had been identified was that the rental price was likely to be very high. This was due to landlords wishing to keep the capital value as high as possible.

Another initiative was the Business Turnaround Service launched by Capital Enterprise as a service which offered a free of charge professionally qualified business turnaround advisor. Currently seven London Councils were funding this service in their boroughs. An investment of £25 k would support around 50 businesses. Members requested details of the literature provided by other boroughs on this scheme. The meeting noted that the LDA had reduced their funding to Haringey to only £50k, (a letter from Cllr Kober to the Mayor of London to raise Haringey’s concerns about the reduction) and the target for business support was now around job creation. An update on LDA funding support was requested. Members were informed that there appeared to be a running down of funding from the LDA and the number of business agencies had reduced from 3 to now only one (LBDC). The challenges to meet the gap were difficult. The LBDC advised that the Council needed to give urgent consideration to the support to SME’s especially with the Government’s shift to encourage businesses to start up without the full support being in place.

RESOLVED:

1. That the report be noted.
2. That information be sought from those borough’s using the Business Turnaround service
3. That an update of LDA’s funding regime and implications for Haringey be provided.

**MINUTES OF THE SCRUTINY REVIEW - SUPPORT TO SMALL BUSINESSES
THURSDAY, 14 JANUARY 2010**

LC16. UPDATE ON HARINGEY'S CITY GROWTH IMPLEMENTATION AND OUTPUTS

Members sought information regarding the independent evaluation that had been carried out regarding the city growth project which ran from 2006-09.

Members were concerned that the report did not reflect or deal with the outcomes or recommendations of the external evaluator, the LDA. Members found this to be unacceptable and asked that a revised report be submitted to the next meeting with at least a minimum of three pages highlighting the outcomes and comments from the external evaluator. They wished to ascertain the key objectives of the scheme, the main outputs on each sector and whether it had made a difference. Effiong Akpan from LBDC stated that businesses had not been properly engaged, and consequently the LDA had changed the scheme to be more business led in order to generate and sustain employment and create more job opportunities. The scheme was seen as flawed as it was an American scheme which did not lend itself to the style of UK businesses. One of the conclusions from the project was that greater funding was required to support businesses and groups across the borough.

A new initiative that has arisen was the finance summits held with local banks to help SME's to gain finance.

RESOLVED:

That a revised report be prepared for the Panel to reflect an update on the discussions and comments from the LDA.

LC17. NEW ITEMS OF URGENT BUSINESS

It was agreed that the next meeting be held on Thursday 4 February 2010

Agenda Items

1. From the Assistant Director for Planning, Regeneration and Economy on: -
Future strategic vision and proposals for the Economic and enterprise unit
The potential affects of the Spurs development on small businesses
2. From Property Services on:-
How they offer support particularly in the current economic climate and on enforcement issues (to amplify on the information provided)
3. From Procurement on:-
To expand and amplify the information provided to the Panel by e-mail.
4. From LBDC on:- how they support local businesses
5. From LYST on Pop Up shops

**MINUTES OF THE SCRUTINY REVIEW - SUPPORT TO SMALL BUSINESSES
THURSDAY, 14 JANUARY 2010**

Clr Charles Adje

Chair