

Subject: Supporting Microbusinesses in London

Report to: Economy Committee

Report of: Executive Director of Secretariat

Date: 5 March 2015

This report will be considered in public

1. Summary

- 1.1 This paper provides background for the Committee's meeting on the topic of supporting microbusinesses in London.

2. Recommendation

- 2.1 **That the Committee notes the report as background to putting questions to experts and other stakeholders on supporting microbusinesses in London, and notes the subsequent discussion.**

3. Background

- 3.1 A microbusiness is defined as a business employing between 0-9 employees with either a turnover, or a balance sheet, of approximately £1.5 million or less. In 2014, there were an estimated 900,000 microbusinesses in London, accounting for 96 per cent of all small- and medium-sized enterprises (SMEs - businesses employing less than 250 employees) in the capital. The vast majority of microbusinesses in London – as in the rest of the UK – are non-employing businesses (78 per cent). Of the employing microbusinesses in London, two-thirds employ between two and four employees.
- 3.2 The Mayor seeks to support SMEs through a number of initiatives led by both the GLA and/or the London Enterprise Panel (LEP). Mayoral and Government policy on microbusinesses is mostly directed at high potential, high risk, high growth start-up companies. However, while high-growth firms create the most jobs in the capital, it is 'everyday' small businesses that provide work for the people who need it most. For example, according to research by the Federation of Small Businesses, the unemployed who enter the private sector are more likely to work in these types of businesses than anywhere else.¹
- 3.3 Two important issues affecting the survival of microbusinesses in London are: availability of affordable workspace; and access to skills and advice to manage general business requirements, for example, tax and accounting.

¹ www.fsb.org.uk/policy/assets/publications/fsb_2012_back_%20to_work.pdf

4. Issues for Consideration

- 4.1 The Committee will discuss the issues affecting the survival of microbusinesses in London with a panel of expert guests, including:
- Benedict Dellot, Senior Researcher, The RSA; and
 - Dr Jessica Ferm, Senior Teaching Fellow, The Bartlett School of Planning and the Faculty of the Built Environment, University College London.

5. Legal Implications

- 5.1 The Committee has the power to do what is recommended in this report.

6. Financial Implications

- 6.1 There are no direct financial implications arising from this report.

List of appendices to this report:

None.

Local Government (Access to Information) Act 1985
List of Background Papers: None
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