

EU Exit Working Group – Wednesday, 13 February 2019

Transcript of Item 6 – The Role of LEAP in Helping Businesses Prepare for Brexit

Len Duvall AM (Chair): Our next guest who is going to come before us which is Jamie Izzard who is the Senior Manager of Small and Medium Enterprises (SMEs), Food and the London Economic Action Partnership (LEAP) here in the Greater London Authority. Jamie, thank you for being patient in waiting for your turn. We have just a set of questions because there is work and no doubt the closer we get to Brexit, there are changes in some form or another.

Can you just update us on the work that has been going on by the LEAP to prepare London businesses for Brexit?

Jamie Izzard (Senior Manager - SMEs, Food and LEAP): Sure. The main initiative, and we have one at the moment, is the London Brexit Business Resource Hub which the Mayor launched at his business reception last year [2018]. The idea of that was to bring together some of the online resources that are available from the Government and others and then supplement that with some additional content that we thought was needed in terms of making it nice and simple for businesses, particularly micro-businesses to understand what the issues are they need to be considering and what the current situation is.

That online hub is live at the moment. It was a recommendation from the London Business Board. A coalition of business bodies in London felt that was a priority for them. It also came out with the Brexit survey that we conducted in City Hall with businesses to understand what they needed from us. That is the first step and that is live at the moment.

We are building further content on there as we go along. As of today, we appointed a delivery partner for some face to face support for London businesses. The plan is to work with an organisation to deliver training to at least 1,500 SMEs through masterclasses and workshops of between three and five hours, taking a general SME approach and then looking specifically at key sectors that face particular challenges. We have yet to agree what that list is, but we know that the creative sector in particular, and food and drink, as you have heard earlier, are the ones that we are particularly keen to focus on.

We will deliver 75 events. We are keen to make sure they happen across London so that they are not all just here at City Hall. We have mandated it would be across 20 boroughs and we are looking to work with local authorities to host those events with us so that they will not be done in isolation.

As part of that project, we will also be rolling out additional resources for the online portal, some more factsheets, questions and answer sessions, podcasts and webinars. A lot of the content will be filmed. Businesses that cannot attend the events will be able to access the content [online]. We are able to reach about 0.15% of London's SMEs through the actual events. The online offer is really important and raising awareness that that offer is there is key.

The other thing we have been doing is as a Board. Our Business Deputy Chair, Angus Knowles-Cutler, who leads from a business perspective on the LEAP, takes an active role across the Local Enterprise Partnerships (LEP) Network, working with other LEPs to work together on particular issues across LEP boundaries, but also

to speak to Government. Angus recently attended a meeting with the Prime Minister (The Rt Hon Theresa May MP) alongside other LEP chairs where he led on a discussion around the sort of issues that businesses across the country are facing, the intelligence that we have been gathering from the LEPs on our networks.

It is probably worth mentioning that the Government is taking the feedback it gets from LEPs and the LEP growth hubs. It is key information in terms of business intelligence, the information that we are providing, and it asks us to do a return on a weekly basis. We do not always have intelligence to give but, on a weekly basis, we are feeding into the Government and that is going through and informing Ministers' briefings, etc.

Len Duvall AM (Chair): In terms of the type of organisation that you are seeking to commission to do this, there cannot be many that can undertake that level of activities. Without naming names of companies or people, what are we talking about? Academia? Are we talking about universities or are we talking about other institutions? I am just trying to think of the size because that is quite sizeable in terms of the ask that you are going to be commissioning to them. Can you just give us a flavour of that and what you are thinking the process is?

Jamie Izzard (Senior Manager - SMEs, Food and LEAP): The organisation - and I will not say too much more because we have not signed the contract with them yet - is a London-based company that has been running for over 15 years, a fairly small, central team with expertise particularly in European Union (EU) law and experience in that area, and then partnering with a range of individuals who will deliver the training on their behalf. For example, there is one individual we have signed up to the programme who has previously done work for the Federation of Small Businesses (FSB). She has been doing a lot of Brexit-facing and EU-facing activity as part of the FSB. It is a partnership approach.

Len Duvall AM (Chair): In your work, and of course it is right to include local government, but across London, there are various Chambers of Commerce that are at different levels. There are some that are providing services for their members and others. Are they going to be included in some of these discussions where it is appropriate? I am thinking particularly in my patch in south east London. It is slightly different; I am not saying it is consistent across London but where they are established and have a proven record, will you be working with them or not?

Jamie Izzard (Senior Manager - SMEs, Food and LEAP): Definitely, yes. South east London is a good example because the Chamber there is particularly strong; Hounslow and a couple we have worked with before. They will certainly be some of the partners we will be approaching to help us host these events and to raise awareness. The Chambers have been identified already.

Len Duvall AM (Chair): In our links with central Government, do we have a number of asks that we are asking not just in the run-up to Brexit but maybe post-Brexit about some of what we think our needs are? Is that list available and can we have a look at it? Is there some list that the LEAP has discussed, or do you have some validation from its various partners and networks that have contributed to that?

Jamie Izzard (Senior Manager - SMEs, Food and LEAP): It is interesting. The London Chamber has pulled together, not asks, but 23 questions that remain unanswered. This is about certainty and further information and that is something it absolutely supports. They are all the issues that remain outstanding.

Clarity is the number one issue. From the feedback we get from businesses, we need that certainty. The Government has made some steps. In certain areas, it has provided guidance, which is helpful. It has provided an online tool for small businesses to go through and identify what the issues may be for them. To be frank, it

may be quite nice at the front end, but it seems to be about 40 different documents and much of that is technical. There is a role to play locally to simplify all that content the Government is providing. Businesses are drowning and they turn off, particularly microbusinesses.

Len Duvall AM (Chair): Of course we talked about it a little bit and touched on this earlier about whatever happens on day 45, there is still going to be a little bit of uncertainty and still not completely au fait with the rules and the engagements that we are in, even with a “no-deal” scenario, for some of our businesses. Of course, if we work towards “no-deal”, the nature of your work changes even more so. What is the current thinking of that and what is the discussion that the LEAP has been having around that or internally what the officers supporting the LEAP are thinking around that issue?

Jamie Izzard (Senior Manager - SMEs, Food and LEAP): What we are doing at the moment is trying to equip businesses to be thinking about the issues, should a “no-deal” situation arise, and some of the things they can do right now. There are some basic steps particularly around international trade. There is some work we need to do around the Data Protection Act, etc. There is some work we are doing to prepare them in that area.

For me, the priority will be, if we are in that situation, to provide much more bespoke support to businesses. Having 75 events may not be what we need if we are in a “no-deal” scenario. We have some funding outlined for the next two years and we would put to the LEAP that we should reprioritise some of that funding to provide more one-to-one support to businesses and really step up the capacity.

Len Duvall AM (Chair): If I can describe it as a ‘war chest’, what sort of funding is available to you over that period of time, what you are doing now but what you could potentially reprofile?

Jamie Izzard (Senior Manager - SMEs, Food and LEAP): Yes. Specifically, there is a fund of several hundred thousand pounds that we have available at the moment. We are developing ideas for different programmes that we could use through the London Growth Hub. We are looking at plans for how we would use that. Do we focus it on digital upskilling, for example? We are hosting some roundtables to develop that further. Should that situation arise, we would be reconsidering how we use that money.

Caroline Pidgeon MBE AM: Can I just ask on that? With the work you are doing in that area, did a paper go to the LEAP [Board] to decide on this programme and the expenditure?

Jamie Izzard (Senior Manager - SMEs, Food and LEAP): The existing expenditure?

Caroline Pidgeon MBE AM: On what you are planning and what you have just been talking about, the roadshow and the money.

Jamie Izzard (Senior Manager - SMEs, Food and LEAP): Yes. The plans we have at the moment, the Growth Hub goes to the LEAP Investment Committee, for example --

Caroline Pidgeon MBE AM: Is there a paper available? Is it publicly available?

Jamie Izzard (Senior Manager - SMEs, Food and LEAP): Yes, it should be published but I would have to check.

Caroline Pidgeon MBE AM: What happened at the LEAP? Yes, I wonder whether you could just flag that for us.

Jamie Izzard (Senior Manager - SMEs, Food and LEAP): Sure. We do business cases for each of the submissions that we do for --

Caroline Pidgeon MBE AM: Yes. It might be useful just to get some of the detail on your thinking behind it, please.

Len Duvall AM (Chair): That is quite important. I suppose the last one: from some of the discussions around the needs of London in the different sectors, some of the sectors are very well and capable and able to look after their own. I am thinking of the financial sector. You have certainly had engagement with the insurance sector, which is going to be impacted. When we talked about microbusinesses and some of their issues in those, it is a real challenge for anybody in normal circumstances about engagement for that.

One of the issues is that is there a desire – I think that it is a Mayoral desire – that we start looking at this sector. How would we do that? What is the thinking of LEAP about that? I have seen some work that you are interested in doing. It is challenging reaching out to this sector. It is an open sector, but it is unorganised as such. They may well be part of business groupings, but it is very unorganised.

Caroline Pidgeon MBE AM: They are trying to keep afloat, most of them.

Caroline Russell AM: They may be organised in their own business but, collectively, they are not.

Len Duvall AM (Chair): Yes. Collectively, that is right. In terms of engagement, what is your thinking around that?

Jamie Izzard (Senior Manager - SMEs, Food and LEAP): Yes, it is really tricky. We can access if they are FSB members and chamber members, etc, but, yes, that does not cover everybody and particularly the smaller end of microbusinesses and sole traders.

We are trying to raise awareness of what we do as much as possible. We go around and do things like local business shows. We were at one yesterday and we just raise awareness of what the LEAP is doing and particularly the Brexit Hub and the programme that we will be doing. Working with economic development teams and heads of regeneration in the boroughs is key because they will each have quite significant business databases. It is making sure when they use that kind of thing, just basic on-the-ground stuff; building those networks.

You are right. We put some survey questions out to small businesses, and they are completely fatigued about these surveys, or we meet with them face-to-face. If we ask them what the issues are about Brexit that they are worried about, they just want certainty, they just want to survive, they do not know. It is anecdotal but some of the issues that have been coming out is around rising costs already. One business we spoke to was talking about a 37% rise in manufacturing costs for them. Many others are talking about not pursuing growth in their businesses. They are not looking at new markets because now is just not the time to start thinking about trading with the EU. They are not really doing that. There is a real impact on their growth capacity and appetite.

Then there are some practical issues. We have been speaking to this very small pharmaceutical company. It is based in North Kensington and it is really concerned about access to some of the across-EU work it currently has. It is not just supply chains but also access to clinical trials out and across Europe and things like that. There is anecdotal stuff but what we need to do is use those networks to reach a much wider audience.

Caroline Russell AM: It is very reassuring to hear the way you are reaching out to the microbusinesses because those local authority networks are a good way of getting to them. They are the group that are most at risk. They are the ones who found it hardest to engage with the information that has come from the Government and to translate it into anything that is meaningful for them. If that piece of work is going on, that is reassuring.

Caroline Pidgeon MBE AM: One extra question we had written down was about how you are targeting those microbusinesses and small businesses. I like the idea of one-to-one because the issues of everyone, like that pharmaceutical example you have given, are so unique, but that is a real problem for them. If you are able to have those experts giving that advice around London, that sounds positive.

Jamie Izzard (Senior Manager - SMEs, Food and LEAP): It has certainly been a priority for me in that situation and we will mobilise it as soon as we can.

Caroline Russell AM: I suppose the issue is how those microbusinesses are engaged with, in the event that any of the scenarios that are being actively worked to mitigate in the previous session, if there are difficulties with access to fuel or access to goods and things that they might be selling in their shops, just what kind of communication and support is there for that group of businesses because they will be less likely to be caught up in organised networks of information sharing and support. It is just making sure that they are within your thinking in terms of resilience and ongoing dealing with any fallout, if there is any, after 29 March [2019].

Jamie Izzard (Senior Manager - SMEs, Food and LEAP): Particularly in terms of the food and drink sector, for example, yes. Many SMEs operate in the market that could find their fundamental principles of trading disappear.

Caroline Russell AM: Yes.

Len Duvall AM (Chair): Can I thank you for the way you have answered our questions? If you could supply us with that information that went to your Investment Board. I will again reflect carefully on what you have asked us. We may come back and ask you more questions. We should try to timetable you in for a future meeting to see how things are going and what other things you are picking up. We will do that. Thank you very much.