



Susan Hall AM
Chairman of the Economy Committee

Sent via email

City Hall
The Queen's Walk
London SE1 2AA
Switchboard: 020 7983 4000
Minicom: 020 7983 4458
Web: www.london.gov.uk

16 October 2018

Mayor Sadiq Khan, Chair
London Economic Action Partnership

Dear Mayor Khan

The London Economic Action Partnership

Over the past few months the Economy Committee has undertaken a range of activities to examine the challenges faced and support needed by microbusinesses in London. We also looked at how the London Economic Action Partnership (LEAP) supports economic development and microbusinesses in London.

As part of our evidence gathering exercise, we conducted two committee meetings in May and September; the first with small business experts and stakeholders, and the second with the Deputy Mayor for Business in his capacity as Co-Deputy Chair for the LEAP, along with other LEAP board members and stakeholders. We also convened an offsite roundtable event with microbusiness owners in East London, meeting with them at their places of business, and surveyed over 200 microbusiness owners across London.¹

We looked at how the LEAP, as the main delivery vehicle for economic development in London, determines what its priorities should be, and how it distributes and maintains oversight of the considerable sums of grant funding received from central government. By 2020, the LEAP is expected to have distributed over half a billion pounds in growth funding and so robust oversight and effective monitoring is vital to ensure value for money and public confidence.

Following our investigation, there are a number of recommendations we would like the LEAP to implement:

¹ We considered the challenges facing microbusinesses, and the extent to which they feel supported by the LEAP, in a short report "[What works for microbusinesses](#)".

1. We heard from the Deputy Mayor for Business that the LEAP's short-term priority is to support enterprise and entrepreneurs, and in the longer term, to develop skills and 'the right kind of infrastructure' for London. With respect to the latter priority, we heard from a guest in the meeting that spend during 2017-18, through the Growing Places Fund, seemed heavily weighted to transport-related projects; projects that would seem to fall more readily within other budget spends, such as Transport for London.² We heard, for example, of grant funding being allocated to improve signage and transport connections between boroughs. Can you clarify the situation around transport-related spend? To assess the proportion of spending going on transport-related projects, we would also be grateful if you could send the committee a breakdown of the funding allocated by the LEAP each year since 2012 and what the money was spent on.
2. We recognise the significant challenges the LEAP faces to engage widely with London's diverse business landscape. However, we recommend a more active strategy of engagement to promote and develop awareness of how businesses and communities can connect with the LEAP's programme of work. This will give businesses better access to available funding and support. Can you outline what plan, with timelines, the LEAP has to boost its engagement activities?
3. We welcome the Board's commitment to upgrade the LEAP website, and to make it more navigable. As the LEAP's main means of communication, it is vital that the information on the website is readily accessible, not merely available. For instance, the LEAP Board quarterly reports should be published in a more upfront manner instead of buried in meeting minutes. As such, we recommend:
 - a) a clear and regularly updated list of funded programmes on the website. The list should include, as appropriate, a breakdown of projects that receive funding, as well as how much has been spent on each project and the purpose of the spend. This would increase transparency and accountability to the public by making information available upfront and allowing for easier tracking of programmes and project spending over time.
 - b) that the LEAP develops a postcode search functionality to enable businesses and the public to see what projects have received funding in their local area. This will enable local communities and businesses to see how the LEAP is supporting their local area. We understand that this is not currently part of the ongoing work to upgrade the website but strongly welcomed the commitment, given at the meeting, to look into producing this.³
 - c) that the LEAP provides for the London Co-Investment Fund, and wherever applicable for other funds, the rate of return on investments made by LEAP funds.
 - d) an improved Growth Hub on-site search functionality to make it easier for users to navigate the website and find relevant content.

² Transcript of the Economy Committee, 12 September 2018

³ Angus Knowles Cutler, transcript of the Economy Committee, 12 September 2018

Following up on comments made at the committee meeting, we would like a commitment and further details as to when, and how, the website will be upgraded.

4. We welcome the LEAP's commitment to step up oversight of ongoing projects. It was disconcerting to learn that there have been instances where LEAP funds, though committed through grant agreements, have not been spent to planned profiles.⁴ We would recommend that the LEAP now publish information on the improvements it has or intends to make to its monitoring process.

Support for London's microbusinesses

5. We welcome both online and offline strategies to increase awareness of the Growth Hub among micro and small businesses in London. Reaching out to businesses through local authorities, business organisations and microbusiness suppliers, such as accountants or lawyers, is key to broadening access to the platform and ensuring that less connected companies do not miss out on the support offered by the hub.

To this end, we want to see you connect and work more closely with local, grassroots business organisations, such as the East End Trades Guild and Sohost, or council programmes such as Wandsworth Enterprise Week 2018. You should organise a set of workshops across London to meet with those local business groups to promote the Growth Hub and LEAP funded programmes.

6. Microbusinesses and other stakeholders felt that a lot of government, council and GLA programmes were great for start-ups but irrelevant for established businesses who struggle to survive. Microbusinesses we surveyed told us that they are struggling with London's high operating costs, including rents and business rates, attracting new customers, finding suitable workspace and competing with online retailers such as Amazon. One of the immediate concerns microbusinesses face is income volatility which directly leads to cash flow issues. Income volatility can hold back microbusinesses from becoming sustainable and impedes their ability to plan for the future by, for example, saving for retirement or dealing with unexpected events. We welcome the information from the Deputy Mayor for Business that the LEAP is considering launching a new fund in the new year that will provide working capital loans to micro and small businesses.⁵

But we would like to see more tailored and practical support and advice to established businesses. For example, the Growth Hub could develop advice on key stages for microbusinesses, such as when to review a business plan, when to hire, when to get a bigger workspace, when to downsize, and how to deal with working capital issues. We heard that many owners of microbusinesses struggle to find time to access training and support as all their time is taken up with running the business due to the current economic climate. This must be taken into account.

⁴ LEAP Investment Committee agenda report, dated 8 May 2018

⁵ Transcript of the Economy Committee, 12 September 2018

LONDON ASSEMBLY

Economy Committee

7. During our meeting, the Deputy Mayor for Business agreed that “upskilling to equip entrepreneurs and small business owners to adapt and take advantage of new technologies” was essential.⁶ We would like to see the Growth Hub provide practical information on how small and microbusinesses owners can best adopt new technologies to support their livelihoods.

8. Finally, we heard from experts and business owners that it was difficult for microbusiness to know what London’s councils are doing to support access to affordable workspace, including pop-up initiatives.⁷ We would like the Growth Hub to play this role of signposting local initiatives. This could take the format of an "in my area" feature, similarly to the one on London.gov.uk.

I would be grateful to receive your response by 27 November 2018. Please also send your response by email to the committee’s clerk, Clare.Bryant@london.gov.uk.

I look forward to reading your response.

Yours sincerely,



Susan Hall
Chairman, Economy Committee

cc:

Rajesh Agrawal, Co-Deputy Chair, London Economic Action Partnership

Angus Knowles-Cutler, Co-Deputy Chair, London Economic Action Partnership

Dr Celia Caulcott, Board Member, London Economic Action Partnership

Ben Johnson, Senior Advisor to the Mayor - Business and Digital Policy

Jamie Izzard, Senior Manager, London Economic Action Partnership

⁶ Transcript of the Economy Committee, 12 September 2018

⁷ Transcript of the Economy Committee, 23 May 2018