

Micro business survey questionnaire

- 1. What are your main concerns for you or your business? Select your top 3 concerns for the short-term and 3 top concerns for the long term (5 years).**
 - ☐ Cost of doing business in London (i.e. business rate, salary, rent)
 - ☐ Finding suitable workspace or retail space
 - ☐ Recruiting or retaining appropriate workforce
 - ☐ Obtaining finance
 - ☐ Managing finance
 - ☐ Developing new management or leadership skills
 - ☐ Integrating or adapting to new technologies
 - ☐ Developing an online presence / e-commerce
 - ☐ Acquiring new customers and/or expanding to new markets
 - ☐ Planning my career
 - ☐ Dealing with income volatility
 - ☐ Other (please specify)
- 2. In your experience, how easy is it to find business support and advice in London?**
 - ☐ Very easy
 - ☐ Easy
 - ☐ Difficult
 - ☐ Very difficult
 - ☐ Don't know / not relevant
- 3. In your experience, how helpful have you found business support and advice on the London Growth Hub?**
 - ☐ Very easy
 - ☐ Easy
 - ☐ Difficult
 - ☐ Very difficult
 - ☐ I haven't used the London Growth Hub
 - ☐ I am not familiar with the London Growth Hub
- 4. Which of the following source of business support and advice in London have you found most helpful?**

Select top three sources.

 - ☐ Local authorities
 - ☐ London Growth Hub
 - ☐ Co-working community support sessions & workshops / networking events or meet-ups
 - ☐ Trade / professional associations
 - ☐ Other micro business owners
 - ☐ Government sources of information (i.e. greatbusiness.gov.uk, gov.uk/set-up-business)
 - ☐ Clients or suppliers (including solicitor, accountant, auditor, consultant, bank)
 - ☐ I haven't used any of these resources
 - ☐ Other (please specify)
- 5. In the past, on what topics have you sought advice on? Select three topic areas.**
 - ☐ Obtaining finance
 - ☐ Managing finance
 - ☐ Improving business efficiency / productivity
 - ☐ Legal issues
 - ☐ Workspace or retail space
 - ☐ Workforce recruitment / retention

- Business registration
- Tax, legal or regulation
- Sales or expand in new markets
- Marketing
- Career planning
- E-commerce / technology
- R&D / innovation
- Sell to big businesses or public sector
- I haven't sought any advice
- Other (please specify)

6. How do you prefer to receive business support?

- Online
- One-to-one (e.g. business support clinics)
- Thematic support (e.g. masterclasses / events / workshops / webinars)
- Continued support (e.g. business mentoring)
- Other (please specify)

About your business

7. How would you describe your business?

- Start-up stage
- Pre-profit
- Profitable and growing
- Established and growing
- Established and stable
- Established but stressed

8. What sector does your business operate in?

- Value
- Computer
- Construction
- Education
- Entertainment
- Financial Services
- Food
- Health Care
- Hospitality and tourism
- Media
- Real Estate
- Retail
- Technology
- Other

9. How long has your business been running?

- Less than 1 year
- 1 to 3 years
- 4 to 9 years
- over 10 years

10. Which of the following best describes your situation?

- ☐ I operate my business from home
- ☐ I rent a space
- ☐ I own a space
- ☐ I rent a space in a co-working or shared space

11. What is your approximate turnover of your business in the tax year ending April 2018?

- ☐ Under £10,000
- ☐ £10,000-24,999
- ☐ £25,000-49,999
- ☐ £50,000-74,999
- ☐ £75,000 – 100,000
- ☐ Above £100,000

12. What percentage of your turnover is approximatively spent on rents, salaries or other overhead costs?

- ☐ [enter a %]

Micro business survey responses

Response counts:

Complete: 167

Partial: 3

1. What are your main concerns for you or your business? Select your top 3 concerns for the short-term and 3 top concerns for the long term (5 years). (If responding from a mobile device, you do not need to respond to all options individually. Only select your concerns).

SHORT TERM	Count
Acquiring new customers and/or expanding to new markets	97
Cost of doing business in London (i.e. business rate, salary, rent)	96
Dealing with income volatility	72
Finding suitable workspace or retail space	54
Developing an online presence / e-commerce	54
Recruiting or retaining appropriate workforce	46
Obtaining finance	35
Integrating or adapting to new technologies	34
Managing finance	27
Planning my career	24
Developing new management or leadership skills	22
Other	22
LONG TERM	Count
Cost of doing business in London (i.e. business rate, salary, rent)	104
Acquiring new customers and/or expanding to new markets	77
Finding suitable workspace or retail space	63
Dealing with income volatility	59
Recruiting or retaining appropriate workforce	53
Integrating or adapting to new technologies	53
Obtaining finance	43
Planning my career	40
Developing an online presence / e-commerce	39
Developing new management or leadership skills	36
Managing finance	33
Other	19

2. In your experience, how easy is it to find business support and advice in London?

Value	Percent	Responses
Don't know	14.9%	25
Very difficult	16.1%	27
Difficult	41.1%	69
Easy	23.8%	40
Very easy	4.2%	7

3. In your experience, how helpful have you found business support and advice on the London Growth Hub?

Value	Percent	Count
Don't know	14.9%	25
Very difficult	16.1%	27
Difficult	41.1%	69
Easy	23.8%	40
Very easy	4.2%	7
	Totals	168

4. Which of the following source of business support and advice in London have you found most helpful? Select top 3 sources.

	Responses
Local authorities	19
London Growth Hub	4
Co-working community support sessions & workshops / networking events / social meets-up for entrepreneurs	66
Trade / professional associations	74

Other micro business owners	94
Gov.uk information websites	21
Clients or suppliers (including solicitor, accountant, auditor, consultant, bank)	53
I haven't used any of these resources	15
Other. Please specify.	34

5. In the past, on what topics have you sought advice on?

Obtaining finance	44
Managing finance	25
Improving business efficiency /	46
Legal issues	74
Workspace or retail space	43
Workforce recruitment / retention	20
Business registration	27
Tax, legal or regulation	80
Sales or expand in new markets	39
Marketing	61
Career planning	16
E-commerce / technology	39
R&D / innovation	16

Sell to big businesses or public sector	19
I haven't sought any advice	20
Other - Write In (Required	14

6. How do you prefer to receive business support?

Value	Percent	Count
Online	22.0%	37
One-to-one (e.g. business support clinics)	32.1%	54
Thematic support (e.g. masterclasses / events / workshops / webinars)	20.2%	34
Continued support (e.g. business mentoring)	19.0%	32
Other - Write In (Required)	6.5%	11
	Totals	168

7. The next 6 questions are about your business because we would like to understand your business context a little bit more. How would you describe your business?

Value	Percent	Count
Start-up stage	13.7%	23
Pre-profit	8.3%	14
Profitable and growing	20.2%	34
Established and growing	9.5%	16
Established and stable	18.5%	31
Established but stressed	29.8%	50
	Totals	168

8. What sector does your business operate in?

Value	Percent	Count
Computer	2.4%	4
Construction	3.0%	5
Education	3.0%	5
Entertainment	1.8%	3
Financial services	3.6%	6
Food	7.7%	13
Health care	2.4%	4
Hospitality and tourism	2.4%	4
Media	8.3%	14
Real estate	3.0%	5
Retail	13.7%	23
Technology	4.8%	8
Other - Write In (Required)	44.0%	74
	Totals	168

9. How long has your business being running?

Value	Percent	Count
Less than 1 year	9.0%	15
1 to 3 years	26.3%	44
4 to 9 years	26.3%	44
over 10 years	38.3%	64
	Totals	167

10. Which of the following best describes your situation?

Value	Percent	Count
I operate my business from home	37.7%	63
I rent a space	39.5%	66
I own a space	6.6%	11
I rent a space in a co-working or shared space	11.4%	19
Other - Write In (Required)	4.8%	8
	Totals	167

11. What is the approximate turnover of your business in the tax year ending April 2018?

Value	Percent	Count
Under £10,000	17.5%	29
£10,000-24,999	13.3%	22
£25,000-49,999	12.0%	20
£50,000-74,999	10.8%	18
£75,000 – 100,000	7.2%	12
Above £100,000	32.5%	54
Don't know / prefer not to say	6.6%	11
	Totals	166

12. What percentage of your turnover is approximately spent on rents, salaries or other overhead costs? We are aware that business costs are particularly high in London and that rents, salaries and other overhead costs vary greatly between businesses and can affect severely businesses' profitability.

	Count		
3%	1		
5%	1	median	49%
6%	1	average	51%
10%	10	weighted average	53%
15%	5		

20%	9		
25%	6		
30%	4		
33%	2		
35%	5		
40%	9		
45%	2		
48%	1		
50%	17		
55%	1		
60%	10		
65%	2		
70%	12		
75%	7		
80%	6		
85%	2		
86%	1		
88%	1		
90%	7		
95%	4		
100%	9		



Etsy response to the GLA Support for Microbusiness in London call for evidence

About Etsy

Etsy, Inc. is the global marketplace for unique and creative goods. Our mission is to keep commerce human, and we're committed to using the power of business to strengthen communities and empower people. We connect millions of buyers and sellers from nearly every country in the world. Buyers come to Etsy to be inspired and delighted by items that are crafted and curated by creative entrepreneurs. For sellers, we offer a range of tools and services that address key business needs. Etsy was founded in 2005 and is headquartered in Brooklyn, New York.

Etsy supports an emerging type of creative entrepreneur. Our sellers pursue their passions, work for themselves, and define success on their own terms. Although Etsy sellers differ from traditional entrepreneurs in many ways, they are emblematic of larger shifts in the economy towards self-employment and microbusiness. Most Etsy sellers operate as businesses of one and 95% of Etsy sellers run their businesses from home.

For 36% of Etsy sellers, their creative business, both on and off Etsy, is their sole occupation. For the rest, their creative business supplements income from other jobs or sources, and supports local manufacturing and retail partners.

With many Etsy sellers based in the capital, Etsy welcomes the opportunity to respond to the GLA's call for evidence regarding support for microbusinesses in London. As highlighted by the inquiry, microbusinesses often face unique challenges that, while common among independent professionals and the self-employed, often differ from even a ten- or twenty-person small business. and it is time to support microbusinesses who are driving the new economy.

Challenges facing Etsy microbusinesses in London and suggested policy interventions

Etsy regularly surveys its sellers to gain a better understanding of the acute needs and concerns of the microbusinesses that make up the Etsy community. In the most recent seller census in 2016, a number of concerns were raised which are pertinent to the GLA's inquiry, these include income volatility, lack of access to benefits such as Statutory Sick Pay and parental leave, high administrative burdens and the availability of workspaces.

The GLA should enact policies that support sellers' efforts to start and grow their creative businesses, enabling the broader maker economy to thrive, and encourage central Government and regulatory agencies to do similarly.

As described, the challenges faced by Etsy sellers as microbusinesses are often very different from those with five-to-ten employees. Yet, most Government programmes for small businesses tend to be siloed and overlook the needs of these creative microbusinesses, focusing instead on helping small businesses become big businesses, and overlooking the specific needs of one or two people businesses. Helping businesses to scale is important, but less relevant to a microbusiness owner who wants to increase their sales and improve the efficiency of their business operations. The GLA must use this opportunity to support and further the microbusiness agenda to better highlight the often unique issues faced by entrepreneurs and self-employed in the capital.



Entrepreneurial skills and training for microbusinesses

Etsy sellers and makers are often self-taught in their craft. While the majority of Etsy sellers are university educated, they often seek training to best optimise their online shop, or expand their skill set in the new economy. Current workforce development programmes rarely offer training and support for those looking to become self-employed, focusing exclusively on job training and placement programmes. Policy makers should continue to expand the training and support services they provide to help more people to move into self-employment and experiment with microbusiness. The GLA could help microbusinesses start and grow by creating opportunities to connect with local consumers and offering educational resources and services that specifically target the needs of the self-employed.

Access to workspaces

Access to shared workspaces is particularly important for sellers in London, where rents are often price prohibitive for microbusinesses. The GLA could help to support creative microbusinesses, which often need space outside the home, with specific policies to protect and grow workspaces for sellers. These could include making public sector facilities more widely available to sellers making or selling goods, or introducing provisions for longer and better protected rents to give more long-term certainty to microbusinesses.

Access to the internet

For the price of an internet connection, anyone can spread new ideas or start a business. It is this democratic access that allows Etsy sellers to compete with much bigger and more established brands. It's what allows a microbusiness to take pride in being an international exporter in their own right. Policy makers should incentivise broadband infrastructure rollout and prioritise better access to the internet. Etsy notes the recent Connected London Together plan published by the GLA and welcomes the initiatives to drive better connectivity in the capital. One aspect which could be further targeted at helping tech-enabled microentrepreneurs would be a London-wide voucher scheme for microbusinesses to help them gain the internet connections necessary to run their businesses. These schemes operate on a national scale, but should be refined for microbusinesses to reduce administrative burdens in applying and help to address "not-spots" in the city.

Tax and regulatory simplification

Time is the scarcest resource for all entrepreneurs, but it's especially valuable for Etsy sellers, many of whom manage every task related to their business. For roughly every hour an Etsy seller spends making or designing their products, they spend another hour on all the other aspects of running a creative microbusiness.

Etsy offers a wide range of services and tools that help creative entrepreneurs start, manage, and scale their microbusinesses. However, cumbersome and confusing tax and regulatory structures still present administrative challenges that make it difficult for microbusinesses to focus on their core function.

Etsy sellers can be an instrumental voice in demonstrating the intricacies and nuances that accompany running a tech-enabled microbusiness, and their knowledge and experiences can help shape a more streamlined tax system for all. The GLA should increase resources devoted to outreach and education to help microbusinesses comply with their tax and regulatory obligations.



Brexit and Trade

The GLA could further use its position to highlight the challenges facing microbusiness exporters such as Etsy sellers. Etsy makes it possible for sellers to start exporting goods to other countries from the moment they open their shops. Whilst expanding opportunities, international trade can bring administrative burdens to such small businesses, such as navigating customs fees and tariffs. There is, however, a significant concern over the potential consequences of Brexit in this area and the current levels of uncertainty regarding future customs relationships. The GLA should be looking to amplify the voices of microbusinesses in this debate to ensure they can continue to compete on a global market and contribute to the capital's economy.

Conclusion

In summary, Etsy recommends that the GLA use this welcome inquiry to further the cause of microbusinesses in the capital, focussing particularly on the following areas:

- Highlight the differentiation between SMEs and microbusinesses, particularly regarding the challenges they face and the need for targeted policy interventions to address them.
- Provide support and information on the myriad of taxation and administrative burdens faced by microbusinesses, through education and outreach.
- Target training and educational opportunities for the self-employed.
- Protect and encourage affordable shared workspaces, especially for creative entrepreneurs in London.
- Improving access to broadband for microbusinesses that may have to deal with poor connectivity in the capital.
- Highlighting the potential negative impact that Brexit could have on microbusinesses that trade internationally and ensure that their voices are heard in the debate.

Croydon Business Network Response

Key questions for the investigation are:

1) What challenges do self-employed and micro businesses face in London?

The main challenges are:

- Access to affordable work space especially in Croydon where it is very expensive with limited availability
- Access to finance
- Access to markets
- Business Rates
- Recruiting/retaining talent - *micro only*

2) What support should the Mayor, the GLA and the Growth Hub offer to address those challenges and support micro businesses' survival and growth in London?

- Work with Local Authorities to restrict Permitted Development Rights of converting offices to residential
- Fund innovative ways of providing co-working spaces
- Work with employers and education to provide local skilled talent
- Work on an international platform with DIT to provide links/support for international contracts and relationships to help micro businesses trade internationally.

3) How important are management and leadership skills for micro businesses? How could micro business be better assisted to develop these skills?

- Management and leadership skills are essential; some entrepreneurs and business owners have these skills already, however, not all business owners or managers have these and they need developing.
- Subsidised courses and programmes, facilitated peer Action Learning Sets, online training

4) What good practice exists in the UK or internationally to support the self-employed community or home-based businesses?

Enterprise Agencies such as StartUp Croydon, Enterprise for London etc provide a lot of good practice and services including free 1-1 business advice, subsidised startup training, high quality affordable office accommodation, meeting room hire and virtual office facilities.

Croydon Business Network which consists of the Chamber of Commerce, FSB, Coast to Capital, Shaking Hands, Croydon Council, South London Business Network, Start Up Croydon, SINC, and Coast to Capital Growth Hub work in collaboration and partnership to deliver business support advice and guidance to our local business community.

5) What are the preferred sources of business advice and support for micro businesses and the self-employed community in London? What are the topics that micro businesses mostly seek advice on?

- Accountants, Chamber of Commerce, FSB, Enterprise agencies, Local Authorities Economic Development Teams

- Internet
- Growth Hubs where people and businesses are aware of them

The main things that people ask about are:

- Finance to help them start or grow their business
- Help with workspace
- Marketing
- Business Rate support

6) How effective is the Growth Hub in providing business support and advice to London's micro businesses?

Croydon Sits within two LEPs and has two Growth Hubs. Coast to Capital Growth Hub focus tends to be on supporting established businesses looking to grow, especially in the priority areas/sectors identified in recent Industrial Strategies over the years. Some emphasis should be given to support other non-priority sectors.

It should also help to identify and introduce with qualified partners and providers, start-up support opportunities now that BEIS has taken a national decision to cease start-up support and advice through Growth Hubs.

London LEAP Growth Hub is a website with lots of information on but businesses are completely unaware of it. There should be a marketing campaign that highlights the information. It does however lack the face to face contact that Coast to Capital Growth Hub has.

Joint BID contribution to the London Assembly Economy Committee's Support for Micro Businesses in London investigation

Camden Town Unlimited (CTU) and Euston Town (ET), referred to here as 'the BIDs', are delighted to provide commentary and feedback in response to the LAEC's request for information.

Disclaimer: The Chief Executive of the BIDs, Simon Pitkeathley, is also a board member of the London Economic Action Partnership, and contributes to the provision of the Growth Hub. Therefore, we have declined to answer those questions addressing the LEAP's efforts and success.

What challenges do self-employed and microbusinesses face in London?

By far the biggest challenge microbusinesses face is workspace. London has a highly expensive property market, and as such it can be difficult for start-ups and SMEs to find affordable workspace within economic hubs and clusters relevant to their sector. This was recognised in the draft New London Plan (section 6), and we welcome the Mayor's promise to encourage the delivery of new affordable workspace for SMEs, the creative industries, artists and the fashion industry within new residential and mixed use developments as well as CEZs (6.3.4).

However, the Mayor only defines affordable workspace as 'rents maintained below the market rate for that space'. Clarity is needed on a target rental cost (e.g. a set percentage of market rate) to both reassure the sector and provide a commitment to ensuring that the self-employed and microbusinesses will have access to affordable workspace near their homes and communities.

Furthermore, a robust approach is needed to address the challenge of making 5 million m² of office floor space available by 2041 – estimated to be the demand. Boroughs should be supported in securing Article 4 Directions, within or outside the CAZ, however even that would simply maintain the current floor space and the above provisions for new mixed use developments/CEZs are unlikely to provide the estimated demand.

As we outline below, the transition from full-time employment to self-employed also proves a challenge for some, as the structure of a workday is removed, and administrative skills, for example accountancy, must be learned. A solution to this has been co-working spaces, where those who are self-employed can experience the structural benefits of an 'office', while also profiting from the help and advice from those in a similar situation. We have found that co-working spaces that operate as a collective community are more successful in this regard – a case study is provided below.

Finally, we have found that there is an assumption that 'start-ups' are primarily tech-based businesses, with 'disruptive' ideas who expand quickly. Businesses focussing on a more creative offering often have different timelines to tech-based start-ups, and can often struggle to relate their journey to those successful start-ups as propagated in the media.

What good practice exists in the UK or internationally to support the self-employed community or home based businesses?

On a national level, the Camden and Euston BIDs have already started to address concerns about the workspace difficulties faced by small and micro business. One replicable best practice example demonstrated by CTU is through harnessing ‘meanwhile use’ space in the local area. This involves utilising buildings and shops that have been vacated or are awaiting redevelopment to provide spaces for start-up businesses, affordable housing and community programmes – such as skills workshops for specific demographics. In Camden this has been pioneered by the work of Camden Collective. Set up by CTU, with support from the Mayor of London, Collective has renovated abandoned buildings into offices to help young business owners develop their start-up companies, exchange ideas and innovate. Charity funds and rent raised from the building’s leased offices helps to pay for subsidised hot-desking space and training academies for creative start-ups. Collective is currently based at the previously-abandoned Auction Rooms near Camden Town Underground, its 17th meanwhile use building. The start-ups benefit from being able to operate in one of London’s prime creative industry clusters and share learnings with other innovators, something which local rent prices would otherwise prohibit. In turn, the area benefits from their presence as they help it strengthen its association with enterprise and innovation.

Meanwhile use spaces, demonstrated by Collective, offer more than a workspace for small businesses and those who are self-employed and are more successful than the commercial coworking spaces popular throughout the city. They encourage collaboration and a shared sense of place, which has proven to produce a lower rate of business failure.

Internationally, coworking spaces across Europe have established the *Europe Coworking Assembly* - an organisation dedicated to fostering a better political and economic environment for coworking spaces. Currently, coworking spaces in England don’t have a single voice promoting their interests at any level of Government. Putting forward a single voice to Government would mean that coworking space will have a more joint up approach locally, as well as nationally.

It would therefore be advantageous for coworking companies, or just those offering meanwhile use, to come together to form a working group. This would result in a more joined up approach to advocate for the problems of small businesses and the self-employed in London, with regards to workspace.

What are the preferred sources of business advice and support for micro businesses and the self-employed community in London? What are the topics that micro businesses mostly seek advice on?

Small and micro businesses are more successful if they have accessible support networks available. Working collaboratively shows a demonstrable difference for businesses to put their best foot forward. Our research suggests that start-up businesses are more likely to survive their first year with the support of an affordable workspace such as Camden Collective – meaning more jobs and opportunities in creative industries for local residents. Furthermore, the worthwhile use of these abandoned buildings changes the look and feel of the community.

At Camden Collective we have found that people who have transitioned from structured full time employment to self-employment find it difficult to navigate the administrative aspects of their own business such as HR, accounting, and legal. We have found that the self-employed community at Camden Collective

appreciate short, informative and focused 'lunchtime seminars' covering topics requested by members. Seminars have been run on a variety of topics including: how to get paid for freelance work; optimising social media; networking within industry; and accounting, amongst others. Members value having shorter drop in sessions over more long term and time consuming programs.

In addition to the seminars, mentoring plays a role in the success of small and micro businesses. Yet, the default position tends to be to link them up with already established successful businesses. At Camden Collective it seems that the small and micro businesses community actually gain more from working collaboratively with one another, organically disseminating information and best practices amongst equals.

Members of the Camden Collective are required, as part of their agreement to use the workspace, to devote two hours a month 'giving back' to Collective. This can be through leading lunchtime seminars, mentoring, or assistance using their pooled knowledge to assist others within Collective. This creates a sense of community and comradery that would not be available to individuals working in silo, or other venues. Thus, encouraging an inclusive and open co working space is the most positive way to foster community partnerships.

Submission via e-mails from Sohost (July and August 2018)

RETAIL BUSINESS OF THE YEAR 2017

@SohoDairy @BerW1ckStMarket #Soho London W1F 0PH @Sohost_London

<http://www.sohost.co/>

Extracts:

"I have just been to Westminster Business Hardship Rates Relief Panel, who will make a decision based on what on paper is a 20% rates increase.

In reality we are faced with a 110% rates increase because the rates relief we had negotiated for demolition/development MCCs was wiped out by the 2017 re-evaluation.

Ask said before, we are too small to be considered for the treasury's 2017 relief fund and our rateable value is too high to be considered for small business rate relief.

I have an appeal running through the Valuations Office Agency that took two years to get to tribunal and that was subsequently rejected on a technicality. We are appealing as a group of 7 businesses – although most of us have no idea about how to go about this and no funds to pay a legal fund.

Soho is in the crusher, and it is all about monetisation. If we fail as small indie businesses it doesn't matter financially because the landlord will pay the bill and keep our deposits to do so. That with 3 months void relief means they have a year to find a new tenant or change the use of the building.

Our landlord now owns around 75% of the market end of the street. That means we are no longer a street but a shopping mall run by estate management firm and all outside the landlord and tenant act with no choice in that.

The FSB¹ in private meetings expresses concerns over extinction of indie business in central London and the drying up of the local business economy as a result. It sees only the abolition of business rates in favour of some kind of revenue tax as an answer.

My concerns are here and now. We need an A and B class rates system, that discounts local firms for service and charges non-local firms for the benefit of the locality, or we need businesses under 500,000 taken out of the rates system altogether.

Micros cannot afford the spike in rent caused by landlords securing their estate by paying high prices, coupled with the rates that rise in tandem. The rates rise has cost me 2 staff so far and put so much stress in my business that I am back to 16 hours days, 6 days a week. It is unsustainable and requires immediate intervention."

"[the A and B class rates system] It's a simple idea whereby a local business with one address, that can demonstrate community value, has a rateable value based on turnover, whereas a multiple or chain pays a premium that is justified by its desire to locate in that community. Already multiples and chains and groups pay premiums on rents to secure a desirable location for a flagship store. So it is simple to apply that same logic to rates. Thereby increasing the cost to those that can afford it and reducing the costs for those that cannot. Currently, there is no way a local, one address business can compete with a chain that can afford to lose money on one site and recoup from a spread of others. I'm sure there are other ways of defining an A and B class rates system and it is possible to imagine a "social business" class just as there is a

¹ The FSB has asked to clarify that this is not an official FSB position.

social housing class. The issue with that may be stigma and rejection by landlords. The goal has to be to separate rates from rents because, with most small businesses now forced to operate outside the landlord and tenant act, there is no assumed continuity and rising rents paired with rising rates is simply a killer. There are separate issues that exist right now relating to the 2017 rates regime and the lack of continuity from 2010 that mean reliefs are not carried through. In terms of Berwick Street W1. That is the absolute killer. We have, in real terms, had a 110% rates increase.

“For the record Pauline, the numbers you are quoting are taken from my Business Rates Hardship appeal made in June to Westminster City Council. They reflect the amount I was paying and was able to pay (14.5k) with relief granted under the 2010 regime for massive developments (MCCs taking out one side and one end of our street) in comparison with the post-2017 regime, whereby all relief was wiped out and increases imposed. I am now paying a 32.5k rates bill. The Kemp House and Walkers Court demolitions and developments have cut footfall to a dwindle and my core business is generating 50% of what it was, yet my costs are doubling. The works have been running 4 years continuously and look to have another year to go. It is a cleansing.”

Economy Committee – Micro and small businesses site visit

Purpose

As part of the Economy Committee's investigation into London's micro business challenges and business support available to them, the Committee visited the East End Trade's Guild. The round table gave Members a chance to gather information from the micro-business owners about their concerns and suggestions on how they might be better supported. The round table participants included a diverse range of small and micro business owners surrounding Brick Lane. The walkabout informal conversations with more business owners and a chance to see some business places and to possibly engage with employees and customers.

Date and Time	Tuesday 19 June 2018, 10.00 – 12:45 pm
Attendees	<ul style="list-style-type: none">• Susan Hall, Chair, Economy Committee• Andrew Dismore, Deputy Chair, Economy Committee• Shaun Bailey, Assembly Member• Caroline Russell, Assembly Member• Unmesh Desai, Assembly Member• Yvonne Kay, Senior Researcher Labour Group• Carmen Musonda, Scrutiny Manager• Pauline Niesseran, Assistant Scrutiny Manager• Lisa Lam, External Communications Officer• Tanya Lightfoot-Taylor, Project Officer <p>East End Trades Guild roundtable participants</p> <ul style="list-style-type: none">• Krissie Nicolson, Director, East End Traders Guild• Paul Gardner, Gardners' Bags, Spitalfields Oldest family business (Retail)• Ed Saperia, Newspeak House (Tech Firm)• Tallie Maughn, Turning Earth Ceramics (Maker Space)• Qusai Jafferji, Newmans Stationery (Retail)• Mervyn Bennet, Bancroft Garage (Industrial Use)• Stuart Archer and Sarah Braun, Archer & Braun (Architects)• Guljar Kaan, Chair of Brick Lane Restaurants Association• Laura Cleary, Caravansèrail

Venues visited	Holy Shot Coffee, coffee shop ○ Matt Kim , owner Bacon Street Salvage, salvage dealer ○ Steve Dobkin , owner The Brokedown Palace, outdoor clothing and equipment ○ Dee O'Connel , owner Crescent Trading, fabric warehouse ○ Philip Pittack and Martin White , owners
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1. Roundtable discussion

The site visit began with a round table discussion with small and micro business owners. The participants discussed the challenges of running a small business in London, as well as the type of support available to them.

Challenges identified by small businesses

- **Cost of rent**
- **Business rates**
- **Staying competitive and relevant**
- **Competition between big retailers and small businesses**
- **Lack of communication**
- **Immigration control**

1.1 Cost of rent and business rates

During the round table discussion, the stakeholders discussed how the cost of rent and business rates were among the challenges experienced by small businesses. Guljar, Chair of Brick Lane Restaurants Association, said business rates in Brick Lane had increased over the last 15 years, alongside a steady increase in business rates. Annual rent had increased by 7-8%. Tallie, who owns a social enterprise business, said she felt squeezed for all the money they could provide. Tallie arrived at the arches towards the end of 2013 and has seen an increase in rent by £5, 000 each year. Tallie now pays £65, 000 for 3000 square feet in comparison to £40, 000 in 2013. Tallie explained that the social element of the business is

often overlooked and that Turning Earth Ceramics is merely seen as a profitable business. Laura, owner of Caravansèrail, said that business rates on monthly basis is one third of the rent. In terms of the cost of business rates, Laura pays £900 of business rates each month. If Laura did not pay business, she said the funds could be used elsewhere, for example to employ staff.

The EETG's Affordable Workspace Manifesto proposed ideas that would help alleviate some of these crises associated with cost of rent. The manifesto discusses what the term affordable means to stakeholders. In the residential sector, Krissie said that 'affordable' generally means 80% of market rate. This rate was not considered affordable for most people and mirrors what small businesses experience with business rates. The council have backed one of the proposals put forward by EETG. The EETG are also working with its members to develop a register of landlords that will include comparable evidence of rents. The introduction of new landlord's register will help small businesses make better informed decision when searching for new premises. The participants felt as though they did not have sufficient information about their landlords who ranged from public landlords, council-owned and private landlords

Stuart Archer, Archer and Braun

"We're not a retail business, but we have struggled to find affordable space suitable for our needs. We worked from home for as long as possible, but when it came to finding an office in this area, it was impossible. We now work at a co-working space, but this is only 'affordable' because we know the owner and have received a discount. We still pay a lot and we don't even have a fixed workspace."

1.2 Staying competitive and relevant

Newmans Stationery, an independent stationery shop in East London, is facing direct competition from Amazon. To maintain their sales volume and survive, and to stay relevant and competitive, the owners are now also selling and delivering stationaries to locally-based commercial clients and develop local relationships. Qusai described the current pricing challenge as the 'Amazon selling price' as opposed to the recommended selling price.

In addition to the increase in rent and business rates, the stakeholders claimed that overheads are also on the increase. For example, increased prices of parking permits. However, there were no clear benefits in addition to the increases. Due to these challenges, Qusai believes that in a few years they might not need a premise anymore as the incentive to sell on the High Street is relatively, especially for retailers.

Building an online presence was identified by the stakeholders as a mean of staying relevant and competitive. Social media networking is an important tool in the age of technology and small businesses need to know how to use it. However, the stakeholders raised that the importance of maintain personal relationships with their customers should not be undermined.

1.3 Vacant spaces

During the roundtable discussion, the participants also discussed how many businesses are starting to close, resulting in vacant premises. Increases in rent and business rate has contributed to the number of vacant premises. Premises remain empty despite the lack of occupants justifying the need to reduce rent costs. The return on residential buildings is so high its worth waiting year for it to be empty. Tallie suggested that a certain amount of land (through zoning) should be protected for commercial use.

Tallie Maughn, Turning Earth Ceramics

“There is a suitable building that is currently empty, but the owners are trying convert it to residential. Commercial return can’t compete with residential. People are just sitting on empty properties until they can convert them to residential – hence why they are left deliberately empty and often dilapidated.”

1.4 Competition between big retailers and small businesses

Large retail businesses such as Chanel and Urban Outfitters were said to be monopolising the wealth which lands in the hands of private hands. Market owners feel they are inferior because of the big brands. Stakeholder said the big brands are here for the advertisement. A consequence of big brands entering where the markets are that the price of rent has

increased. Small businesses offer benefits as they cater directly to their markets. The stakeholders felt that the well-being of small businesses needs to be taken into consideration. Krissie, Director of EETG, said big brands such as Amazon does not have relationship within the communities that they serve. For example, Laura's book shop offers a culture space where communities can come together. She said this innate value is recognised and under-valued.

1.5 Immigration control

Amongst some of the challenges were immigration. Guljar said that the toughening of immigration laws has impacted his businesses. Lack of employees as the older generation have moved on. Guljar mentioned that immigration control and the changing attitudes held by the younger generation have contributed to the closure of Indian restaurants.

1.6 Business support

The stakeholders were not aware of the Mayor's business support programmes, neither had they applied for funds from the Greater London Authority. Applying for funding was considered a lengthy process and small businesses often face time constraints. Tallie said small businesses should not be looking for funding, what small businesses need is the right market conditions to thrive to survive. Supporting this point, Laura said that there are fundamental things the council and government can do rather than small businesses having to do more to better improve their conditions. Small business owners felt the support they are receiving was not adequate. Small business owners should come together in solidarity as they share the similar values.

Business advice and support

- **EETG** had been helpful providing business advice.
- **HBV enterprise** provide start-up funding, face-to-face business support and mentoring. Business owner, Tallie received 15 hours of free business advice, including how to make a cashflow forecast spreadsheet. The support received was invaluable, however the enterprise is no longer in operation.
- **CVS** provide professional and trusted advice to occupiers of commercial premises.
- **NWES** provide free business. The enterprise was recommended for funding and mentoring, as well as property/law related support.
- **Echo (Economy of Hours)**: Free service, as you trade time for skills.

1.7 How would small business owners like the Mayor to support you and other London SEM businesses

The business owners suggested the Mayor or the council could communicate effectively by visiting their business. Visiting their businesses as opposed to communicating through email, would be an effective way of building relationships. Personal meeting creates more of an impression than communicating through email. The stakeholders recommended creating a formula to take into consideration the different factors that affect businesses and affordability.