



Brent

Small and Medium-Sized Enterprises in Brent A Scrutiny Task Group Report

Resources and Public Realm Scrutiny Committee

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Task Group Membership

Cllr Sam Stopp (Chair)

Cllr Janice Long

The Task Group was established by members of Brent's Resources and Public Realm Scrutiny Committee in January 2017.

Committee Contacts

James Curtis, Scrutiny Officer, Strategy and Partnerships, Brent Civic Centre, Engineers Way, Wembley, London, HA9 0FJ.

Tel: 0208 937 4594, Email: james.curtis@brent.gov.uk

@Brent_Council #scrutinybrent

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Chair's Foreword

While the SMEs we spoke with told us that, in many ways, they felt they had a collaborative and supportive relationship with Brent, several areas that required improvement and opportunities, were uncovered. Ultimately, we found that in order to continue to thrive SMEs require from Brent an up-to-date strategy on skills, forward-thinking about infrastructure and a greater emphasis on support for start-ups.

As the purveyors of big capital continue to roll into major parts of our borough, such as Wembley, it is vital now, more than ever, that Brent provides its SMEs with the long-term strategic support to tap into the vast entrepreneurial potential of the hundreds of thousands of people who call this historic part of London their home.

This document aims to provide a road map for that task, but it is only the beginning. Brent Council must continue to engage with SMEs proactively and openly if it is to ensure that the wealth of this great Borough does not become concentrated in smaller and smaller areas and fewer and fewer hands.

The Task Group would like to thank the following persons who contributed to the report and took part in the discussion or advised it on policy:

- Jane Milton, Chair of Park Royal Business Group;
- Andrew Dakers, CEO West London Business;
- Francis Henry, Director of Daniels Estate Agents; and
- Matthew Dibben, Head of Employment, Skills and Enterprise, Brent Council.



Councillor Sam Stopp

Chair, Scrutiny task group

Recommendations:

Recommendation 1: The council should develop an infrastructure, investment and business support programme to create the best possible environment in which SMEs can grow and thrive, including:

(a) Working locally and sub-regionally with the Park Royal Business Group, West London Alliance and West London Business to contribute to campaigns for investment in business infrastructure, and

(b) Working sub-regionally, as a member borough of the West London Alliance and in partnership with West London Business, to support inward investment and promotion of the West London brand and the key Brent opportunities within this wider context.

Recommendation 2: The council should develop a skills programme to ensure that Brent has the best possible skills platform so that SMEs have access to appropriately skilled, locally-based staff, including:

(a) Exploring the development of a Brent Works enterprise course to harness entrepreneurial skills in the borough

(b) Deepening its partnership approach to skills development, exploring the partnership programme developed by Reading Borough Council as an example of best practice, and

(c) Exploring work with an organisation to match young people to work placements, and delivering these in partnership with both Brent Works and Brent Start.

Recommendation 3: The council should appoint a dedicated business champion to advocate for SMEs in Brent.

Recommendation 4: The council should invest in business incubation and support services to help start-up businesses 'get off the ground' and flourish, including exploring an online platform for businesses to access information relevant to setting up, locating or expanding their business in the borough.

Methodology

The task group gathered qualitative and quantitative evidence to complete the report and develop its recommendations and carried out a meeting with local stakeholders relevant to this area.

They included:

- Representatives from business industry bodies such as the Park Royal Business Group;
- Local small-business owners;
- Representatives from business-led non-profit enterprises such as West London business; and
- The council's Head of Employment, Enterprise and Skills.

In addition to this, the task group drew on quantitative data from a range of sources including the LGA datastore, the Office for National Statistics, Nomis and Brent data. This was used to provide an overview of the local economy and SME sector in the borough.

The task group also drew on a number of policy documents on this topic from other local authorities and central government.

Background

1. Small and Medium-Sized Enterprises (SMEs) are the backbone of Brent's economy. They drive growth, open new markets, create jobs and provide our community with essential services and goods. They act as seedbeds for innovation, encouraging competition and bringing fresh ideas that challenge existing assumptions. This encourages competition and incentivises others to adapt. In short, SMEs are good for our local economy and community and as such, should be encouraged to flourish.
2. Whilst there is much good to be said about Brent's SME sector, it faces many challenges. Historically high rents and business rates have put pressure on Brent's SMEs, whilst the opening of large shopping centres such as Westfield have increased the competition that they face. In addition to this, many larger multinationals and chain businesses are taking the place of SMEs in Brent, and this is particularly evident on Wembley High Road. For these reasons, Brent decided to establish this task group to ensure that we are doing all we can to support our local SMEs.
3. It is essential that Brent, as a local authority, does all it can to ensure that SMEs in the borough get the maximum support to grow and flourish. An effective SME strategy is at the heart of creating a vibrant and dynamic local economy that will make Brent a better place to live and work.

Brent Context

The data below sets out the local context for Brent's SMEs:

Count of births of new enterprises in Brent

1. The number of births of new enterprises has shown a steady increase in Brent from 2,515 in 2013 to 2,895 in 2015. This is slightly below the London average of 2,999 for 2015.¹

Count of deaths of new enterprises in Brent

2. There has been a small increase in the deaths of enterprises in Brent which has increased from 1,555 in 2013 to 1,660 in 2015. This is below the London average of 1,705 in 2015. It should be noted that the increase in deaths of enterprises may be a consequence of the increase in births of new enterprises, as not all new enterprises will succeed.² The increase in births of new enterprises is greater than the increase in deaths indicating that the SME sector in Brent grew in this period.

New business registration rate per 10,000 resident population aged 16 and above

3. The new business registration rate per 10,000 resident population aged 16 and above in Brent has increased from 99.7 in 2013 to 113.0 in 2015. This is significantly below the London average of 141.4 per 10,000 in 2015.³

Number of active enterprises in Brent

4. The number of active enterprises in Brent increased from 13,915 in 2013 to 15,745 in 2015. This is below the London average of 14,011 to 16,099 throughout the same period.⁴

Number of business administration and support service enterprises in Brent

5. The number of business administration and support services enterprises in Brent increased from 850 in 2014 to 1,100 in 2016. This is significantly below the London average of 850 to 1,100 throughout the same period.⁵

Economic activity in Brent

Throughout the period of October 2015 to September 2016 there were a total of 169,000 people economically active in Brent, this being 74.9% of the resident population. This is below the London average of 78.3% and the national average of 77.8%.⁶*Out-of-work benefits claimants*

¹Source: LGA data store

²Ibid

³ Ibid

⁴ Ibid

⁵ Ibid

⁶ Source: Nomis

6. There were a total of 5,025 residents in receipt of out-of-work benefits. This is 2.3% of the total resident population which is above the London and national average of 1.9%.⁷

Gross Weekly Pay

7. The average gross weekly pay for Brent residents is £550 a week, this is below the London average of £632 per week but slightly above the national average of £541 per week.⁸

Overall, this data indicates that between 2013 and 2015, the situation for SMEs in the borough improved with increases across a range of indicators. However, we remained below the London average in these areas, as well as in relation to economic activity, out-of-work benefits and weekly income.

⁷ Ibid

⁸ Ibid

Key Findings

Whilst there is much good to be said about what Brent is doing to support the growth of its SME sector, attendees at the task group meeting felt that further actions could be taken to create a grow and harness the sector.

Andrew Dakers, CEO of West London Business, told the task group that one of the main problems SMEs face in the Park Royal area of Brent is the problem of broadband 'not spots' where access to high-speed broadband is limited. This is a problem for local SMEs, as many of their activities are increasingly moving online, this includes primary activities such as sales and administrative services such as accounting, which are increasingly moving onto cloud platforms such as Xero. Many accountancy firms, such as KPMG, are now entering the marketplace with online, subscription-based services. This means businesses need increased access to high-speed broadband more than ever and for a range of reasons.

Francis Henry, director of Daniels Estate Agents echoed Andrew Dakers' comments, telling the task group that there was a considerable lack of free Wi-Fi on Wembley High Road, which was hampering the activities of local SMEs. This is particularly true for start-ups.

Chair of Park Royal Business Group, Jane Milton told the task group that entrepreneurs need advice and guidance when starting new businesses. Many budding entrepreneurs lack basic entrepreneurial skills which often leads to people with good ideas failing. She told the task group about her own experience of attending an enterprise course when she started her business and how much this had helped her. She suggested that Brent would benefit from more business incubation schemes such as Enterprise Nation and the Kitchen Table Project which provide advice and consultancy to SMEs along with other essential services. Incubators like this are a good investment if they increase the chances of future success of businesses in the borough through providing services such as management training or office space.

Francis Henry told the task group that he felt that under-16 education in the borough is insufficiently equipping young people with the 'soft skills' that they need to obtain entry-level positions such as apprenticeships. He said that in his capacity as a small business owner he has personally had negative experiences with young people undertaking work experience at his business. This was a problem as it dis-incentivised local businesses from taking on locally based young people. This causes a double-problem of young people not being able to find work and SMEs not being able to find suitable staff in the local area.

Jane Milton told the task group that schools could do more to help children find suitable work experience placements which are better suited to their interests and abilities. She said that in her experience, giving someone a suitable placement that they are passionate about can inspire them. Jane told the task group about a charity called 'Spark!' that works with educational institutions and businesses to prepare young people for their working life. Spark! enhances their employability by finding them ideal work experience placements.

Francis Henry and Jane Milton further told the task group that local SMEs would benefit from having better access to council officers. In particular, a business 'champion' or advocate would be useful someone who could advocate for some of the issues raised here. The champion could host periodic networking events for SMEs and the council and convey information about what Brent is doing in this area to local small business persons.

Jane Milton told the task group that local SMEs could also benefit from networking events in the evening where they can build contacts, share best practice and find out about new ideas. Andrew Dakers added that, as there is no borough chamber of commerce, provision of local networking events is patchy. Park Royal Socials, Stadium BNI (Wembley) and Federation of Small Businesses, Brent Business Breakfasts may be insufficient to meet latent demand, but require resources to convene and sustain.

Recommendations

Brent needs to work with local and sub-regional partners to ensure it has the best possible business infrastructure to support the growth of SMEs. High speed broadband is of particular importance, as an increasing number of services are moving online.

The council could also consider facilitating greater access to finance for SMEs and social enterprises through lending platforms such as crowdfunding.

For funding, the council could consider working through channels already in place such as the Capital Investment Panel for infrastructure funding and the Civic Enterprise Board to identify possible income streams for investment in lending platforms.

Recommendation 1: The council should develop an infrastructure, investment and business support programme to create the best possible environment in which SMEs can grow and thrive, including:

(a) Working locally and sub-regionally with the Park Royal Business Group, West London Alliance and West London Business to contribute to campaigns for investment in business infrastructure, and

(b) Working sub-regionally, as a member borough of the West London Alliance and in partnership with West London Business, to support inward investment and promotion of the West London brand and the key Brent opportunities within this wider context.

Brent needs to increase its skills platform in order to ensure that SMEs have access to appropriately skilled, locally-based staff and that budding entrepreneurs are given the support they need to help businesses grow and develop.

Brent should develop a partnership approach to skills development, with businesses involved at all levels in this work to ensure they can recruit employees locally with the skills they need. A partnership programme developed by Reading Borough Council could be drawn upon as an example of best practice. Reading has developed Reading UK CIC – a not for profit Community Interest Company. This boosts small business growth by bringing together all stakeholders both public and private to boost investment in the town. There are also employer skills boards being convened by the West London Alliance and higher education colleges that might provide suitable mechanisms.

The council with its partners has been working to address this problem and develop clear pathways for young people as well as ensuring that businesses are involved at all levels to ensure they get the skills they need. This has so far included securing pledges from businesses and partners for apprenticeships and work placements.

Brent should also continue to support the launch of the Brent Start Innovation fund later in 2017, the aim of which is to create an enterprise pathway for budding entrepreneurs.

Recommendation 2: The council should develop a skills programme to ensure that Brent has the best possible skills platform so that SMEs have access to appropriately skilled, locally-based staff, including:

- (b) Exploring the development of a Brent Works enterprise course to harness entrepreneurial skills in the borough
- (b) Deepening its partnership approach to skills development, exploring the partnership programme developed by Reading Borough Council as an example of best practice, and
- (c) Exploring work with an organisation to match young people to work placements, and delivering these in partnership with both Brent Works and Brent Start.

A 'Business Champion' within the council could help to advocate for SMEs in Brent and sub-regionally. This officer would work closely with West London Business and regional procurement boards such as the West London Alliance, as well as the Park Royal Business Group to be an advocate for small business infrastructure development in the council.

Through this Champion, the council could host periodic SME networking events in the evening to enable a space for networking and information sharing for local small business persons and budding entrepreneurs.

Recommendation 3: The council should appoint a dedicated business champion to advocate for SMEs in Brent.

Business incubation services are necessary to provide valuable services to start-ups such as:

- Help with business basics;
- Networking activities;
- Marketing assistance;
- High-speed internet access;
- Help with accounting; and
- Advisory boards and mentors.

Brent could look to Stevenage Council as a model of best practice. Stevenage has established a business incubator in partnership with North Hertfordshire College's skills training facility. Stevenage owns and funds a Business Technology Centre (BTC) which accommodates and supports new businesses with money from the East of England Development Agency. It has been successful in hosting businesses on site and is developing a web support facility to provide remote support. It has received

investment to provide offices, practical business support, tailored training events and skills workshops to SMEs.

Development of, or investment in, an online platform for businesses to access information relevant to setting-up, locating and expanding their businesses in Brent would also be beneficial. For example, the council could consider subsidising access to high quality online business platforms such as Makers Academy, General Assembly, Coursera and the School of Social Entrepreneurs or the Complete Business Reference Adviser (COBRA). West London Alliance boroughs could consider procuring COBRA or a similar package together through a framework agreement and actively promote it to regional SMEs.

Recommendation 4: The council should invest in business incubation and support services to help start-up businesses ‘get off the ground’ and flourish, including exploring an online platform for businesses to access information relevant to setting up, locating or expanding their business in the borough.