

Item No.	Classification: Open	Date: 02.11.04	MEETING NAME: Executive
Report title:		Regeneration policies and the impact on SME/BME business	
Ward(s) or groups affected:		Borough-wide	
From:		Paul Evans – Strategic Director for Regeneration	

RECOMMENDATIONS

1. For Members to note the range of support available to Businesses particularly BME/SME business and to acknowledge praise from the Director of the Black Business Initiative at the Black Business Awards ceremony on October 20th 2004 for the Council's support.
2. For Members to accept the recommendations outlined in paragraphs 23 to 28 of this report in full and for an implementation plan to be brought to the Executive in January 2005 informing and taking account of the Council's business planning process and incorporating any recommendations from Lord Ouseley's enquiry available at this time.

BACKGROUND INFORMATION

3. Southwark's strategy for enterprise in the borough is to create an environment where business can start, grow and flourish, with suitable support and guidance at each stage, which may be particular to sector, age groups or the diverse nature of the business. The strategy was developed in association with other Council and wider strategies including the Employment Strategy, Neighbourhood Renewal Strategy, the Community Plan, the Mayor's London Economic Development and Spatial Development plans.
4. The Southwark Enterprise strategy launched in October 2003 contains specific priorities to support business in the Borough. The Council will promote enterprise as a positive choice for its residents and business community. Part of this focus will be to support existing businesses, support and encourage inward investment and increase and support the diversity of the businesses in Southwark. These priorities have associated actions that promote the initiation and ongoing support of business.
5. There has recently been discussion about the impact of regeneration policies and associated processes on the SME/BME business community, and in supporting the diversity of business within the Borough. Scenarios including Imperial Gardens; Queens Road; Pullens Yard; the Black Awareness Group (Camberwell Road); area based work e.g. Elephant & Castle and Peckham; and allegations of discrimination against ethnic minority business have highlighted the need to analyse the work already taking place and identify any further work which can be developed, coordinated and/or introduced, if possible, by the Council to enhance the raft of services it currently provides or the processes that are operated to

ensure equality of opportunity within the parameters in which the Council can operate.

6. The Council as a Local Authority is guided in certain areas of work by legal frameworks, legislation and regulation from both Acts of Parliament and European Union guidelines and this report respects that context.
7. It should also be noted that the Council is obliged to respect and take account of market forces in carrying out its functions and duties with respect to some of these guidelines.

KEY ISSUES FOR CONSIDERATION

8. The overarching issues are:
 - Do regeneration polices and the ongoing work of the Council support and encourage a healthy and diverse business sector?
 - Are there specific issues relating to different elements within the regeneration department and the associated work currently underway which affects the BME/SME business community?
9. These generic issues can be broken down into policy related questions and can then be asked of the different areas of policy which affect the BME/SME business community not just within the direct control of the Regeneration Department. Areas of analysis:
 - Regeneration
 - Business support
 - Property
 - Planning policy
 - Development control
 - Non-regeneration
 - Environmental Health
 - Procurement
 - Equalities

More detailed analysis of these areas is contained in Appendix B of this Paper

Current activity

10. Business Support Services

There is a raft of business support services available within the borough both provided directly by the Council, by specialist providers contacted by the Council and from sub-regional, regional and national organisations whose remit covers Southwark. The Council operates a business desk, which has a dedicated telephone line and e-mail address. The Business Desk holds details of all the support services available as well as providing a referral service to relevant advice for related business enquiries such as property, planning, licensing, environmental health and non-domestic rates. The Council website also contains all this information along with the new 'Routemap for Business' site which is a searchable web based enquiry point that will ask the user some basic questions and identify a list of the most suitable advice services. The Councils contracted provision is delivered by qualified and experienced organisations who go through an annual tendering process to maintain value for money for the Council, take account of the Council's policy to focus on the most disadvantaged groups and communities and ensure services are reactive to the changing business needs within the borough.

Almost all of the organisations using the business support services within the borough are from SME businesses and this is the main focus of these services.

11. Business start-up advice and support to existing business is locally delivered through two organisations, Business Extra and Elephant Enterprises. In the last year Business Extra have delivered over 200 information sessions and advised over 80 SME businesses. Of this delivery 50% of people helped are from black and Minority Ethnic (BME) communities. Elephant Enterprises report that over 70% of their small business training courses have been taken up by BME candidates and of the 300 SME businesses advised so far this year over 60% are BME owned or run. Elephant Enterprises also delivers the Ethnic Minority Business Support unit which focuses on particular issues BME/SME businesses may face. 100% of businesses engaging with this service are BME/SME businesses.
12. There are additional support services available from other organisations such as:
 - Business Link for London whose current provision includes Guidance on 'Contracting Consortia'
 - DTI Small Business Service which has a cross cutting Ethnic Minority Business Forum which ensures that business support measures address the needs of BME entrepreneurs
 - Supplynet – Cross River Partnership funded project to enable consortia of groups to bid for contracts, which they would previously be ineligible to do.
 - Princes Trust – Entrepreneurial support to new start up business focusing on 18-30 year old group.
 - Southwark Action for Voluntary Organisations – Borough wide remit to develop social enterprise for Voluntary and Community sector organisations.
 - Southwark Community Care Forum – Borough wide remit to identify and develop social enterprise for Health and Social sector organisations including BME day-care and childcare groups.
13. These services are available across the borough and to all individuals or organisations. The council has a contactable business desk which can field enquiries and offer sources of information, as well as, register feedback information in order to improve our service delivery. BME businesses have an equal opportunity to access all of the services above, as well as, specific provision through the Ethnic Minority Small Business Unit. The Council is also developing work to strengthen the membership of, and improve communication with business networks across the borough, including those representing black and minority ethnic businesses. Details of business support services are also available through the recently published Business Directory (Aug 2004) and free Southwark streetmaps available in all public buildings to ensure the Business and wider community within the borough are aware of what services are available to them.
14. These measures will ensure that SME and BME business continue to remain a firm focus of support of our services.
15. **Property**

The Council property service operates the processes for leasing Council owned property and the identification of properties to be acquired and disposed of. These processes are governed by legal practice and guidelines which put the Council under an obligation to obtain the best financial returns on its holdings. When applying for Council premises applicant's must fit a criteria which includes evidence of sustainability. Businesses failing to provide a researched business plan are referred to the range of business support services.
16. Rents are informed by current market value and negotiated at the start and at a review date with the tenant. Business planning support services are available to

assist in the long term financial planning for businesses. Rents in Southwark are toward the lower end of the scale for property in relation to it's nearest neighbouring boroughs on both sides of the Thames, indicating that in fact market rent levels within the borough continue to encourage growth and inward investment. Subsidies are not payable to private commercial ventures under EU rules of open competition, however, the Council does encourage business incubation projects to assist in the early difficult stages of business start-up following recent research.

17. Planning Policy

Planning policies have had tremendous pressure from the London Plan to release space for residential housing. Policies have identified areas of commercial space to be protected for business use. These policies also outline what is expected when any redevelopment is applied for including Section 106 planning gain funds which can put other provision place to counter any detrimental effect of redevelopment. Through the 2nd deposit UDP the Council will be putting the case forward to protect and retain as much employment land as possible but is mindful of the need to re-use redundant employment land for residential and other purposes, and has released land which is no longer suitable for industrial use. However, on sites which have good access to public transport, the Council will seek to retain business uses as part of mixed uses schemes.

18. Development Control

The processes which inform redevelopment of a specific area of land are delivered by Development Control. Southwark Council is currently preparing a S106 strategy to guide and direct the planning benefits and controls that can and will be sought from future developments. As part of the planning process the Council fulfils it's legal obligation to consult for a minimum period of 21 days. Private developments are governed by confidentiality rules and the Council is obliged not to disclose any information without permission. The council holds information on organisations which may be affected by redevelopment and can offer the range of business support services to assist them in reviewing business plans if necessary. These services are available free of charge to Southwark Businesses without exclusion.

Non-regeneration policies affecting the SME/BME business sector.

19. Environmental Health

Economic Development currently work alongside Environmental Health to assist SME/BME businesses gain access to specialist support with regard to regulatory compliance.

20. Procurement

Southwark procurement has undergone a huge modernization programme following the guidelines contained in the Local Government Act. Southwark Procurement has established a Market Development Forum with the overarching objective of ensuring more local companies are fit to compete for public contracts. Work is underway to develop services to assist local businesses in this area.

21. Equalities

The Council has identified and prioritised key areas of concern and introduced Equality Impact Assessment processes. There is a 3-year rolling programme of impact assessment across all Council functions, services and policies, which has just ended its first year. The Council will also undergo an 'Independent Equalities Review' conducted by Lord Herman Ouseley. This review is currently underway and will explore the Council's policy framework and how it is delivered with a

particular focus on Regeneration and planning. The findings of this review, expected early next year, may raise further issues to be investigated.

22. This report has investigated some of the policies and current practices and the range of support services focused on SME/BME business. Southwark has much experience of providing support to the SME business community and evidence shows that the BME business community is the major participant in business support services. Southwark's Enterprise Strategy is currently under review and will include wide consultation with both providers and clients. Our annual re-contracting ensures the Council can provide services which can adapt to a changing market.

RECOMMENDATIONS

23. Business Support Services

- Continue to ensure the ethnic minority business view is taken account of during the current Enterprise Strategy review.
- Develop proposals for specific procurement support business advice and guidance services to assist the BME/SME business community in becoming fit to compete. This could form part of the business services re-contracting process for the new financial year.
- Develop proposals for a BME business support agency which can co-ordinate and focus advice to BME/SME businesses.
- To investigate in association with our partners the funding streams available for business incubation workspace within the borough focusing on the support of new BME/SME businesses.

24. Property

- Property Team to have latest information on the list of current service providers of business services available to entrepreneurs and businesses to assist their applicants to meet the criteria for Council property. This can be done in partnership with the Economic Development Team to ensure the latest and most appropriate services are provided.
- Property Team to introduce a protocol whereby formal reports to members proposing acquisition or disposal of property should include a statement on the impacts on SME/BME businesses and proposals to mitigate that impact.

25. Policy & Development Control

- Where Council officers wish to initiate significant proposals for development involving Council owned or third party land they should notify the executive Member for economic development and agree with him/her the proposals for consultation with local businesses.
- Where a private developer makes an application for planning consent, a protocol should be introduced to encourage, at the earliest opportunity, consultation with local people with direct interests, so the impact on BME/SME business can be assessed and the businesses themselves have the fullest timescale to reposition themselves.
- The Council should attempt to influence private developers in the choices on business tenants by a) for Regeneration to make available list(s) of businesses requiring premises and b) this information be provided to developers who would be encouraged to consider them.

26. Environmental Health

- Economic Development team to work closer with Environmental Health team to market their business advice and guidance network of services.

27. Procurement

- Economic Development Team to arrange for Procurement Team to be represented on the membership of the Enterprise Task Group and continue to promote the local market development agenda.

28. Regeneration Department

- Investigate the potential for an 'affordable business' programme similar to the 'affordable housing' programme. Prior to detailed investigation the potential for this appears to be limited, however elements of Section 106 funding negotiation could be used to minimise the impact of regeneration/redevelopment and business displacement in private schemes and this will be considered as part of the preparation of the Councils' S106 Strategy.
- Cross London discussions with other boroughs that face similar issues to identify best practice.
- Cross London discussions with existing networks and network sponsors dealing with similar issues.
- Investigate any issues arising from the Lord Ouseley led Independent Equalities Review and ensure that these are taken account of in the current round of Employment and Enterprise strategy reviews.

Policy implications

29. The recommendations do not conflict with current policies. Much of the recommended work does not involve policy but are more adjustments and enhancement within current process and practice. As described in the report many processes are guided by Government policy and legislation and are carried out through the local policy frameworks. The additional work recommended will support the work of local policy with regard to supporting business as set out in the Enterprise Strategy for the borough.

30. Linkages to Council priorities are:

- Tackling Poverty - Through support of new business and sustaining existing business to increase wealth and provide employment opportunities.

Linkages to Corporate priorities are:

- Driving down debt – Through best consideration on property decisions and agreements;
- Customer focus – Through supporting Business community;
- Equalities – Through ensuring equality of opportunity and fairness in conducting Council business with BME/SME business community

31. The consequence of no action being taken is a reduced service to particular groups of the local population. Enhancements to services will not be forthcoming and the Council may be criticized for identifying gaps in service and not taking appropriate action.

32. There are no legal implications for not taking action as the Council already operates within the boundaries of the frameworks which govern this work.

33. There are potential financial implications on staff resources in enhancing

processes to contain additional elements of work. There are also greater implications if new services such as 'fit to compete for council contracts advice service' or 'ethnic minority business association' projects are to be commissioned.

Effect of proposed changes on those affected

34. The effect of the proposed recommendations will impact on the service delivery to the BME/SME business community. Some recommendations will also serve to enhance the relationships with the BME/SME business community, local area management groups and the resident population in general. Whilst the Council is operating within legislative guidelines, it is obliged to ensure no policy or practice actively disadvantages any part of the community. The Independent Equalities Review by Lord Ouseley expected in early 2005, will further inform on the authority's equalities and diversity framework. Investigation and further proposals may follow the reviews findings.

Equalities Implications

35. This report specifically addresses issues facing BME/SME's. It will be taken into account in the preparation of the Race Impact Assessments (RIA) that are being undertaken and has informed the RIA for Planning and Transport Services which has been reported to this Executive.

Resource/Financial implications

36. There are two distinct areas where recommendations will impact financially:

- Officer time
Enhancements to processes, strategy development and investigation of best practice in other Councils will impact on officer time. In the current year this work will be absorbed into existing budgets
- Project delivery
Delivery of a dedicated business support and advice service to assist BME/SME businesses to become fit to complete, and the design and introduction of an ethnic minority business association within the borough, will need to be funded in addition to current allocated budget. Development of projects is an ongoing function but implementation of proposals will depend on growth bids

37. This report does not require any decisions outside of the current budget framework. Following further development the implementation of some of the proposals will require new revenue funding and will be dependent on the outcome of the Councils overall budgeting process for future years.

Consultation

38. There is ongoing consultation around all of the issues in this report through the Employment and Enterprise strategy reviews currently taking place and through LSP processes. No consultation has taken place on this specific report. Recent discussions, deputations and briefing notes have been collated to produce this report. It is expected, consultation will take place for areas as and when individual areas of this work are taken forward but as yet no timetabled action plans have been designed.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Borough Solicitor and Secretary

39. The report identifies the possible legal restrictions on the provision of assistance and support to SME/BME businesses – the general requirement to obtain best consideration when disposing of land; the provisions of national and regional policy and legislation concerning development control and the Europe-wide restrictions on the granting of “state aid” which may distort competition, except under approved schemes.

The Local Government Act 2000 places a duty on Local Authorities to prepare and implement community strategies for promoting the economic, social and environmental well-being of their areas. Southwark’s Community Strategy identifies 5 priorities one of which is “tackling poverty”. In partnership with the Local Strategic Partnership, Southwark has developed and adopted an enterprise strategy for the Borough. Although there is no direct legal requirement to adopt an enterprise strategy Southwark’s actions in this regard are consistent with the community strategy.

Supporting local SME/BME businesses is therefore consistent with current community strategy and the general power to improve the economic, social and environmental well-being of the area contained in section 2 of the Local Government Act 2000.

Background Papers	Held At	Contact
<i>Title of document(s)</i>	<i>Title of department / unit Address</i>	<i>Name Phone number</i>
<i>Enterprise Strategy</i>	<i>Regeneration Chiltern House</i>	<i>Andy Scott 55678</i>
<i>Business incubator, Managed workspace and affordable property research (Angle Technology, Mar 2004)</i>	<i>Regeneration Chiltern House</i>	<i>Andy Scott 55678</i>
<i>Unitary Development Plan</i>	<i>Regeneration Chiltern House</i>	<i>Julie Seymour 50508</i>

APPENDIX A

Audit Trail

Lead Officer	<i>Paul Evans – Strategic Director for Regeneration.</i>	
Report Author	<i>Andy Scott- Economic Development Team Manager, Regeneration.</i>	
Version	<i>Final</i>	
Dated	<i>25TH October 2004.</i>	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Borough Solicitor & Secretary	Yes	Yes
<i>List other Officers here</i>		
Alan Trusler - Property	Yes	Yes
Stephen Platts - Property	Yes	Yes
Jeremy Pilgrim - Property	Yes	
Sailesh Chudasama – Streetscene and Public Protection	Yes	No
John East – Building & Development Control	Yes	Yes
Julie Seymour - Planning Policy	Yes	Yes
Rachel Fox - Communications	Yes	No
Chris Horn - Elephant & Castle	Yes	No
Martin Smith - Elephant & Castle	Yes	No
Russell Profitt - Peckham	Yes	No
Paul Deegan - Procurement	Yes	No
Phil McCarvill - Equalities impact assessment	Yes	No
Rickard O'Connell – Economic Development	Yes	Yes
Executive Member	Yes	Yes
Date final report sent to Constitutional Support Services		

Appendix B (Amended) SME/BME Analysis paper

1. Business Support Services

There is a range of support services available within the borough from Information services provided by the Business Desk to Local Provision by expert organizations to Sub-regional Regional and National providers of businesses support and advice.

2. Are there suitable support and advice services for business, including services available to assist in supporting new business start-up and ongoing services to sustain SME trading, as well as providing encouragement for growth and development?

The Council contracts with specialist organisations to provide business support and advice services. These services include new start-up support and existing business support. The services available include business and financial planning advice, access to finance, growth planning and networking opportunities. These services are available to all businesses in Southwark without exception and free of charge. Details can be found in a number of different ways: the Business Desk; Southwark Council website; recently published Business directory (Aug 04); local free street map in public buildings; and through local and national marketing campaigns from the individual organisations.

3. Are there suitable services to support diverse businesses and BME led business with the expertise to understand the particular difficulties they face?

The Council recognises that people from black and minority ethnic communities have particular difficulties in starting and sustaining businesses and for this reason it provides particular services to assist BME business. The Ethnic Minority Business Support Unit and the Small Business Champion services are managed by Elephant Enterprises. These services focus specifically on the needs of black and minority ethnic entrepreneurs and businesses. The 'Business Support in Disadvantaged Areas' contract managed by Business Extra, focuses its work in the most deprived neighbourhoods and on the most disadvantaged groups. It has recently introduced a 'South American Business Adviser' to provide services to a particular sector of the local population. Recent contract monitoring evidence shows that the majority of take up of these services are by people from ethnic minority communities. Business Extra has also reported that 100% of clients who have gone through their 'new start-up' programme are still trading after a year. Both of these organisations also provide business related training on subjects such as planning, VAT, ITC, accounting, marketing and administration. Elephant Enterprises have also developed a free CD-ROM giving useful advice on business planning for new-start business. Elephant Enterprises report that a majority of their client base is also from ethnic minority communities. There are also a number of sector specific business services available, details can be obtained through the Business Desk or the Southwark website's 'Routemap for business'.

4. Is business support available for specific areas of work, for example, competing for public sector contracts, which could have a big impact on local involvement and growth potential?

The Council has undergone considerable change in its procurement policy following the introduction of the Local Government Act. Whilst all business support contractors, as part of their general business service, can advise on competing for public sector contracts there is currently no tailored support to assist local BME/SME businesses in becoming fit to compete. The Economic Development Team within Regeneration has been working closely with the Procurement team to develop opportunities in this area. More information is given about this project in the Procurement section

5. Is there suitable communication with BME/SME business community to accurately inform the development of Council policy and services?

The Enterprise Strategy was developed in partnership with the many stakeholders across the borough. These included business support providers, representatives from the voluntary and community sectors, major business and SME/BME business. The Black Business Initiative (BBI), a network organisation within the borough was and remains a member of the 'Enterprise Task Group'. This sub-group of the Local Strategic Partnership regularly meets to discuss issues that impact on business within the borough and steers the objectives and actions of the enterprise strategy. Funding allocations are a result of consultation with this group. The strategy is currently under review and a number of BME/SME businesses, as well as the BBI have been invited to contribute to these discussions. The BBI has a membership of approximately 350 BME/SME businesses in the borough. It is known that this volume of membership does not represent the entire BME/SME business sector. There is not a dedicated ethnic minority business association active in the borough which has the resources to market to the entire BME/SME business community.

6. Property

The Council property service operates the processes for leasing Council owned property. These processes include the advertising of available property, receipt of applications and negotiation of rents. These processes are governed by legal practice and guidelines which put the Council under an obligation to obtain the best financial returns on its holdings. The property team also has responsibility for the identification of properties to be acquired and disposed of.

7. Is the structure for application to rent commercial space and completion of lease agreements standard across all areas and groups?

The processes used to negotiate rent and the arrangements for lease agreement are standard practice across the property market in both private and public sectors. Any multiple applications for a particular space are decided on under a set of criteria that includes the (business) sustainability of the applicant and the additionality in regard to diverse business it can bring to the area. New businesses are required to provide a researched business plan to back up their case for application, thus minimising the risk of potential rent loss for the Council. Some new businesses do not have a thoroughly researched business plan and fall outside the criteria for consideration. These applicants are referred onto the business support services provided by the Council.

8. What leads to some properties being let at higher rents than they have historically?

Rent levels that are negotiated are informed by current market value which in turn is governed by the pressures within the property market. Nearly all leases in excess of five years have a date when rent reviews will take place. At the time of the new lease or rent review the Council is guided by the most up to date valuation of what the market rent should be. As stated previously, the Council is obliged to obtain best consideration to ensure value for money against public money and assets. What this review process does mean is that a property's expected rent can change over time because of market factors, often resulting in an increase in rent level. This should in no way come as a surprise to a commercial business and should be planned for within a long-term business plan.

9. Do rent reviews place an unfair bias pressure on BME/SME businesses?

The affect of leases and rent reviews on BME/SME business is that which affects all businesses. There is a pressure to business if rent levels are increased as it has a direct affect on the financial capacity of the business in question. All business advisory services would suggest there is a need for rent reviews and their possible impacts to be

planned for in the businesses financial planning and forecasting for any commercial venture. Any business which is trading with a small profit margin will face difficulties in meeting the additional outgoings. Revised business planning and marketing strategies to increase productivity and turnover will assist in facing the challenges of operating in a commercial environment. Business support services are available to all businesses and can assist in both initial and ongoing planning, however businesses do not have to engage with these support services and do so as a commercial decision. Recent evidence from a business workspace study commissioned by Economic Development (Mar 2004), highlighted that Southwark rents were toward the lower end of the scale for property in relation to it's nearest neighbouring boroughs on both sides of the Thames, indicating that in fact market rent levels within the borough continue to encourage growth and inward investment.

10. Are there rent subsidies available for certain organisations?

Rent subsidies are not available for commercial ventures. Entrepreneurs should be planning for their businesses to operate within the market they trade in (or intend to) and financially plan according to their own particular circumstance. Under European rules that govern open competition in business, the Council cannot provide subsidies to private commerce. Any kind of subsidy would place the business in a false economic position which at some point in time would have a negative impact on the ability to trade. Some organisations are provided with grants by the Council and/or central funding streams, however these are not commercial ventures; they mainly fall within the voluntary, social and community sector group and are governed by strict rules on their delivery and monitoring. The Executive agreed a policy which ensured that grants and subsidies were separate from the determination of rent on a commercial basis for these bodies.

11. Business incubation projects offer commercial space, some shared services such as accountancy, meeting space and administration services, and a business support service framework to give new start-up businesses the best commercial start. Rent is still required for the commercial space and may be more expensive due to the additional business services installed or may be discounted for a short period to give a boost to new entrepreneurs. The Council does not operate any Incubator units themselves but do encourage them within the borough e.g. the London Knowledge Innovation Centre at South Bank University and the Camberwell Art College incubator. Business Extra, the business support organization is currently exploring the potential to purchase a building for this purpose.

12. Are there any situations where a business does not need to pay rent?

All rents are negotiated on an individual basis based on the circumstances. Where works of refurbishment or fitting out are required to the premises, it is not unusual for the tenant to negotiate a rent-free period as a contribution toward the costs involved. A three to six month period is the market norm in these circumstances.

13. When deciding what properties are acquired and disposed of, is the impact on BME/SME business looked at.

The Council has strategies and processes, which guide the decisions on which particular properties are to be acquired or disposed of. When these decisions are made and proposals put to the elected members, there is currently no requirement for a separate specific statement on the impact on BME/SME businesses. An impact report is recommended in Paragraph 24 of the main report.

14. Planning Policy

The 2nd deposit of the Unitary Development Plan is currently being prepared for public inquiry next year. Planning policies have had tremendous pressure from the London

Plan to release space for residential housing. Policies have identified areas of commercial space to be protected for business use. Office locations, industrial locations and retail have been listed as necessary in places to ensure the continuation of a growing business market in the borough. These policies also outline what is expected when any redevelopment is applied for. The new policies include measures to support small business which can be used to influence the size, scale and number of commercial activities. Also as part of the policy, expectations from developers with regard to Section 106 planning gain funds are outlined, so in the event of any specific changes to the land, other provision can be put in place to counter any detrimental effect of redevelopment.

15. Do planning policies contained in the UDP contain positive or negative prospects for BME/SME businesses?

The borough contains a large amount of land currently occupied by business. The UDP has identified areas which should be retained for business purposes; office, industrial and retail. Should developers wish to submit plans for large/significant sites then it is the policy team who will draft planning briefs to show what can and can't be done on specific sites. The Enterprise strategy through the UDP has attempted to support the small business sector by protecting certain areas. There are site designations within the plan which designate land for business uses. Supplementary Planning Guidance (SPG) notes provide more detailed guidance on provision of business space, e.g. Elephant & Castle SPG, which refers to the need to retain and promote creative industries and space for SME's. With over 9000 SME businesses in the borough it is unrealistic that all sites can be protected, in fact requests to justify the retention of every commercial site were asked for under the London Plan. Additionally the draft revision to PPG 3 also places the onus on Local Authorities to demonstrate that there is demand for employment sites rather than the developer, which is the usual case at present. This intense need for residential land will inevitably have an impact on businesses which occupy unprotected employment land. The Council will be putting the case forward to protect and retain as much employment land as possible but is mindful of the need to re-use redundant employment land for residential and other purposes, and has released land which is no longer suitable for industrial use. However, on sites which have good access to public transport, the Council will seek to retain business uses as part of mixed uses schemes. Redevelopments in such space mean the replacement of space to accommodate business. New major regeneration programmes have assigned commercial space for SME business as a condition within the master planning process. The land is designated in the Southwark Plan is expected to result in higher densities of both employment (more jobs per m2) and enterprise (more businesses per m2) and is expected to meet the objectives set out in the Employment and Enterprise Strategies in terms of growing the overall number of jobs and businesses in Southwark. The Plan also provides opportunities for the BME/SME business community through the proposed mixed use and retail policies.

16. Development Control

The processes which govern redevelopment of a specific area of land are delivered by Development Control. These processes have to go through various stages including the application, planning, planning gain negotiation (section 106 funds), and final approved application. Section 106 planning gain is funding request negotiated from developers which is used to mitigate the social, economic and environmental impacts of the development. Southwark Council is currently preparing a S106 strategy to guide and direct the planning benefits and controls that can and will be sought from future developments.

17. What affect will redevelopment have on SME/BME business?

Redevelopment generally means there is a need for any current tenants to vacate the property during the period of redevelopment. However, most leases are “business tenancies” as defined by the Landlord and Tenant Act 1954 which affect the tenant security of tenure. The agreed term is therefore certain and may only be terminated at the expiry date on specified grounds including ‘tenant breach’, ‘required for landlords own use’ or ‘for redevelopment’ which must be provable in Court. In these circumstances statutory compensation of once or twice times the rateable value of the premises has to be paid to the tenant depending on the length of occupation. Some leases both private and with the Council will have redevelopment break clauses contained within them, which outline the conditions for both parties to give notice. These are negotiated and agreed to at the sign up stage and are contractually binding. When a redevelopment is decided upon, these lease break clauses can inform the developer and the tenant of an initial timescale for action. These situations are governed by the same rules as set out above. In certain cases where redevelopment is seen as a likely occurrence at sometime during the course of or at the end of a lease, a prudent landlord will negotiate the letting of the premises on a lease ‘taken out of the Act’. This removes the tenant’s security of tenure and right to compensation and the law has recently been changed to ensure that the tenant is fully aware of those consequences. Major impact on BME/SME businesses is that during redevelopment, the business tenant will normally need to seek alternative premises.

18. At what stage of any redevelopment process are local BME/SME occupiers made aware of impending proposals which may affect them?

There is a consultation obligation within the planning application procedure which is guided by legal directives. It specifies a minimum consultation requirement of 21 days and places a target on Local Planning Authorities to decide on the majority of planning applications within 8 weeks. Council projects will involve a much more comprehensive consultation, working in partnership with the local resident and business communities. Every opportunity is given to discuss potential changes and impacts. When planning policy drafts planning briefs and SPG, these are taken for comment to Community Councils who are also asked to agree a consultation plan for the document to help ensure that the local knowledge is used to best advantage. In certain circumstances, there are issues about protecting the Council’s own interests in negotiations with third parties. Solely private redevelopments however are generally governed by commercial decisions made by the planning applicants. These applications are initially private and the Council is obliged not to disclose any information without permission under commercial confidentiality guidance. Where Council officers are approached by third parties to discuss development proposals, either as a planning authority or a landowner, they must respect confidentiality as necessary. There is not current protocol that encourages early consultation ahead of what is required. Adopting such a protocol is recommended in paragraph 25 of the main report.

19. What information is available to show the impact of any redevelopment on SME/BME business?

Information on the current occupiers of properties is available to the Council either through local knowledge, records held or following the investigation to prepare a planning brief for the specific project. However, currently no specific impact assessment process is carried out to show the potential impact on SME/BME business. Impact assessment protocol and reporting to members is recommended in paragraph’s 24 & 25 of the main report.

20. What is in place to assist BME/SME businesses affected by the prospect of redevelopment?

With the main crucial impact of redevelopment on business being identified as the need to move to different premises, the Council has in place the Property Team, who can

forward lists of Council property, and the Business Desk who can forward lists of both Council and private commercial space to assist the businesses in finding alternative accommodation. The Business Desk can also point businesses in the direction of advice and guidance services, who can assist in revising business plans to take account of changing financial implications and geographic trading markets. When it is known what businesses will be affected by a redevelopment project, details of properties and business services can be forwarded to relevant individuals or organisations. These services are provided free of charge to Southwark businesses without exclusion.

21. What influence does the Council have to dictate who occupies new-finished developments?

The Council has processes to determine who wins any competition for leases of Council property. These processes as outlined in 4.1.1, take account of the diversity of businesses in the local area. The Council does not have any power to dictate or intervene in who obtains a lease agreement from a private landlord and trades from the premises, apart from ensuring the business adheres to the commercial use designation (A1, A2, B1, etc) and ensuring a trading business conforms to any regulatory guidelines it is supposed to. The Council as part of its policy can encourage a private developer to consider particular types of business to enhance the local trading community, but can only suggest these using knowledge of the local neighbourhood and local market need. No process currently exists to pass this information to private developers.

22. Non-regeneration policies affecting the SME/BME business sector.

There are other areas of Council work, which have an impact on the BME/SME business sector. Whilst they are not directly under the control of Regeneration department, they should be investigated and worked alongside to ensure the impact on business is positively managed.

23. Environmental Health

There are elements of environmental health policy which impact on Business within the borough. All commercial business have an obligation under law and the regulations which accompany it, to operate their business with due regard to health and safety of premises, staff and public. The regulations which businesses are obliged to conform with are monitored and enforced by the environmental health department. Any failure to comply with the statutory regulations will inevitably impact negatively on the business with the eventual issue of compliance notices.

24. Are there suitable support services in place to assist business to comply with the regulatory frameworks required?

There are various different sources of information for businesses to find out what is expected from them when operating a commercial enterprise. There are different regulations depending on the type of business (industrial, food, etc). Environmental Health as well as business support services are available as a source of information in the borough to provide assistance. The Economic Development Team have worked with Environmental Health to ensure that business support services are available to any business who fail to comply adequately with regulations. Compliance letters sent out by Environmental Health to businesses now have (since Oct 2003) contact details of a specialist adviser from Business Link for London, who can assist the business in meeting the necessary obligations.

25. Procurement

Southwark procurement has undergone a huge modernization programme following the guidelines contained in the Local Government Act. The Southwark programme has key objectives that include ensuring the Council procure within a mixed economy and work together with partners to provide services that benefit the community as a whole. Key to the achievement of this objective is the means by which the Council strengthens its relationships with partners.

26. What systems are in place to assist local SME/BME businesses compete for public sector contracts?

As part of achieving the key objectives of Southwark Procurement the Council must increase the capacity of some of the more vulnerable groups of suppliers such as SME's and BME business. To take this agenda forward, Southwark Procurement has established a Market Development Forum, by which those key in procurement, social and economic development from within the Council and amongst the Council's partners, can come together to discuss the development of a strategy and to consider the implications of this on those affected. Representative members have an in depth understanding of the issues involved and will work toward a step change in the procurement focus as made clear in the Council's 3-year Procurement Strategy. The Procurement Team intends to develop a web portal to keep the business community aware of the possible contracts available. Procurement team are also planning a series of seminars to inform, at first hand, the criteria needed and processes involved in becoming a Council contractor. Currently there is no dedicated support outside of the standard business advice and guidance services which focuses on assistance to the BME/SME business community in becoming fit to compete.

27. Equalities

The Council is obliged to ensure all of its services do not adversely affect any individual or part of the community. In accordance with this obligation, the Council has identified and prioritised the key areas of concern and introduced Equality Impact Assessment processes. This effectively scrutinises Council functions, services and policies, to identify whether there is any adverse impact on any particular part of the Community. If adverse impact is identified, steps will be taken to address the impact. The Council has a statutory obligation under the Race Relations (Amendment) Act 2000, to eliminate racial discrimination, to promote equality of opportunity and to promote good race relations. There is a 3-year rolling programme of impact assessment across all Council functions, services and policies, which has just ended its first year. The Council is also undergoing an 'Independent Equalities Review' conducted by Lord Herman Ouseley. This review is currently underway and will explore the Council's policy framework and how it is delivered with a particular focus on Regeneration and planning. The findings of this review, expected early next year, may raise further issues to be investigated.

This report has investigated some of the policies and current practices in relation to decisions and impacts on BME/SME businesses. Whilst it has highlighted areas of work that may be enhanced and some projects which will provide better services, the Council is not currently operating significantly differently to other Local Authorities.