

EXPERT ADVICE AND SUPPORT TO SOUTHWARK COUNCIL'S EQUALITY
IMPACT ASSESSMENT PROCESS

Equality Impact Assessment of the Business Continuity Programme for E&C
Shopping Centre Independent Retailers

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1. Right Regeneration Model

The Open Streets approach is designed to create a location that is a viable setting for small and medium sized local businesses reflective of the population in the surrounding area.

The ELP E&C Shopping Centre Survey July 2005 found that 70% of businesses are eager to remain trading in E& C. *Southwark Council wants to support these businesses to stay in the area, helping them to continue to trade through the transition and assisting their establishment in new, improved locations.*

There are four groups of traders: larger national chains, independent traders operating inside the centre; stallholders inside the centre; and traders outside the site, the majority of off-site stallholders are on daily licences, with some kiosks on weekly licences. Few stallholders will have the financial wherewithal to withstand a protracted period of uncertainty.

Evidence from two shopping centre developments highlights the problems of business continuity for traders:¹

At Seacroft Green in Leeds complete demolition of an operating retail centre dealt directly and positively with a poor reputation but it also disrupted the existing retail base and meant loss of existing retail presence. Some traders relocated; others retired or went out of business. Some, trading at the margin, may have gone out of business in any event. Assurances were given to Seacroft Green's independent traders that disruption would be minimised and there was discussion about a new market hall for local stallholders, but this never materialised. In the end, not one trader from the previous centre found a place in the new development, which consists almost entirely of multiple retailers.

At Hulme High Street, Manchester, redevelopment of an 1960s shopping precinct, giving a new food superstore and attached retail units forced traders to move to other areas. The failure to put new facilities in place in time meant that displaced businesses had nowhere to go. Although market traders were moved to temporary accommodation in a vacant local pub, this proved inadequate, with the premises subsequently closed on environmental health grounds.

¹ 'Retailing, Sustainability and Neighbourhood Regeneration' by Michael Carley, Karryn Kirk and Sarah McIntosh for Joseph Rowntree Foundation 2001.

Redevelopment has a particularly negative impact on marginal businesses, many of which will fold.

A recent UK study found a quarter of all undeclared work is conducted by micro-entrepreneurs starting-up fledgling business ventures who use undeclared work as a short-term risk-taking strategy to test-out their enterprise and/or establish themselves and grow their business or for a longer-term strategy of just 'getting-by'². For stall-holders operating in the informal economy, the nature of this informal economy means there is an inherent resistance to its incorporation into the formal economy; those running such businesses, for example, might also be claiming benefits or not declaring income for tax purposes. These types of marginal businesses are also unlikely to survive the redevelopment period.

2. BME Businesses

Businesses trading in the E&C reflect the area's diverse cultural population. Of 71 completed survey returns, 31 businesses classified themselves as BME owned, while 8 were white owned and 8 classified themselves as BME managed while 3 were white managed (ELP E&C Shopping Centre Survey July 2005).

BME businesses may be especially vulnerable to the effects of large-scale redevelopment. In part due to the traditionally low barriers to entry, retailing provides an opportunity for self-employment to ethnic minorities. According to the Global Entrepreneurship Monitor³, ethnic minority groups in the UK are twice as likely to start up their own businesses than their white British counterparts. There are many complex socio-economic reasons for this – partly connected to prejudice that ethnic minorities have faced in the wider market place, making them keen to be independent of such dominant structures. In addition, mixed communities contain groups of people with diverse demands and needs. Small shops will reflect this in their offering, for example, the Muslim population of Britain have to rely on small shops to purchase 'halal' meat, which is an essential practice in following their religion.

Niche markets are market spaces in which ethnic entrepreneurs have an advantage in trading with the mainstream population: for example, accessible open-all-hours convenience, the restaurant trade and the clothing trade.

Movement to new premises or a temporary site during the redevelopment period make have negative effects for BME traders reliant on niche markets (rather than specialist ethnic markets) because their custom is reliant on footfall and accessibility and customers may not follow the business to its new location, particularly if similar shops become more accessible or the new location would place them closer to competitors.

3. Support for Local Businesses

Southwark Council show their commitment to economic continuity for traders over the ten year regeneration programme with a package of support and assistance to

² Copisarow, R. & Barbour, A. (2004) Self-employed People in the Informal Economy: Cheats or Contributors? (London: Community Links).

³ Harding, R (2003), *Global Entrepreneurship Monitor UK 2003*, London Business School.

businesses: Shopping Centre Liaison Group (SCLG) as a consultative forum assisting businesses with a free business review and free legal and surveyor advice; Business Extra, a business support agency for local businesses; and the appointment of a Business Liaison & Regeneration Manager who will work with businesses on a one to one basis. In addition Southwark is establishing proposals for a council fund that will help businesses to relocate, offering grants or low cost loans.

While many of the support needs of BME businesses are shared with their white counterparts, there are also culturally specific issues that include language, religious and gender aspects which have implications for the way that business support is delivered if it is to be effective.

There is a need for policy makers to recognise the diversity that exists between BME groups and to re-evaluate the question of whether or not it is useful and/or appropriate to treat BMEs as a single category from a finance and business support standpoint. Women have additional issues to face, compounded for some by a lack of perceived credibility. This requires support agencies to tailor services to the range of needs among women, men and BME clients, to meet their specific needs, and to be more prepared to offer on-going support on an individual basis.

Studies⁴ show that the most significant and widely used sources of business support are family and friends, reciprocal relations among neighbouring businesses, and business associations and accountants.

Business support agencies are commonly perceived as inaccessible, unapproachable and providing services that are too generic, not tailored to specific needs. Often, what is needed is hand-holding, follow-up and outreach. Short term, output-led funding of many of these agencies militate against outreach, 'hand holding' and post start-up support. Few target provision to minority ethnic business. Minority ethnic representation amongst staff and on boards is generally low in both regeneration and business support agencies.

Lessons for business support agencies serving ethnic minority groups are: first, the need to be demonstrably sensitive to ethnic minority business needs, problems and opportunities; secondly, the need to be sufficiently aware of the diversity of ethnic minority business in order to provide appropriate and targeted business support and, thirdly, the need to have credibility in the eyes of ethnic minority businesses.

The appointment of an appropriately trained and experienced Business Liaison & Regeneration Manager will be important.

4. Maintaining trade at the shopping centre from now until demolition

The Programme does not propose demolition before mid 2009. The shopping centre has lost revenue and footfall as a consequence of the Dept. of Health's departure from offices in Hannibal House above the Centre. The Council accept that trading conditions must tend to become more difficult as final closure is approached. Active measures to maintain maximum shopping centre viability include: shopping centre owners, St Modwyns continue an active programme of management and new

⁴ *Supporting Ethnic Minority Business: A Review of Business Support for Ethnic Minorities in City Challenge Areas* Taner Oc and Steven Tiesdell, *Urban Studies*, Vol. 36, No. 10, 1723- 1746, 1999

lettings, including maintaining the exterior; The Council, shopping centre owners and the individual businesses work together for active promotion and marketing of the centre in a form designed to encourage customer loyalty.

Notwithstanding the efforts made to encourage customer loyalty, continued office movements and housing redevelopment will mean a declining local population, in turn affecting trading viability and footfall. As demolition approaches many retailers will be discouraged from committing to their operation in the centre.

The use of the Shopping Centre as a community space for all kinds of activities is to be encouraged, for example, local artist exhibitions, display of school projects, local history projects and so on.

5. Assisting businesses to transfer to new premises

Southwark Council is using its position as a local planning authority to require all new commercial, mixed-use developments to offer a proportion of their units to existing businesses at affordable rents; providing for 'stepped rents' to provide time for businesses to adjust to their new market circumstance and trading environment.

Premises: Locational choices for ethnic minority businesses may be more restricted where they need direct access to a co-ethnic market. In general, however, the needs of ethnic minority businesses for premises are similar to those of all businesses: affordable rent, location with good footfall, favourable lease terms, right size and affordable capital cost as well as good access, transport and road systems that are fully operational at the time of the relocation.

Evidence from two shopping centre developments highlights the possibilities of affordable space for traders:⁵

At Castlemilk Shopping Centre, Glasgow, the centre operator was willing to negotiate on rent levels, offering 'tapered' or 'stepped' rents or rent-free periods, which reduce the rates needing to be paid on vacant units and with service charges offsetting rent losses to an extent.

At Bradbury St, L.B. of Hackney, kiosk units have proved popular with modest local retail businesses looking to set up with minimum overheads. The kiosks consist of 30 sq. m. prefabricated units, with a folding hatch at the front that creates either a window display or counter. There is an inbuilt 'failure clause', which allows tenants with failing businesses to get out quickly before debilitating debts are incurred. Conversely, if businesses do well, the owners can 'step-stone' into the commercial world by renting one of the shops. In addition, taken together, the kiosks create a striking mini-marketplace for the local community. Their modular prefabrication means they can be replicated as developments move forward on the new civic square.

6. Conclusion

⁵ 'Retailing, Sustainability and Neighbourhood Regeneration' by Michael Carley, Karryn Kirk and Sarah McIntosh for Joseph Rowntree Foundation 2001.

The programme for the demolition of the shopping centre will destroy the local retail base at the Elephant & Castle, albeit to replace it with something better over time. This means that, effectively, traders will be closing down or re-locating to another area to start again with the possibility of facing increased competition from already well-established businesses and, potentially, out of reach of current customers. This is a painful process. All that Southwark Council can do is to use what powers it has to ease the process by providing business support, the provision of alternative units at affordable rents, and loans or small grants to assist with relocation expenses. While not a panacea, this will offer some useful assistance to those independent traders and stallholders who are adequately resourced and have the financial wherewithal to take up this offer, as well as to survive a period of disruption and uncertainty as footfall and the trading viability of the shopping centre diminishes as it nears demolition. More marginal businesses will be unlikely to survive the transition unless they are able to reinvent themselves elsewhere.

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For further information see the following Reports commissioned by the Regeneration Team for EXPERT ADVICE AND SUPPORT TO SOUTHWARK COUNCIL'S EQUALITIES IMPACT ASSESSMENT PROCESS:

Local Economy Part 1: Retail

Local Economy Part 2: Enterprise and Employment

Local Economy Part 3: Social Groups