

Item No. 19.	Classification: Open	Date: 12 September 2023	Meeting Name: Cabinet
Report title:		Response to Education and Local Economy Scrutiny Review: Impact of Cost of Living Crisis on Businesses	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Martin Seaton, Jobs, Skills and Business	

FOREWORD - COUNCILLOR MARTIN SEATON, CABINET MEMBER FOR JOBS, SKILLS AND BUSINESS

It is vitally important that we support businesses across the borough during this time of need, and we are committed to investing in our town centres and high streets to do just that. We welcome the recommendations of the Education and Local Economy Scrutiny Commission, which emphasises the need to support local businesses through the cost-of-living crisis.

We are very proud of our flagship Southwark Pioneers Fund (SPF), which is helping those wishing to start or grow their business. The next strand of the SPF will help our everyday high street businesses to reduce CO2 emissions and become more efficient with their resources.

Thriving Town Centres and High Streets are key to our Economic Strategy ambitions and we will continue to invest in relationships with large and small businesses, both directly and through key business networks including our successful Business Improvement Districts.

We launched our Thriving High Streets Fund to invest in all of Southwark's high streets and we recently awarded more than £135,000 to six projects in the first phase. These projects will make a positive contribution to help local small and medium-sized enterprises thrive and to make our high streets more inclusive, particularly for low income and Black, Asian and minority ethnic communities.

We will continue to provide support for innovation in our borough and improvements to our local areas, securing new affordable workspace for start-ups and small businesses where it is most needed.

I am proud of the work we have done so far and look forward to working with the team to support our business further and let them know that the council is on their side and has so much to offer for helping our local economy to thrive.

RECOMMENDATION

1. That the cabinet approves the response to the Education and Local Economy Scrutiny recommendations on the review of the cost-of-living crisis on business, as set out in paragraphs 4 to 35.

BACKGROUND INFORMATION

2. The Education and Local Economy Scrutiny Commission report - Review of the cost-of-living crisis on businesses, was received by cabinet on 13 June 2023 (agenda item 23). Seven recommendations were made. This report sets out a response to each recommendation.

KEY ISSUES FOR CONSIDERATION

3. The recommendations set out in the *Report of the Education and Local Economy Scrutiny Commission: Review of the cost-of-living crisis on businesses* impact on various departments of the council. As such, relevant service areas have contributed to the response set out in this report.
4. **Recommendation 1** - That the cabinet ask officers to review the access and support for small businesses through the council website whilst also ensuring that the support is widely publicised in the business community; and also that the cabinet look at organising, promoting and setting up workshops and networking events to help small businesses.
5. **Response to recommendation 1** - In line with the Council Delivery Plan (CDP) commitment to “Back Southwark residents to start more businesses, co-operatives and social enterprises,” the council launched the Southwark Pioneers Fund (SPF) in September 2022. The SPF offers business advice, guidance and financial assistance to anyone with a business idea, through to founders with an established micro enterprise, to reach their full potential. Support includes workshops and networking events to help businesses to develop and connect with each other.
6. Officers regularly review our business support offer on the council website, and we also send a monthly e-newsletter to over 12,000 businesses and community groups, providing a wealth of up-to-date information on business support programmes available both locally and pan-London. All support programmes are communicated to the Federation of Small Businesses and Southwark Chamber of Commerce so that their members can access appropriate opportunities.
7. As part of our Town Centres and High Streets programme, the council is organising a series of local business engagement events to find out what local businesses want and need to survive and thrive. These events are also an opportunity to showcase the wider business support on offer to SMEs generally.
8. Southwark has five Business Improvement Districts (BIDs) and numerous

local networks that work together to support their local area. The council is working hard to encourage and support local networks in town centres and help businesses to work collaboratively to boost local activity. By way of example, we are currently supporting the Elephant & Castle business forum to explore a Business Improvement District (BID) which includes Walworth, and we are working alongside Tree Shepherd to launch a new Peckham business forum in autumn 2023.

9. **Recommendation 2** - That the cabinet review the council's role in the hospitality sector and act as liaison to help bridge the hospitality skills by connecting young people and the community to academies run by the sector; and also extend support in hiring apprenticeships.
10. **Response to recommendation 2** – As a central-London borough, Southwark is home to a diverse and thriving hospitality sector, catering to a wide range of tastes and enjoyed by residents and visitors alike. Despite continued strong employment growth in the sector, large recruitment and skills gaps still exist. The sector also has a poor reputation, with many citing low pay, long hours and a lack of opportunities for progression as reasons not to pursue a career in hospitality. Despite this negative perception, many good jobs and careers exist within the sector, but awareness of these and of the pathways into them is lacking. These issues of reputation and awareness sit alongside an issue of provision, with the local skills offer currently unable to meet the sector's demand for skilled labour.
11. The need for intervention within the hospitality sector is something that has been identified as a priority by the Southwark Skills Partnership and is recognised within the Southwark Skills Strategy delivery plan. Our objectives are to: raise the profile of the hospitality sector locally; increase awareness of the employment and training opportunities available locally and of the pathways to them; improve and increase capacity for hospitality skills provision locally to provide new pathways to hospitality jobs locally.
12. To do this, we are looking to establish a Hospitality Skills Centre in Southwark (a CDP milestone), designed and delivered in partnership with sector specialists, to improve and increase capacity for good quality hospitality skills provision within the borough. A potential site has been identified and we are currently in the process of assessing the viability of the skills centre at this venue.
13. In the interim, we will continue to work alongside Lewisham Council to support the Mayor's Academies Hospitality Hub at Lewisham College with the design and delivery of its activities, working with employers to formalise the regional skills response, provide work-based training and employment opportunities, and inspire residents to work in the hospitality sector.
14. **Recommendation 3** - That the cabinet review the cabinet member for jobs, business & town centres portfolio for the coming municipal year to provide clear remits as it currently does not include business rates; this is to avoid businesses reaching a crisis point due to being unable to afford increase in

business rates.

15. **Response to recommendation 3:** The council is not responsible for setting business rates, which is done centrally via the Valuation Office Agency (VOA). In lieu of any potential changes to portfolio remits, the respective portfolio holders (and local economy and business rates teams in particular) will continue to work together to provide wider support to local businesses, signposting to relevant programmes or business rate relief schemes to help them with economic challenges including business rate rises.
16. **Recommendation 4** - That the cabinet look to review and invest more in the council's governance and on-site management structure for support to Local Businesses especially Street Markets; this could be achieved by appointing business liaison officers to help organise night markets, historical and cultural festivals; and a local trader to be involved in managing the site, as a co-operative manager working with the on-site council management; and also that the council carry out quarterly reviews on the progress of the above mentioned initiatives.
17. **Response to recommendation 4** - We are committed to delivering the CDP target of encouraging the expansion of street markets across Southwark. To achieve this the Council's in house markets and street trading service is already supporting market traders whether it be the work being undertaken in collaboration with Big Local Works/Bermondsey BID in relation to the Blue market or working with Southwark Association for Street Trading (SAST) to develop East St. market. We have been supporting the Blue market to enable them to deliver a variety of events and are supporting East St. Community/SAST in developing a thriving high streets fund bid focused on governance, branding and promotion through continued engagement and events. The service has also supported the introduction of a market at Maddock Way through working with the tenant resident's association. The service also supports community event organisers through the licensing of market stalls, for example the Queer Arts Fair held in Peckham last summer which was a great success and the more recent Akwasidae Festival on Camberwell Green which was well attended this summer.
18. **Recommendation 5** - That the cabinet look at utilising the benefits of central areas of successful businesses like Blue Bermondsey and Elephant by providing Community Infrastructure Levy (CIL) money for Local Street Markets in the year 2023-2024.
19. **Response to recommendation 5** - The strategy for future rounds of CIL allocations is currently under discussion and a delivery programme has not yet been determined. Any future CIL strategy will consider the allocation criteria, community engagement, process for developing projects and decision-making processes. Officers will be bringing forward a report to cabinet towards the end of 2023 that will make proposals on aligning the approach to the CDP commitment on thriving neighbourhoods. Any

application for CIL for Local Street Markets will need to follow the process and timeframes approved through the future cabinet report.

20. **Recommendation 6** - That the cabinet ask officers for an action plan to outline how the LAP seeks to use its repayable capital to develop a local community asset or assets for long-term public benefit that could provide a low-cost environment for the social economy to operate and scale in ways that commercially owned real estate cannot. It is important that this action plan contains a timeframe for delivery, along with key milestones and that there are periodic updates to this commission to monitor progress.
21. **Response to recommendation 6** – The Southwark Local Access Partnership (LAP) is a partnership led initiative steered by a Partnership Board that includes the council as part of the strategic decision-making committee. The LAP has a budget of £1.4m to be used for enterprise development support (for socially minded enterprises), commencing in autumn 2023. A further £4.4m (£2.625m repayable capital, £1.85m grant capital) is available for investment and proposals are being developed in relation to an Asset Trust model to ensure that the funding delivers the most appropriate long-term investment solution for Southwark’s social economy.
22. Key next steps to be taken in the coming months include: (1) Asset Trust Workshop - working with a facilitator to determine the key requirements, governance, organisations and board members required to register an asset trust. Following this, we will be able to begin registration of the community asset trust. (2) Recruit Fund Manager - engagement with Resonance social impact property fund manager for advice and potential ongoing support in line with their 'impact labs' initiative through which they develop community assets. Securing a fund manager to support the alignment with our LAP funding providers is another key step. (3) Asset Identification - working with our Users and Influencers and Enterprise Development Partners to prioritise the key assets required by Southwark's minoritised and female-led organisations. Identify potential assets through our community partners & stakeholders, working with our fund manager to review, plan and secure potential assets.
23. Officers will ensure that the commission is kept updated on LAP progress in regard to the Asset Trust development and a more detailed action plan will be provided once fully developed by the LAP coordinator.
24. **Recommendation 7** - That the cabinet commission the council to devise a charter similar to the Schools Inclusion Charter whereby businesses that are important community/cultural assets, can apply for and be granted 'Heritage Business' status; therefore enabling them to access additional support, CIL money, protection from eviction and/or appropriate mitigation measures from any detrimental impacts associated with regeneration or other policies such as changes to parking. The charter could consider the wider impact and value that businesses which are owned or managed by under-represented groups such as women and Global Ethnic Majority groups have on the local economic area including employment.

25. **Response to recommendation 7** – The motivation behind the recommendation to establish a charter on heritage business status is recognised. However, a wide range of support mechanisms for protecting local businesses from the possible impacts of development already exist. These include:
- Planning policy protections set out on the Southwark Plan
 - Provision for affordable workspace
 - Safeguards for tenants of the council commercial properties
 - Support for businesses through council initiatives such as the SPF
 - Support for arts and culture organisations
 - Support for community based organisations.
26. The Southwark Plan 2022 (P33) recognises that small and independent businesses and small shops are a vital part of the prosperous local economy in Southwark and are made up of a wide range of innovative and inspiring enterprises, helping to boost local employment and the distinctive character of local neighbourhoods.
27. Where existing small or independent businesses or small shops may be displaced by development a business relocation strategy, written in consultation with affected businesses, must be provided. The business relocation strategy must set out viable relocation options to ensure that any existing businesses are carefully considered in redevelopment schemes, either to be re-provided where phasing allows, or to be relocated in Southwark to ensure the borough retains its local talent, culture and commercial creativity.
28. Ongoing Area Character studies will identify local landmarks, many of which are local community/cultural assets. The consultation undertaken as part of the study often reveals which local community/cultural spaces are of particular importance to local people. The study also highlights where there are potential improvements (such as to transport and public realm) that if invested in (e.g. via CIL funds), would be of benefit to local businesses. Current policy means that CIL funds cannot be targeted at businesses specifically as such funds can only be used for wider infrastructure purposes.
29. The Southwark Plan also contains various provisions in regard to Affordable Workspace (P31). For example, where existing small and independent businesses are at risk of displacement from a development there should be full consideration of the feasibility of providing affordable and suitable space for existing occupiers in the completed development. In developments proposing 500sqm GIA or more employment floorspace must, among other things:
- Prioritise affordable workspace for existing small and independent businesses occupying the site that are at risk of displacement. Where this is not feasible, affordable workspace must be targeted for small

- and independent businesses from the local area with an identified need; and
 - Collaborate with the council, local businesses, business associations relevant public sector stakeholders and workspace providers to identify the businesses that will be nominated for occupying affordable workspace.
30. Whenever regeneration plans are being developed in respect of properties owned by the council, we would always consider existing commercial tenants and their historical and cultural heritage to ensure they are retained locally wherever possible. An example is Peckham Palms, which was created by the council to accommodate displaced local businesses impacted by redevelopment.
31. Aside from redevelopments, we aim to be flexible with council tenants where appropriate and help local businesses which are deemed to add community or cultural benefit. Part of this is to refer them to relevant business support programmes, such as the SPF or LAP. However, we have policies in place (see para 38) which dictate that market rents are charged, and the council is under a fiduciary obligation to collect those rents. Leaving failing or unviable businesses to continue in premises presents risks and, amongst other things, blocks up churn in the portfolio, which might act to exclude the very tenants who run the 'heritage' businesses of tomorrow.
32. In terms of wider business support, the Southwark Pioneers Fund is targeted at underrepresented groups in business and those with less than 10 employees (micro businesses). The SPF Growth programme is open to any existing business wishing to develop their business for future viability and growth – this includes businesses struggling with the current extreme economic circumstances. Grants of up to £10,000 are available to a small number of businesses who would benefit most, including those with a historical or cultural heritage.
33. Support for the borough's creative sector businesses is available via the council's Culture Together Grants programme: grants can include an allocation of funding towards core costs, such as business overheads associated with project activity. Creative and cultural businesses seeking premises can register their requirements on the council's Space Register, which is consulted by Sustainable Growth officers when opportunities for meanwhile or longer-term tenancies arise in developments. The council's culture team has recently launched the [Southwark Creatives Directory](#), offering creative freelancers based in the borough the chance to promote their work and serving as a resource to encourage businesses to employ local talent. Leaders of creative organisations are also supported with networking opportunities in the form of the Creative Network Southwark and quarterly roundtable meetings with the Cabinet Member for Leisure, Parks, Streets & Clean Air to ensure the needs and challenges of creative businesses are understood
34. For Voluntary and Community Sector (VCS) organisations, the council's

Common Purpose grants offer funding for services that support Southwark's diverse communities to be more resilient, resourceful, happier and healthier. Grants are available to VCS organisations to meet the overarching aims of the Common Purpose programme to bring Southwark's diverse communities together, tackle social exclusion and promote a greener borough.

35. The adoption of a charter is therefore not recommended as it would create an additional administrative burden while doing little to add to these existing protections and support mechanisms.

Policy framework implications

36. The Council Delivery Plan (CPD) has the following related commitments and milestones:
 - i. Back Southwark residents to start more businesses, co-operatives and social enterprises.
 - ii. Provide extra support for entrepreneurs who are underrepresented in business, including women, Black, Asian, minority ethnic and disabled people.
 - iii. Grow a network of start-up hubs rooted in our communities
 - iv. Establish a new Hospitality Skills Centre.
 - v. Encourage the expansion of street markets across Southwark.
37. The Southwark Plan (2022) is our Local Plan. It was adopted by the Council Assembly on 23 February 2022. It sets out the vision, strategic objectives and policies for development in Southwark for the period 2019 to 2036.
38. The Asset Management Plan for the Commercial Property Estate (2016) and the Corporate Asset Management Plan (2021) outline the central strategy for the management of the council's non-dwellings property holdings.
39. The council's forthcoming economic strategy 2023-30 sets out how we will shape a greener, fairer and more resilient economy. Among other things it will also be an economy where our high streets are supported to continue providing the essential goods and services residents rely on, and smaller established businesses are better able to face current and future economic pressures, such as rising land values and costs.
40. The Voluntary and Community Strategy for Southwark sets out a vision of thriving community organisations that better meet the needs of our residents. It was developed in partnership with the local VCS and Southwark Clinical Commissioning Group in 2016.

Community, equalities (including socio-economic) and health impacts

Community impact statement

41. The Education and Local Economy Scrutiny Commission report recognises the impacts of the cost-of-living crisis on local businesses. There are no community impacts arising from this report, but consideration will be given to any specific recommendations to be taken forward.

Equalities (including socio-economic) impact statement

42. The Education and Local Economy Scrutiny Commission report acknowledges the impacts of the current extreme economic circumstances, especially for Global Ethnic Majority-led businesses. The council is committed to tackling the inequalities experienced by people in business and our business support programmes are designed to be accessible to enterprises led by people from Black, Asian and minority ethnic backgrounds, women, disabled people and young people. Monitoring is in place to ensure that this support is targeted accordingly.

Health impact statement

43. There are no direct health impacts arising from this report.

Climate change implications

44. None applicable.

Resource implications

45. There are no additional resource implications arising from this report.

Legal implications

46. None applicable.

Financial implications

47. There are no new direct financial implications arising from this report. Responses to the recommendations set out current council processes and activities which are contained within existing budgets. Any new actions required as a result of the recommendations will be explored, developed and appropriate funding identified. Further reports will be put forward as required for approval.

Consultation

48. The Education and Local Economy Scrutiny Commission consulted a range of stakeholders including market traders, businesses, BIDs, Federation of Small businesses (FSB) and the LAP, as part of their cost-of-living review.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

49. Not applicable

Assistant Chief Executive, Governance and Assurance

50. Not applicable.

Strategic Director of Finance (FC23/003)

51. This report is requesting the Cabinet to note the response to the Education and Local Economy Scrutiny recommendations on the review of the cost-of-living crisis on business, as set out in paragraphs 4 to 34.
52. The strategic director of finance notes that there are no new immediate financial implications arising from this report and notes other comments in the financial implications.
53. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Report of the Education and Local Economy Scrutiny Commission: Review Impact of the cost-of-living crisis on businesses	Southwark Council Website	Amit Alva Amit.alva@southwark.gov.uk
Cabinet report template 2012 (southwark.gov.uk)		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Martin Seaton, Jobs, Skills and Business	
Lead Officer	Caroline Bruce, Strategic Director of Environment, Neighbourhoods and Growth	
Report Author	Matthew Little, Principal Strategy Officer	
Version	Final	
Dated	31 August 2023	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Assistant Chief Executive, Governance and Assurance	Yes	Yes
Strategic Director of Finance	Yes	Yes
Director, Planning and Growth	Yes	Yes
Director of Environment	Yes	Yes
Head of Sustainable Growth	Yes	Yes
Head of Culture	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		31 August 2023