

REVIEW C: LOCAL COMMERCE, EMPLOYMENT, SKILLS & JOB CREATION

Committee name	Corporate Services, Commerce & Communities Policy Overview Committee
Officer reporting	Nigel Cramb, Partnerships & Business Engagement Manager
Papers with report	None

HEADLINES

This report provides the Committee with information on the Committee's meeting in October, and background information for the witness session that will take place at this meeting.

The witnesses that will be attending this meeting are Mr Mike Langan, Chairman of Hillingdon Chamber of Commerce, and Mr Jonathan Seymour, Treasurer of Hillingdon Chamber of Commerce.

RECOMMENDATION

That the Committee note the evidence heard at the witness session.

SUPPORTING INFORMATION

At the last meeting, the Committee heard evidence from Dr Darrell DeSouza, CEO and Group Principal at HCUC, and Mr Neil Impiazzi, Partnership Development Director at SEGRO. The meeting focused on how educational facilities and qualifications were increasingly used to provide employers with a skilled, job-ready workforce, and students with a clear route to technical employment. The Committee also heard from SEGRO, one of the Borough's biggest providers in employment facilities.

Small Business

Whilst SEGRO tends to provide facilities which host large commercial enterprises, (companies employing more than 250 employees are classed as large), the bulk of Hillingdon's economy is made up of micro, small, and medium-sized enterprises. As well as making up the majority of Hillingdon business, they are also the largest employment providers.

Table 1, detailed below, highlights the structure of Hillingdon's business sector:

Business description	Number of Employees	2018 figure
Micro (0-9 employees)	0 – 9	13,035
Small (9-49 employees)	10 – 49	1,675
Medium (49 - 249 employees)	50 – 249	605
Large (250+ employees)	250+	105
Total		15,315

Hillingdon Chamber of Commerce

This witness session focuses on the Borough's small and medium enterprises, and the Committee will be hearing evidence from Mike Langan, Chairman of Hillingdon Chamber of Commerce, and Mr Jonathan Seymour, Treasurer of Hillingdon Chamber of Commerce, on both the work of the Chamber and some of the challenges faced by the Borough's small business sector.

The Chamber representatives will also be talking about the support the Borough's small businesses can expect from the forthcoming local supply chain initiative, which Mr Impiazzi discussed at the Committee's last meeting on behalf of SEGRO.

In addition to the Chamber's other activities and events supporting the Borough's business sector, the Committee will also hear about the annual Hillingdon EXPO – a unique, free event that brings together Hillingdon businesses and encourages networking, collaboration and trading. The sixth annual event, scheduled for May 2020, is now being organised by the Chamber with support from the Council, Brunel University and a range of Hillingdon businesses.

Town Centre Improvements

One of the ways the Council actively supports the Borough's small business sector is via its town centre improvement and shop front grants schemes. These have been successfully delivered in various parts of the Borough, including Ruislip Manor, Harefield and Hayes.

The appearance and quality of shop fronts are vital for attracting customers in and around town centres, increasing sales and investment, and contributing to the unique character and vibrancy of the local parade.

Since first piloting in Hayes Town Centre in 2011, Hillingdon Council's Shop Front Grant Scheme has gone from strength to strength, and with over 227 small independent businesses now benefitting, the scheme is widely regarded as one of the most successful of its kind in the UK.

High streets are more than just centres for retail. They are where residents, across all age groups, may live, work, access a wide range of goods and services, and socialise. The appearance and quality of shop fronts are vital for attracting customers, increasing sales and contributing to the character and vibrancy of high streets.

For small businesses, the shop front grant and professional design advice provides a practical and economical way of attracting new customers and boosting takings. The scheme has now been rolled out concurrently within Ruislip Town Centre and local parades at Kingshill Avenue and Hayes End, Uxbridge Road, with some further 80 – 90 small businesses expected to participate over the next thirty months, up to March 2020.

Business Start-Ups

At the Committee meeting held on 18 June 2019, information was considered relating to business start-ups in the Borough. Arising out of this discussion, Members asked for an update further into the review, and whether information was available on business failures. The following section outlines this information.

Business start-ups in Hillingdon remain consistent, and Table 2, detailed below, sets out the latest information available.

Table 2: Business Start-Ups in Hillingdon (Data to August 2019)

Date	Start-ups in Hillingdon	Limited Companies	Sole traders / Partnerships	Non-profit organisations	Start-ups across London
March 2019	212	177	28	7	7,799
May 2019	206	169	34	3	7,617
August 2019	196	159	29	8	6,095

On average, limited companies account for approximately 82% of all start-ups, with sole traders being 13.3%.

In Hillingdon, 196 new businesses started up in August 2019; thirty fewer than the previous month, and four fewer than in August 2018. West Ruislip ward saw the most start-ups, while Harefield ward saw the least.

Hillingdon accounted for 3.2% of all start-ups across London.

Year to Date Achievement (to August 2019)

There were 1.7% fewer business start-ups in Hillingdon during the first eight months of this year, compared with the corresponding period of last year, according to the latest data from a BankSearch survey. This growth rate ranks Hillingdon at 189 out of the 326 English districts.

The top three sectors, accounting for approximately 64% of start-ups, are:

- Real estate, professional and support services;
- Wholesale and retail; and,
- Construction

Business Survival

According to the Small Business Association (SBA), 30% of new businesses fail during the first two years of being open, 50% during the first five years, and 66% during the first ten.

The figures below, detailed in Table 3, broadly corroborate these findings, although the two-year survival rate in Hillingdon appears slightly stronger.

Table 3: Business Survival Rates in Hillingdon

Year	Start-Ups	Survival Rates				
		1 Year	2 Year	3 Year	4 Year	5 Year
2011	1,520	1,445 (95.1%)	1,165 (76.6%)	925 (60.9%)	770 (50.7%)	690 (45.4%)
2012	1,495	1,380 (92.3%)	1,110 (74.2%)	895 (60%)	780 (52.2%)	-
2013	1,920	1,795 (93.5%)	1,440 (75%)	1,175 (61.2%)	-	-
2014	2,075	1,935 (93.3%)	1,600 (77.11%)	-	-	-
2015	2,310	2,105 (91.1%)	-	-	-	-
Average	1864	93.06%	75.72%	60.7%	51.45%	45.4%

Reasons for Business Failure

Business start-up and survival rates in Hillingdon are broadly comparable to those of some surrounding Boroughs, for example, Richmond, Harrow and Hounslow are in keeping with sector indicators from organisations such as the SBA.

If business survival rates at year two in Hillingdon are compared against the SBA figures, Hillingdon's survival rates are higher, i.e. we have in excess of 70% businesses surviving, compared with the national average of 70%.

Similar figures are reported in Richmond, Harrow and Hounslow, which points to a strong economy across the West London region.

There are no local / regional studies available to explain why businesses fail, but it is noted that the first five years in a business' life are the most risky. In fact, indicators suggest that 50% of all business start-ups will fail within this period.

Anecdotally, there are a number of reasons why businesses fail within the first five years of their inception:

- No proven business case / starting for the wrong reason
- Lack of proper business planning
- Poor choice of location
- Lack of management capacity
- Lack of cash flow
- Minimal use of technology
- Underestimating the competition

From the available statistics, on average, a total of 1,864 businesses start up in Hillingdon each

year (i.e. commence trading). This makes for a thriving economy, if at least 50% survived and continue to grow.

Terms of Reference

The following Terms of Reference were agreed for the review:

1. *To consider the current local economic environment, and better understand the implications of new developments and initiatives in Hillingdon;*
2. *To examine where Hillingdon Council is currently performing within the regional economic picture and identify any gaps or weaknesses or areas for improvement;*
3. *To consider the future of the Council's economy and its local residents, with a focus on education, skills and youth employment to understand their impact on the Borough's economy and identify any gaps or weaknesses;*
4. *To explore the work that is being taken alongside partners, the Chamber of Commerce, and local businesses, to ensure the local economy remains strong and identify areas for action or improvement; and,*
5. *Subject to the Committee's findings, to make any conclusions and/or recommendations to the Cabinet to strengthen the local economy, that are cost-effective and through existing partnership arrangements.*

Implications on related Council policies

A role of the Policy Overview Committees is to monitor the performance of Council services and make recommendations on service changes and improvements to the Cabinet who are responsible for the Council's policy and direction.

Financial Implications

None at this stage.

Legal Implications

None at this stage.

BACKGROUND PAPERS

NIL.