### Making Hackney Work for You! Business Conference

Thursday 9<sup>th</sup> May 2019.

Time: 2-4pm

Venue: Plexal, Here East, Queen Elizabeth Olympic Park, London E20 3BS

This event was a panel presentation and discussion with an audience from the business community. The conference commenced with an exhibition of regulatory services for business owners to engage with and learn more about the support and services the Council has for local businesses operating in the borough.

- Area Regeneration
- Business Engagement
- Trading Standard
- Licensing
- Environment Health
- Procurement
- Business rates.

## 1. Introduction by Cllr Coban - Chair of Skills, Economy and Growth Scrutiny Commission

The borough has experienced significant growth and prosperity in the last 10-15 years. Although there has been this growth and prosperity; it is equally important for local people who have been part of this community over this period of time to have a role in the growth and for local businesses to have a say in how to shape the future of Hackney's local economy.

The scrutiny commission is an independent body that holds the council's decision makers to account. However there are times when we work in partnership to achieve a common goal. For the development of the council's inclusive economy strategy the scrutiny commission is conducting a review that will contribute.

The purpose of the conference is to hear the views of local businesses and talk about how the future can be shaped together.

HereEast is located in Hackney borough and the Chair and Mayor of Hackney thanked Plexal for hosting the event.

# 2. Mayor of Hackney Phillip Glanville (Inclusive economy Council's vision)

The council is changing how it thinks about growth and their business relationships. Hackney's story shows huge amounts of transformation, not only in Hoxton, Shoreditch and Hackney Wick but across the whole borough.

The population has grown by a 3<sup>rd</sup> since 2001.

Between 2010 -2015 there was a 41% increase in businesses in Hackney. At 2019 this increased to 60% compared to 13% in London.

Hackney is a part of a changing East London economy and the region is considered to be the engine of economic growth across the capital. But Hackney is different to other areas like Canary Wharf.

The difference is in Hackney 90% of the businesses are SMEs and a real asset. This make the work that they need to do in Hackney different and the boroughs growth different to other areas in the capital.

There is a level of resilience in the borough because Hackney's economy is not based on one sector. There is a collaboration between the different sectors which makes Hackney special and the council wants to work alongside this. The challenge with pre-existing growth is the level of benefit it has brought for resident and existing businesses. There have been conversations about whether this growth is filtering down to the whole community.

The council is thinking to think about what this will mean for the next 10 years in terms of shaping economic growth and the opportunities. The Council will outline its vision for the future economy. The key aim is to demonstrate that opportunities are filtering down to the young and old. The council also wants to make sure the different communities in the borough have the resources they need to take part in that new economy and deliver quality jobs.

The feedback from the session with BME businesses was welcomed by the council. The question being asked is 'can they set up their businesses, grow their businesses do they feel confident to do that? Is the economy supporting business particularly BAME businesses?' The council is open to having dialogue with all types of businesses large and small which includes the market trade businesses too.

Equally for existing businesses the question is 'do they feel the council is on your side?' The council wants all local businesses to feel they have the tools to contribute to the local economic success.

The Council's inclusive economy agenda is not just about growth and opportunity but also about embedding and changing how the council interacts with the economy and having a different approach to procurement.

The Council is keen to lead by example to help influence changes and is developing its agenda around poverty and inequality. One of the ways the council is trying to address this is through how they recruit. For example the council's corporate apprenticeship programme brings together recruitment for all apprenticeships in the council. This has created greater consistency, pays the London living wage and provides pastoral support to apprentices. All apprentices are local residents and apprenticeships are available across many different functions of the council. In 2 ½ years the number of apprentices in the council has tripled. Following the success of the council's own scheme the council is in dialogue with business about setting up apprenticeships.

The council is leading the set-up of an apprenticeship network. Creating a network of peers to share the lessons learned by the council and consider how SMEs can engage and develop apprenticeships. In this work they will think about how they can draw down the levy and how to pool their levy to keep more of the funding in Hackney borough for residents. This network will be between the council and business with the aim of delivering for our residents.

The Council has its Hackney Works programmes which has been transformed from a traditional job brokerage service to a front line service. This service has 3 hubs with a very aspirational approach to recruitment whilst still working with those who are distant from the job market. A key aim of this service is to reduce in-work poverty.

The history of economic growth in London shows huge amounts of job creation with more people in the borough in employment. But this is alongside an increase in in-work poverty. The Hackney Works service was changed to also help residents take that next step out of in-work poverty. It also focuses on graduate underemployment. This is all in addition to a service offer around supported employment to help those leaving care, the justice system and those with an intersectional disability. The Mayor of Hackney encourages local businesses to work with the Hackney Works service provision.

There is the physical side to transformation in the borough e.g. neighbourhoods and Town Centres. The council has a good track record for planning and aims to make sure business space is protected. Efforts have been made to ensure commercial properties have not been turned into poor quality residential properties. The council is transforming its approach to area based regeneration looking at how it manages and grows the town centres. The economic regeneration team has been reorganised to meet this priority.

The Council has listened to local businesses about affordable workspace and recognises that 80% of the market value for rents in Shoreditch is still unaffordable. In the Council's Local Plan (LP33) for new work space created they have rent caps to protect the new creative economy in Hackney Wick. The council is altering the way affordable work space is treated in the local plan by embedding affordable work space in developments to protect employment space in our local plan.

The council proposes to use its own assets to work by using buildings that are part of the economy and where possible opening them up as affordable workspace with local businesses shaping the affordable workspace offer and partnering with the voluntary sector. The council

also wants to make sure there is access for local residents. The hub being created in Hackney Wick will also give access to young people bridging that gap between the 2 economies in Hackney Wick.

The council is reviewing how to buy more locally. The Hackney business network is developing the landing pad and launch pad to make the network more accessible. There are a number of services wanting to engage with local businesses.

The Mayor of Hackney advised the council wants a positive story and strong strategy. If this strategy is wrong it will be a story about investment, displacement and businesses coming to the borough but not contributing to the people. If the strategy is right it will provide a real opportunity in Hackney to be innovative and display economic growth with social justice. An inclusive economy.

## 3. Panel Presentation, Discussion and Q&A

The panel members were:

- Orleans Duncan and Grace Graham from Hackney Federation of Small Business (FSB)
- David Bent London Prosperity Board
- Julie Hutchinson East London Business Alliance (ELBA)
- Andrew Roughan Plexal.

#### 1 Julie - East London Business Alliance (ELBA)

ELBA is a charity and was established in 1989 and has been operating for 30 years in East London. The main ethos of ELBA is to design and manage partnerships between businesses and community organisations – partnership working, cohesion and ensuring no one is left behind. Since the charity was established in 1989 Hackney has experienced significant change.

The majority of their clients are big corporates. ELBA connects their partners with community groups, Schools and VCS to work in partnerships. In this time ELBA has learnt that SMEs can be a greater force for good and it was easy to mobilize the SMEs.

They conducted a pilot project on behalf of the City with a big corporate organisation to look at how SMEs can add value to the Corporate Social Responsibility (CSR) agenda for a sustainable business responsible inclusive economy agenda. ELBA reached out to 300 SMEs to participate. They engaged 64 SMEs – design, law firm, marketing and tech firms - from a range of business backgrounds and mobilised 14,000 employer volunteers who engaged with the local community. ELBA acknowledged big corporates have big teams to work with on this.

93 individuals offered 450 hours of support through 21 interventions for 22 local organisations covering employability support in schools, colleges offering work experience placements, mental health insight class, decorating centres for old people centres etc. The range of activates was immense. This project demonstrated that while there is a different mechanism for engaging SMEs, the will, commitment and the belief is there.

In relation to employment and skills they are been doing work focused on in work poverty and how we help individuals stay in work. This covered the changes surrounding automation. It was highlighted that a number of low income families around East London are in roles that have changed considerable in the last 4 years. This topic is a good area for SME businesses to be involved and there is always a big corporate organisation trying to engage employers across this agenda in partnership.

Top tips for SMEs who wish to work in partnership with the community organisation to compliment or dovetail local strategies.

- 1. Use a broker speak to someone about how to really add value. Most organisations when developing a CSR strategy, citizenship strategy or local impact strategy, go for the obvious like youth unemployment apprenticeships etc. These are good areas but it can be a very congested market. Schools are already working with corporates. Working with a broker ensures your aspiration to add value and your support to the local community is directed to the people who really need it.
- 2. Align your impact with your niche or industry. The aim of this is not to cluster the market but to really add value.
- 3. Collaborate with clients or neighbours to ensure you are getting your business benefits. A number of big corporates do this work in collaboration with their clients. Work with your supply chain etc.
- 4. Allocate a person in your organisation to champion this.
- 5. Do not patronise, have respect. Have perspective and understanding. Align your aspirations with the community discovering mutual benefits
- Make CSR part of your business cultural. Annual campaign that is focused on 1 day.
   E.g. a day of giving or month of giving by big organisations. Expedia send 1500 people out every October into the community.

#### 2 Orleans and Grace – Federation of Small Business (FSB)

The Hackney branch of the FSB is led by a local business owner. The FSB is a conduit to direct local businesses to the right place for support services and has 180,000 Members in the UK.

The business owner Grace has a training company focused on leadership development. As a business owner she found no formal facilities for local business owners in the borough to network so started the Hackney branch of the FSB. The reason Grace chose to partner with the FSB is because the organisation has a pre-existing relationship with the Council. Its ethos is connecting business owners, councillors and the council.

Hackney FSB is now partnering with a business organisation (Allia Future Business Centre in East London) that has been operating for 45 years. This partnership is to help the Hackney FSB develop.

In their presentation about local businesses shaping the inclusive economy the Chair also asked the FSB to comment on the best way for the council to work with small business and to highlight what small businesses tell the FSB they want? The FSB made the following points and comments.

- 1. Create a business ecosystem for businesses in Hackney to link with each other once a month to share what they do and do business with each other. The aim is to grow this so they can do events like this on a big scale.
- Procurement is a key issue. Business owners say it is a mind field. Many businesses
  talk about the difficulty with trying to do business with the council. A lot of businesses
  need a lot of support from the FSB to get their compliance in order and get their business
  procurement ready.
- 3. There are few entrepreneurship programmes in Hackney for people on low incomes who wish to change their career or go into business for themselves. These programmes need to be better promoted to increase the number of people in business.
- 4. Have the FSB in attendance at all the events in the borough.
- 5. The Council does good work working with local businesses and takes a joined up approach.
- 6. The FSB has contact with approximately 50-60 businesses a month from different sectors across the East London boroughs. But Hackney is building a strong network, particularly Hackney Wick.
- 7. The challenges he has heard businesses talk about is co-working space, business rates, parking, taxations etc.
- 8. The borough has good business support services so it is easy to signpost Hackney businesses to support in the borough.
- 9. Hackney Council has a good team providing support to local businesses.

#### 3 Andrew - Plexal

In 2011 a vision was outlined to build a technology cluster using the infrastructure built for the Games. Assets like this typically would have been stripped after an Olympic games and turned into residential properties. HereEast is the legacy from the Olympic Games that has been set up with the aim of driving change and inclusion both locally and nationally from this campus. The campus was given a 200 year lease.

The heart of this vision was to be more than just custodians of the legacy and provide economic outcomes for the few; but their vision was about social regeneration, increasing the vista of opportunities for local people and increasing opportunities whether that was employment or educational opportunities.

The vision was to deliver a cluster of organisations starting with academics – bringing in high end academic research – large enterprises, innovators and large data groups. The aim was for the groups to help each other to grow, form synergies and collaborate in the same space.

The campus estimated it would employ approximately 5,300 people. What they underestimated is that some of the jobs would be imported jobs as the organisations moved in. After bringing the companies into the campus they have worked with them to engage with the local community, internships, apprenticeships and school programmes.

There was a report called Hackney Wick Through Young Eyes which was a project commissioned with shocking content. Here East has developed through its phases but the report publishing the views of young people in Hackney Wick questioned the achievements of the legacy. Although this provided some challenge it also presented some opportunities too. There was a challenge about the local employment opportunities for young people.

HereEast recently hosted the Hackathon event and partnered with Barclays. They had just over 100 young people talking about what can be done to tackle this challenge. HereEast and Plexal are part of the local community and the only divide is the River Lea. They have organisations who are keen to be part of the local community through work placements, internships, apprenticeships and engagement activities. They have an education programme for businesses to show them how to use the apprenticeship levy. Plexal has engaged in activities around social inclusion both locally and nationally. They are working in partnership with a charity called My Life My Say. This activity is about identifying 100s groups and helping them effect change, either through technology products or through initiatives that cause economic improvement for community groups.

Plexal and HereEast see themselves as a conduit for big businesses to cause change in the local community. HereEast and Plexal wanted local businesses to see the camps as an open community to hold sessions on initiatives like social responsibility and work with the local community to make a difference to young people and underrepresented groups.

HereEast and Plexal are sister companies and intrinsically linked in terms of the outcomes they are trying to achieve

#### 4 David - London Prosperity Board

There are 3 thoughts for businesses and the Council to consider in relation to an inclusive economy. They are:

- 1. Giving people a voice and role in the creating the solutions that affect them.
- 2. Inclusive economy has to be the core of the business. How you make your profit, not what you do with your profit afterwards
- 3. Start with people's lived experiences and work from there.

The London Prosperity Board is a cross sector partnership that is looking at new ways of working on sustainable and inclusive prosperity across London. Hosted by the Institute for Global Prosperity (part of UCL). The partnership includes councils, civil societies, business trade organisations, think tanks, public body organisations and the ONS. The founding principles of the Board is that 'prosperity comes from people's own lived experiences'. To understand this Board has been asking people what a good life means to them. Over the last few years the Board has developed a prosperity index and this will be launched on 22<sup>nd</sup> May 2019.

The point of the prosperity index is partly what it measures and how you derived at the measure. They derived at it by asking people and turning that into a dashboard to help decision makers to point their focus to what people say is causing the lack in their life.

#### Five different areas

- 1. Foundation of prosperity secure jobs
- 2. Opportunities life-long learning
- 3. Power physical inclusion
- 4. Belong social capital
- 5. Health and environment secure neighbourhoods.

We have also developed a neighbourhood dashboard for a couple of locations in East London, one is in Hackney borough. This shows where that neighbourhood is doing better or worse in comparison to London.

During their research what came up strongly across East London was inequality. For many people it revealed many people had precarious low paid jobs. So even if a person was in work, they could be facing in-work poverty. This is part of a bigger trend across all rich economies in the world.

This cycle is reinforced by limited wage growth, which leads to limited purchasing power. This makes it difficult to have revenue growth; limiting business investment which in turn makes it difficult for businesses to be more efficient and increase the wages of the workers. A continuous cycle. This trend is showing across all of Europe and America. This cycle is part of bigger factors like globalisation and technology; reducing the bargaining power of people. The reduced bargaining power makes it easier for the concentration of power to be in the hands of few employers and big businesses.

In the conversations with people about the rise of artificial intelligence and other digital technology there was a lot of fear about jobs. People were asking "where will the jobs go; will we have jobs and will there be jobs?"

Coming out in the prosperity index was community practice and industrial strategy for secure livelihoods. An industrial strategy aims to deliberately shift economic transformation and secure

livelihoods is what people have said that matters to them. An inclusive economy for people will link the two.

Jobs are important to people but they are a means to an end. What the Board thinks will be really important going forward is not so much having a job but can you have access to the resources and capabilities you need to live the life you want to? We want to bring in the idea about a secure livelihood as a wider concept because a person might not have what they need to live through a job. People might need to secure their livelihood through a number of different things, such as:

- Cash from a job
- Community currency
- Local exchange
- A welfare of services
- Universal basic service
- Universal basic income.

People at different points in their lives will have different needs and wants e.g. becoming a parent you may want to work part time and work as part of the gig economy. Whereas an older worker may have caring responsibilities and want permanent employment.

Over time what is becoming evident is the change in what we have been used to and that a job is the most important thing. The prosperity index showed people want a secure livelihood but can be provided in different ways.

An inclusive economy is not about everyone having a job but one whereby everyone can choose to secure their livelihood in the way that suits them.

What we need to do more of is give people a role and voice in the solutions that affect them. Over a period of time people feel they have been subjected to destructive creation rather than the prevailers of greater destruction and this is why the phrase *'take back control'* was so successful in a campaign. One of the most important things in an inclusive economy is to give people a voice and a role in the things that affect them.

For businesses they need to involve people in the innovation process of the product or services they are selling. Look at how to involve them in the operations of the employer practices to reach out to the people in the local community.

For employers inclusive economy work or social inclusion can seem like a cost. Therefore it is important to make actions for an inclusive economy which is something that is helping to generate business profits. Therefore if the business experiences pressure and employers need to do more of it, it will be profitable.

It is also important to start where people are and meet them. Speak to people and find out what works for them.

#### In summary

- 1. Secure livelihoods
- 2. Give people a voice and a role
- 3. Start where people are.

#### **Question, Comment and Answers**

Social value and procurement – how is this integrated and how will it feed into the inclusive economy strategy.

The Council agreed there is more work to do to be a better social enterprise borough and this was not for the inclusive economy agenda. Most of the council's work with the voluntary sector is commissioned work. The council is starting to look beyond the ethos and values of an organisation and wants to engage with some of the social tools and partnerships built; to review some of the failed markets which are failing consumers e.g. the social care market.

In discussions about the social care market they considered key factors like workforce exploitation, giving people a voice and the wealth from the market leaving the local community. Although this is a national issue there are still things they can do locally to support the workforce and keep more of the wealth from this market in the local community. Hackney has started that journey and the proof will be evidenced through procurement.

What does this mean for ownership of land and what is the role for co-operatives in an inclusive economy? The Panel was asked for their view on the role of social enterprise and the opportunities for the social enterprise sector in Hackney to work with the panel's respective organisations?

Social enterprise has a huge role to play in social inclusion. It was recognised that the work may not be suitable for the big anchor institution to carry out. This may be better led by the social enterprises who have developed relationships with the community. This is because there may not be the trust between the community and the institution like there is for the social enterprise and the community.

There is a social enterprise network and the LPB was mapping London's social enterprise landscape. There was the view that not all work could be carried out by social enterprises. Particularly if the funding and service users were from different sources. If this was the case it could create a conflict because the service provision and the cohort of people accessing the service may be different. Therefore it may not always be possible to extend social trust to all domains of work.

The social enterprise market is expanding and social enterprises need to get their compliance areas in order to access procurement opportunities. There are not profit and profit companies working in this sector as organisations are now encouraging their employees to think more about the social good of an organisation.

Plexal supports social enterprises by opening up the venue to host events and access to skills such as fund raising, access customers or how to put a product on the market. Plexal had launched an accelerator programme aimed at social enterprises for founders of technologies that support inclusion or underrepresented groups. HereEast and Plexal have also expressed an interest in partnering with UCL to make the campus a research enterprise zone focused on inclusion. This will give access to funds for free services and home services for organisations that fulfil the criteria.

The Council is active participants in the social enterprise network in Hackney. Hackney has seen a growth in social enterprises in the borough. Many of the social enterprises are expanding and out growing the buildings they are in. As services integrate more (like social care) it will become important to think about how the public sector institutions in Hackney conduct procurement. Institutions like the NHS are interested in how their pound is spent locally too.

There is room and a role for social enterprise in an inclusive economy.

Boroughs such as Redbridge allow people to park for free for 20 minutes at a low cost. Business owners queried if Hackney had any scope for short term parking or to introduce such policies?

Hackney's vision is to build a sustainable transport system that is not based on the car. The Council recognises they have to work with business to transition to electric sustainable vehicles and cargo bikes and extend this across the borough. There needs to be a better demonstration to business owners showing them how they can build a successful car free business in the borough.

There is academic evidence to support the view that high streets are not built on car use. Wealth is created by having an attractive place that is part of a positive experience. They also need to improve facilities like loading bays and get them right. Shopping in the local community is what needs to be encouraged. There is also about our lifestyles and consumer behaviour as a factor too such as the volume of online shopping deliveries.

There were further questions about how environmental sustainability will create prosperity for all. What Hackney would like the new municipalism to be? Queries about the rationale behind thinking secure livelihoods would only be possible with a universal basic income, considering linked to secure livelihood is the ability to have a choice. There were questions about how this could be secured in the current environment. Enquires about the type of prosperity we want and what prosperity means?

An example of how Plexal is supporting the sustainable transport strategy and infrastructure is that Plexal has hosted a roundtable discussion with the Department of Transport and Department of International Trade to look at how they can invest public and private funds into electric vehicle charging infrastructure as a precursor to changing to electric vehicles. Investment in this area will be for local use and it is key to try to secure this type of investment.

ELBA has a 5 year plan outlining the impact they want to see. It is an established agenda within their private sector membership, this work is aimed at where there is less knowledge and action among the local community and they have not considered what they want and could do. They have interventions they run in the community to help people understand and navigate this agenda and to discuss what change is going to look and feel like.

Supporting businesses to adapt to the changes they need to make. FSB is encouraging business owners to switch personally too. There is behaviour change and a real issue around resource depletion. For example, although there has been quick action to move from plastic bottles to compostable bottles, it still requires the infrastructure for disposable facilities and a shift from being a disposable culture.

The aspirations of young people (the next generation) need to be considered. From discussion this can be at odds with national work on the environment and sustainability. In the current economic climate aspiration is linked to owning a car and very rarely identify with owning a house. But if the national agenda is to move away from that market it will impact on a large volume of aspirations for young people and this will require a lot of education.

One of the threats to an inclusive economy in the next 15 years is how we respond to climate change. Getting just transition right – changes to transport infrastructure, energy infrastructure and all assets. If this is wrong it will have an impact on inclusivity.

The desire to transition comes from understanding the crisis we are facing currently. It is not just about businesses changing it about how the borough does business and meeting businesses half way. Businesses will need to be supported through transition so that they do not feel targeted. It is the sole trader who will need the most support, not the big organisation. Big organisations will have built this transition into their business model.

We have to find a way to combine urgency with consent and currently we have not yet been able to achieve this in the last 30-40 years. The smallest amount of change to address the challenge of climate change would mean a profound shift from local capitalism to industrial capitalism and from industrial capitalism to consumer capitalism. However what is still needed in the next couple of decades is to find out the next step after consumer capitalism. This is unknown. From history we see that with each shift there has been an increase in use of agencies, an increase in energy use and an increasing impact on the environment. What needs to be reduced is the environmental impact.

Technological advancement can be used to build a digital enabled access economy to reduce the environmental impact and produce a zero carbon footprint. Society has lost its connection to nature and a real impact to tackle things like climate change is to reconnect to nature and need to rekindle its appreciation of green spaces.

As a borough Hackney is interested in local regeneration, municipal energy and keen on disruptors who have a social conscience. These qualities are at the price of high union companies. If unionised organisations are not in the major contributors to Hackney's economy we need to think about how the disrupters still look after their workforce like the big corporates.

The challenge for Hackney is the size of the economy, how it operates and how to encourage people to shop locally. How we can make that work and the way it will affect communities and its impact on community cohesion need to be considered. It was recognised to some degree there is still a 'them and us' culture with the people moving into the borough.

New people and businesses coming into the borough have a good understanding of the local economy and how to get access to business funding. There are established people within the community with the potential but who do not have that knowledge. It was acknowledged, it is frustrating to see there are local people with the knowledge about a service or product to provide but with no access to the funds to scale up or enter the market. Hackney's street market trade is an example of this. It has food that is representative of the diverse culture in the borough but there is a lack of diversity among the business owners in that sector. Although the Council recognises the good work and contribution of corporates on the CSR agenda it would be more beneficial for Hackney to have a bank that invests in local entrepreneurs from all backgrounds. Therefore to achieve a more inclusive economy this could mean having a community bank and scaling up unionised employment.

The real challenge in all of this is how we give people a voice and measure the success of the initiatives in place. The reason this was raised is because of the views expressed by young people in the report and the lack of knowledge about the number of local people getting jobs and employment opportunities in places like the HereEast hub.

In response to secure livelihoods it would be easier with a universal based income. This would give people a better choice. There is the view it would be cheaper and create a better sense of solidarity by having universal basic service provision.

For Hackney the reason they shifted the focus for the strategy to inclusive economy and not inclusive growth, is because they want to consider where the proceeds of growth are going, help shape that growth and make it more sustainable. The work is not just about having good business or regulation to have good businesses. Hackney wants businesses that are embedded within society and provide real opportunity with that sense of real purchase within an economy; as opposed to growth that trickles down to some people.

## 4. Themes From Event Discussion

- Role of social enterprise in social inclusion
- Having procurement integrated in the inclusive economy strategy
- Supporting businesses to transition to sustainable business practices for environmental sustainability
- People want secure livelihoods.