



Small and Medium Enterprise Strategy



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Foreword - Policy Chairman

The City of London is a great place to do business and the City of London Corporation has a great offer to small businesses. This includes the free fraud and cyber-resilience training provided by City of London Police, free pre-application meetings for licence applicants, our commitment to pay SMEs in our procurement contracts in 10 days, and our net-zero training opportunities provided by Heart of the City.

This strategy sets out how we will ensure that the City of London remains the best place in the UK to start and grow a business.

The pandemic was tough for many firms. Many of those that survived, particularly in the retail and hospitality sectors, did so thanks to unprecedented government financial support. I have been clear since I became Policy Chairman that we need to do everything we can as a City Corporation, not only to regain, but to improve on our economic dynamism as a Square Mile, and small businesses play key a role in this.



That is why we launched Destination City, our growth strategy for the Square Mile. Through our Destination City vision, we aim to create an environment that will attract major business occupiers and smaller firms alike that will cluster across the City, delivering the footfall that many ground floor businesses need to thrive.

This strategy contributes to our Destination City vision. It sets out how we will refocus our small business functions to support our wider economic goals for the Square Mile; simplifying and communicating our universal offer better, working with partners to simplify a fragmented and confusing business support landscape, and developing a targeted offer that will support growing firms in key sectors.

I am delighted to be able to sign the Federation of Small Businesses' Local Leadership Pledge which commits the City Corporation to meeting the expectations of small businesses on things that are vital, such as procurement, net zero and prompt payment.

I am also delighted with the ambition to build deeper relationships with some of the organisations that make the City a unique place to operate a business, including the Company of Entrepreneurs, the City of London Chamber of Commerce, and City University.

All of this will contribute to a Square Mile that engages new businesses and diverse, under-represented founders that wouldn't traditionally look to the City Corporation for support. A key part of that will be our new, targeted offer to founders and firms that want to grow: Access to Finance, Access to Data, Access to Space, Access to Networks, and Access to Expertise – leveraging the strengths that we have as a City Corporation to have the greatest impact on economic growth.

The City Corporation will do everything in our power to help small businesses thrive. Building on this strong foundation, we will be more proactive and targeted in support of growth in the key sectors that will make up the City of tomorrow.

I am proud to support this plan and welcome the contribution it will make to delivering our Destination City vision.

Deputy Christopher Hayward
Policy Chairman

Executive summary

This document reviews and renews the City of London’s offer to small business. It sets that offer in the context of the City Corporation’s wider ambitions for the Square Mile.

The Corporate Plan 2024-2029 identifies our ambition for the Square Mile to:

- be a Vibrant, Thriving Destination
- support Dynamic Economic Growth
- Provide Excellent Services

This strategy seeks to support these ambitions, attracting businesses to a safe, supportive and dynamic location.

The Square Mile is arguably the world’s most successful example of economic agglomeration – the geographic concentration of economic activity in specific sectors and industries where firms and workers get shared benefits from being located near each other, increasing the overall productivity of a place.

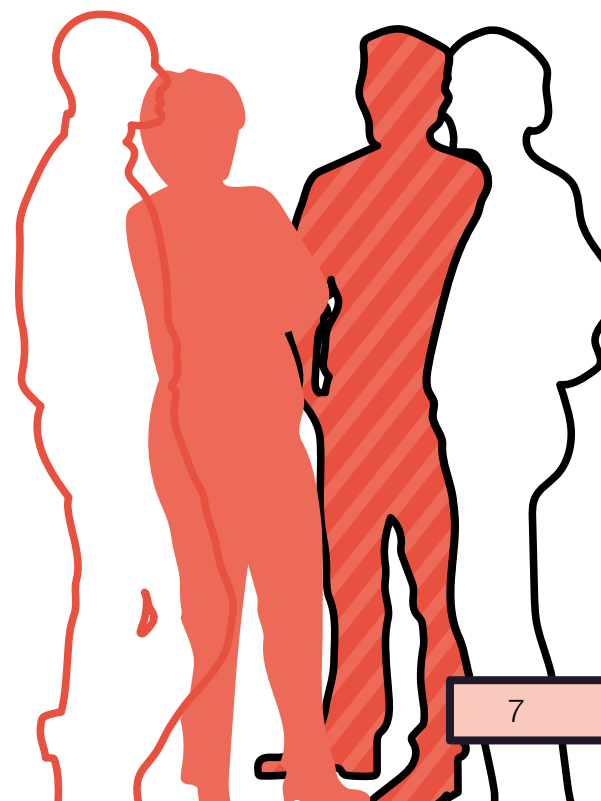
Changing dynamics post-pandemic means that the City of London has to compete for major occupiers and new sectors to maintain and enhance its economic dynamism over the long-term. Destination City was created in recognition that, post-pandemic, retail and hospitality firms in particular rely on the footfall of a dynamic business City.

And while the City's main industries continue to be financial and professional services, and insurance and business services, other industries such as creatives (including cultural, performing arts, sports and recreation) and technology and communications (including telecoms, software and data) are now the fastest growing.

That is why the City Corporation has created the new City Investment and Development Unit and commissioned a major Market Occupation study to inform its approach. This study will ensure that our SME function complements and supports these wider economic growth goals of the City Corporation, ensuring that the Square Mile is well placed to attract and welcome new sectors and remains a great place to start and grow a business.

The main strategic goal of this plan is to support growth in the Square Mile by developing a targeted and proactive offer that can be deployed in specific sectors and sub-sectors, aimed at early growth firms, in line with the wider economic goals of the City Corporation. We will also look at how we can support under-represented and diverse founders to thrive in the City of London. This will be built around the following offers.

- **Access to Finance** – Building on the success of our work with the Samuel Wilson's Loan Trust, we will work closely with institutions such as the British Business Bank and high street banks to help City businesses navigate what finance options are open to them.
- **Access to Data** – We will support SMEs to access the City Corporation's wide range of business databases to empower them with valuable data-driven insights, helping them mitigate risks and capitalise on growth opportunities in a competitive business environment.
- **Access to Space** – We will explore how we can support growing firms to locate and expand in the City through activation of empty units and 'meanwhile' use.
- **Access to Expertise** – We will build on our existing in-house expertise to strengthen our offer and work more closely with City organisations, such as the Company of Entrepreneurs, and offer free mentoring in partnership with the Association of Business Mentors.
- **Access to Networks** – We will support a vibrant business environment by supporting networking opportunities and enhancing our existing events programme.



This will be supported by consolidating our universal offer to small businesses, creating a strong business environment and increasing business confidence. This strategy will ensure that our offer to businesses of all types – from coffee houses to clearing houses – is clearer, more comprehensive and accessible, providing a front door to a confusing and fragmented support environment. To do this, we will:

- break down silos and consolidate the wide-ranging support from the City Corporation led by the Small Business Research and Enterprise Centre, bringing together and communicating our offer on procurement, licensing, planning, diversity and inclusion, policing, City Belonging, consultation, sustainability, skills, and our franchise
- build visibility and credibility among our SME community, signing the Federation of Small Businesses' Local Leadership Pledge to underscore this commitment, and making a public commitment on engagement with SMEs, supporting net zero, employment and skills, public sector procurement, business rates relief and prompt payment
- add value to our existing SME offer by expanding our external relationships with key players such as the London Chamber of Commerce and Industry (LCCI), our historic livery companies and our centres of education, creating a uniquely City of London, higher profile, small business ecosystem

The strategy recognises the impact that fixed costs, such as business rates, has on the viability of small businesses. It commits the City Corporation to promote small business rate relief alongside other reliefs, and to respond fully to an anticipated government consultation on the future of business rates to ensure that the business rates regime is not an impediment to growth. This could include consideration of alternatives such as an online sales tax.

It also notes that most local authorities receive considerable levels of government funding for small business support, but the City of London does not due to a methodology in London that allocates on the basis of residential population. This strategy commits the City Corporation to lobby a future government and the Greater London Authority for a funding settlement that properly recognises the City's role as one of the UK's primary business districts.

At a time of strained resources, this strategy does not make any requests for additional funding. Instead, it will use existing resources in a more joined-up way, make the most of the City's unique ecosystem through increased partnership working, and better target resources on our economic goals.

Ultimately, this strategy will raise the profile of our existing small business function, ensuring it works hand-in-hand with other City operators in this space, creating a uniquely 'City of London' offer. It will support the City Corporation's plans for economic growth and attraction of major occupiers, helping to ensure that the City remains the UK's premier business destination.





Defining small and medium enterprise (SME)



In the UK, an SME is defined based on the number of employees and annual turnover. The Companies Act 2006 provides specific definitions for micro, small, and medium-sized enterprises as follows.

Micro Enterprise: fewer than 10 employees; annual turnover or balance sheet total not exceeding £1.8 million.

Small Enterprise: fewer than 50 employees; annual turnover or balance sheet total not exceeding £10.2 million.

Medium-sized Enterprise: fewer than 250 employees; annual turnover not exceeding £36 million or annual balance sheet total not exceeding £18 million.

By this definition, SMEs make up 98% of all businesses in London – all of which span different sectors and cover a range of business sizes from pre-start, start-up, micro, small and medium, as well as freelancers.

The scope of this definition is extremely wide. In fact, of 5.5 million businesses in the UK, fewer than 10,000 fall outside this definition.¹ In other words, there are fewer than 10,000 large businesses based the UK. The City of London has a slightly higher proportion of large businesses than the UK as a whole.

Segmenting this huge population of businesses is vital to creating a targeted offer focused on growth. SMEs can be segmented by:

1. **Size, as set out above**
2. **Sector, or sub-sector**
3. **Business stage** – there is no set method to segment in this way, but McKinsey suggests:²
 - early-stage innovative start-ups
 - established successful start-ups
 - growing medium-sized companies
 - stagnant medium-sized companies
 - locally focused small businesses
 - informal microbusinesses

For each segmentation, the needs will be different. In developing a targeted offer, it is important to recognise that, for many firms, a public authority like the City of London Corporation may not necessarily be their first port of call when seeking support. With limited resources, the City Corporation will need to make sensible decisions about where to target that resource for greatest economic benefit.

Any targeted intervention is likely to have the greatest impact on early-stage innovative start-ups and established start-ups looking to scale. Whereas our universal offer is likely to have a greater impact on the locally focused small businesses.

1 Department for Business and Trade, 'Business population estimates 2023', October 2023, available at: www.gov.uk/government/statistics/business-population-estimates-2023

2 McKinsey & Company, 'Unlocking growth in small and medium-size enterprises', July 202, available at: www.mckinsey.com/industries/public-sector/our-insights/unlocking-growth-in-small-and-medium-size-enterprises



Background

The pandemic, working patterns and demand for office space

In 2020, COVID-19 and the consequent nationwide lockdowns triggered a severe decline in economic activity, leading to the closure of numerous businesses. The Office for National Statistics (ONS) revealed that the UK economy plummeted by 9.9% in 2020, signifying the most significant annual slump in the nation's history.³

With businesses outnumbering residents in the City of London, the City Corporation stepped up to help firms during the pandemic with its COVID Recovery Fund of £50 million available to SMEs, among an array of other support measures designed to help businesses from the most affected sectors across the City that faced exceptionally challenging trading conditions.⁴

Much has changed post-COVID, but it is working patterns which have had perhaps the most impact for City SMEs. Though it has taken time for new working patterns to become established, working from home and hybrid working remain popular with many white-collar workers globally.

This comes with knock-on effects, particularly for small businesses in the retail, hospitality and leisure sectors. London Underground ridership figures currently show around 75% of pre-pandemic levels mid-week.⁵

Despite this, London has a low office vacancy rate, with the City and West End attracting more companies than Canary Wharf. To put this into perspective, London's overall office vacancy rate is 7.3% compared with 22% in New York.⁶

Indeed, ten new tall buildings are in the City's planning pipeline and the City's office space stands at around 9.5 million square metres. This indicates continuing confidence in the Square Mile as a central business district and a location for major firms and global leaders.

3 BBC News, 'UK economy suffered record annual slump in 2020', February 2021, available at: www.bbc.co.uk/news/business-56037123

4 City of London, 'City Corporation creates new Covid Business Recovery Fund', March 2021, available at: <https://news.cityoflondon.gov.uk/city-corporation-creates-new-covid-business-recovery-fund/>

5 Department for Transport, 'Domestic Transport Usage by Mode', May 2024, available at: www.gov.uk/government/statistics/transport-use-during-the-coronavirus-covid-19-pandemic/domestic-transport-usage-by-mode

6 City of London, 'Our global offer to business', Fourth edition, available at: www.theglobalcity.uk/PositiveWebsite/media/Research-reports/Our-global-offer-to-business-2024.pdf



The economic landscape: trends and challenges

Beyond COVID-19, the 2022 invasion of Ukraine by Russia had a marked effect on the UK economy, resulting in supply chain disruptions, specifically in the energy and oil sectors. As a net importer of energy, the UK faced heightened energy prices due to the disruption. This added to the burden faced by individuals and small businesses already struggling with the pandemic fallout.

A culmination of labour shortages, supply chain disruptions and elevated commodity prices has led to inflation rates skyrocketing to their highest point in over a decade in the past year. The impact on SMEs is similar, with the challenge of increased input costs and a decrease in purchasing power, as well as a reduction in real wages, further compounding the effects of consumer spending reduction.

At a time of strained resources across the UK, the City of London Corporation has had to think differently about how we maximise limited resources. For the City, this has been particularly pronounced when it comes to the post-Brexit funding allocations for business support across the UK.

Here, funding allocations from the Department of Levelling Up, Housing and Communities and the Greater London Authority were based on our resident figures and not on the numbers of businesses trading in the Square Mile. This meant that the City received significantly less financial support than other London boroughs as, uniquely, businesses far outnumber residents in the City. In real terms, this meant the City Corporation was allocated £28,000 for business support services and community-focused projects in tranche one of the grant allocations, whereas neighbouring boroughs received millions of pounds to deliver business support post-pandemic.

Despite this, and despite a difficult global economic backdrop, the City has remained a resilient hub for business and industry, generating nearly £70 billion in economic output annually, or 3.5% of all UK Gross Value Added (GVA).⁷ The City of London's annual Benchmarking Study underscores this, demonstrating that London remains the globally pre-eminent financial centre.⁸

7 City of London, 'The role of financial and professional services in the UK', March 2022, available at: www.cityoflondon.gov.uk/assets/Business/city-stats-briefing-2022.pdf

8 City of London, 'Our global offer to business', Fourth edition, available at: www.theglobalcity.uk/PositiveWebsite/media/Research-reports/Our-global-offer-to-business-2024.pdf



Harnessing our strength: leveraging agglomeration and clustering

Much of our resilience is due to businesses benefitting from a globally connected market, a strong talent pool and an ambitious policy environment. In the City, this is demonstrated in the density of businesses clustering together to form a unique business district.

This is known as agglomeration; the geographic concentration of economic activity in specific sectors and industries where firms and workers get shared benefits from being located near each other.⁹ Agglomeration is important to businesses for the following reasons.

- **Sharing:** firms can benefit from shared public infrastructure, concentrated supply chains and other inputs.
- **Matching:** the ability to recruit from a deep pool of talent concentrated in one place.
- **Learning:** the ability to share information and knowledge.¹⁰

Clusters form for different reasons. For example, there is a hydrocarbons cluster in Aberdeen because it is the closest place to North Sea oil and gas fields. This is a geographically fixed cluster which could not be shifted to another location.

There is a cluster of Formula 1 teams in the Thames Valley, which ultimately has its genesis in the availability of engineers and large airfields post-war, suitable for developing and racing cars.

The exchange of people, technologies and knowledge created over just a few decades led to a software and technology cluster in California which accounts for many of the world's most valuable companies.

Similarly, the City of London has its own business cluster owing its existence not only to its history, but to the continued vibrancy and entrepreneurial spirit of its business ecosystem.

Forming part of the capital city of a major industrialised nation also helps, as does a strong reputation for the rule of law. But clustering is a self-reinforcing phenomenon: in the City, the presence of traders meant the development of increasingly sophisticated banking tools and operations. Institutions such as the London Stock Exchange developed, bills and bonds needed to be traded physically, and so coffee-houses and later trading floors drew financial institutions and workers together geographically.

9 What Works Centre for Local Economic Growth, 'Understanding agglomeration', September 2023, available at: <https://whatworksgrowth.org/insights/understanding-agglomeration/>

10 Centre for Cities, 'Office politics: London and the rise of home working', available at: www.centreforcities.org/reader/office-politics/the-impact-of-agglomeration-on-the-economy/



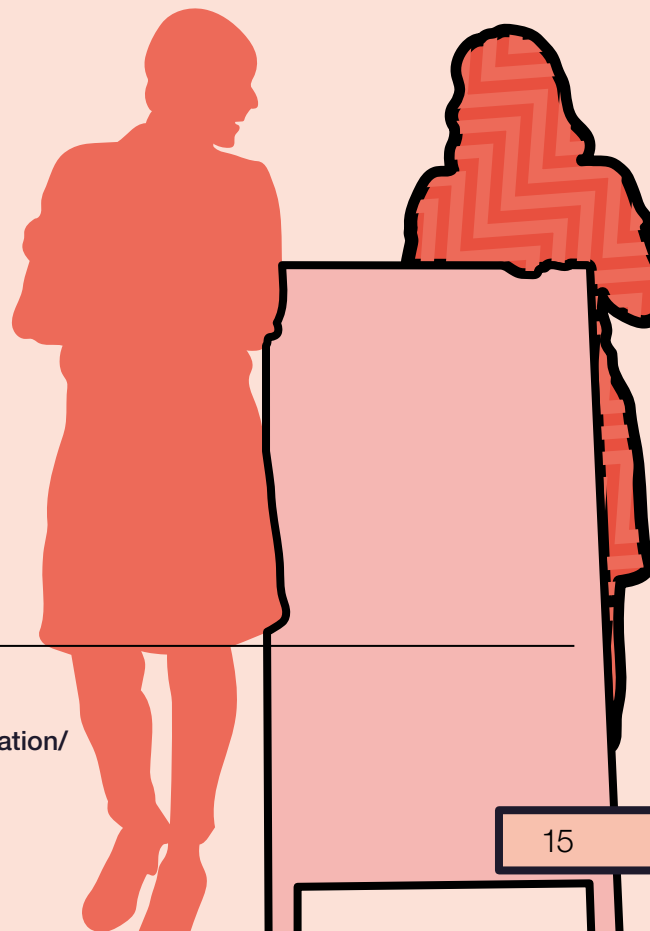
City businesses continue to reap the advantages of these historic agglomeration benefits. This, in turn, facilitates the exchange of technological knowledge among firms, enables rapid connections between diverse businesses and workers, offers access to a shared network of suppliers, and provides

a gateway to specialised capital and labour. The self-reinforcing dynamic, where higher-productivity firms draw in more workers and spinouts, underscores why the pandemic posed a considerable threat to the City of London and other major business districts.¹¹

Defining the economic challenge

The challenge for the City of London is how to retain and enhance the business vibrancy of the Square Mile set against the economic challenges of recent years and the emergence of new sectors and sub-sectors without a foothold in the City and the establishment of regular patterns of hybrid and remote working. Why should new and high potential start-ups locate here? Why should they locate anywhere?

The City Corporation is not directly responsible for the micro decisions of businesses, but we have a role in helping to develop a strong business environment, attracting major occupiers and supporting the clustering of smaller firms. In our unique position as a global convening body, we can also leverage opportunities that the City of London provides. We can bridge the gap between business leaders and SMEs, drive inward investment and advocate on a national stage to deliver the support businesses need to grow.



¹¹ What Works Centre for Local Economic Growth, 'Understanding agglomeration', September 2023, available at: <https://whatworksgrowth.org/insights/understanding-agglomeration/>

Understanding our SME ecosystem

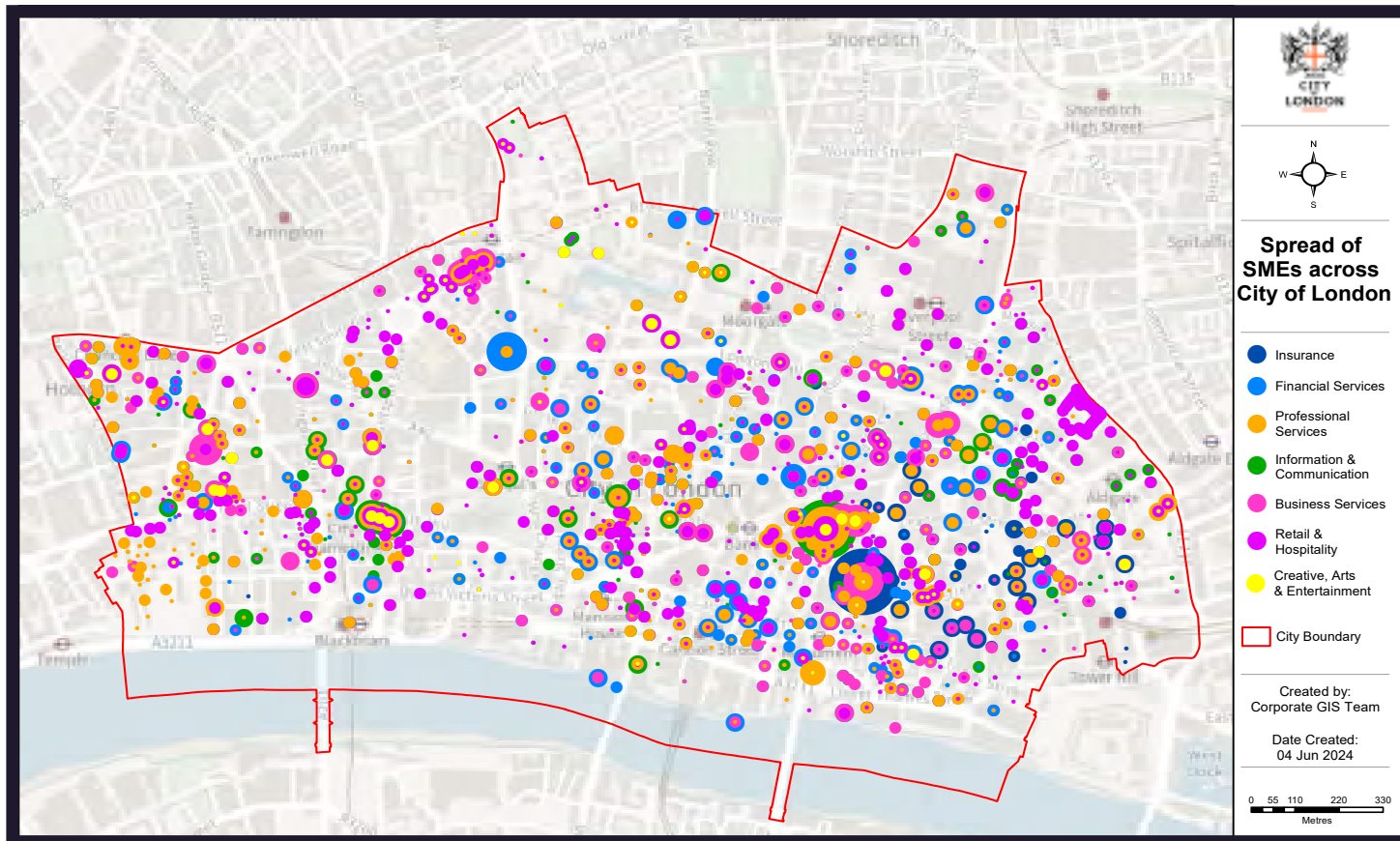
In order to deliver support measures that are meaningful, it was important we built a clear picture of what our SME ecosystem looks like.



Quantitative evidence

The City Corporation has produced a new, high-level analysis on the City SME ecosystem which maps our unique business landscape.

It underscores that the City of London has evolved over thousands of years of commerce, creating a unique business landscape. This is well illustrated by our new geographical clustering map which shows the effects of agglomeration in real time.



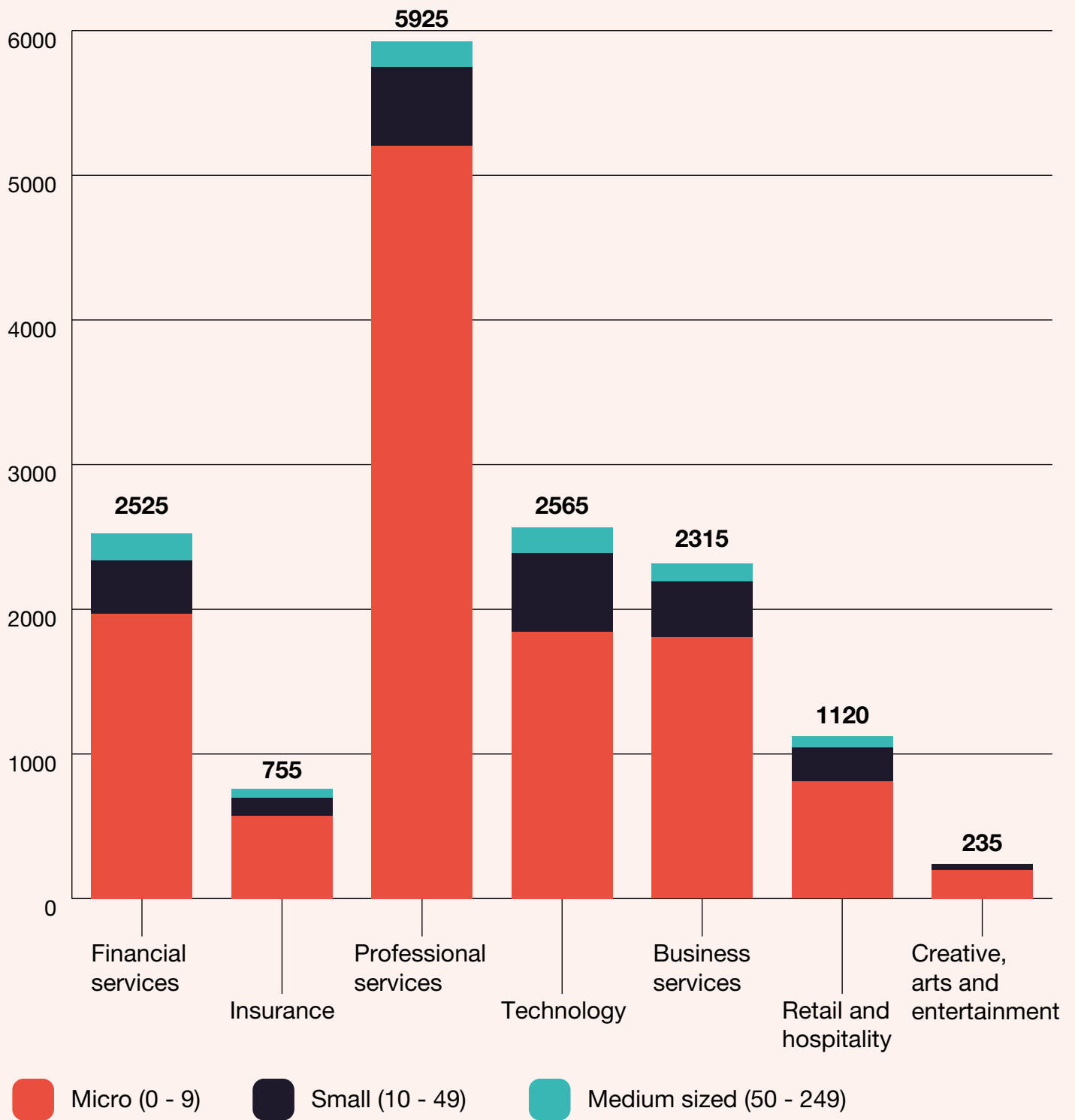
Source: City of London Corporation Corporate GIS Team 2024

Legal services and associated businesses tend to be located towards the west of the City in the periphery of the Inns of Court, Royal Courts of Justice and the Old Bailey, while financial and professional services, especially insurance businesses, tend to be located towards larger, established clusters located in the east of the City. Woven across the Square Mile are our hospitality, leisure, culture, arts, and retail businesses, known as our ground-floor economy. Geographically, these businesses tend to cluster in high concentrations in areas of commercial activity, or high footfall, illustrating their importance in sustaining the Square Mile and adding vibrancy to the City.

Our new analysis also showed that:

- the City of London has a higher concentration of SMEs than any local authority in the UK
- 98% of City firms are SMEs and 79% of these are micro businesses who employ between 1 and 9 staff
- the last year has seen growth in SMEs of all sizes, apart from micro (fewer than ten employees), there are also now more small-sized (10 to 49 employees) and medium-sized (50 to 249 employees) firms in the City than at any other point in the last five years

SMEs in the City vary by sector and size



Source: ONS, UK Business Counts (2023)

SMEs in the City of London by sector over time

Sector	(-1 year)		(-10 years)
	2023	2022	2013
Financial services	2,525	2,575	1,785
Insurance	755	745	625
Professional services	5,925	6,075	5,225
Technology	2,565	2,435	1,015
Business services	2,315	2,350	1,325
Retail and hospitality	1,120	1,240	635
Creative, arts and entertainment	325	305	180

Source: ONS, UK Business Counts (2023)

Dominant sectors: financial, professional and business services

The Square Mile is home to many of the world's largest and most influential financial and professional services (FPS) firms, who work side-by-side with a thriving and innovative community of SMEs who power the supply and distribution chains of key industries.¹²

Data shows these sectors are highly concentrated in the City of London, and include businesses such as financial advisory firms, law practices, accounting services, insurance brokers and consultants.

Together, this unique business ecosystem creates conditions for business growth. The UK's financial and professional services sector is in a strong position, so much so that this year's 2024 City of London benchmarking analysis shows that London is the world's top global financial centre, with an innovative ecosystem, global reach of financial activity, a strong regulatory environment, access to talent, and a resilient business environment.

It is therefore unsurprising that most of our SME ecosystem is, in some way, connected to the dense cluster of large FPS firms located here in the City.¹³ These businesses make up 61% of our SMEs and reflect how our dominant sectors of financial, professional, and business services have a clear symbiotic relationship, one which must be preserved.

¹² World Economic Forum, 'Data Unleashed: Empowering Small and Medium Enterprises (SMEs) for Innovation and Success', June 2023, available at: [www3.weforum.org/docs/WEF_Data_Unleashed_Empowering_Small_and_Medium_Enterprises_\(SMEs\)_for_Innovation_and_Success_2023.pdf](http://www3.weforum.org/docs/WEF_Data_Unleashed_Empowering_Small_and_Medium_Enterprises_(SMEs)_for_Innovation_and_Success_2023.pdf)

¹³ City of London, 'SME Ecosystem Report', available at: <https://www.cityoflondon.gov.uk/supporting-businesses/economic-research/research-publications/sme-landscape-report>

Growth sectors: technology and innovation; creative, arts and entertainment

Data also shows that SMEs are choosing to start and grow in the City. This is especially pronounced in the technology and innovation services, with an additional 130 firms in 2023 alone and 365 additional firms since before the pandemic.¹⁴ This is the highest growth in these sectors of any local authority area in the country.

The UK's FPS industry helps ambitious new companies to thrive by providing an established customer base, as well as the financing and services to succeed.¹⁵ Here, the City serves as a nexus for large firms who want to innovate their business model, tech-related events, conferences, and networking opportunities.

This collaboration and innovation potential, combined with access to venture capital and investment opportunities, means SMEs in tech and innovation are successfully starting and growing their business in the City. ONS business counts show they are largely micro businesses, operating with fewer than 10 employees.¹⁶ In the City of London, high-growth technology sectors like FinTech, Cybersecurity, AI, Blockchain, RegTech, HealthTech, LegalTech, PropTech, Insurtech, and SustainableTech thrive, with key players such as Monzo.

In our capacity as the governing body for the Square Mile, but also as an ambassador for UK tech and innovation, we must recognise this emerging sector and provide support to maximise its growth potential.

But it is not just technology and innovation, data also shows positive trends for the creative and arts sectors with a relative increase of 7%, restoring the number of firms in these sectors to pre-pandemic levels observed in 2019.¹⁷ The

table on page 19 underscores this, with the number of these businesses almost doubling over a ten-year period. This demonstrates the importance of the City Corporation's Destination City vision and the strategic priority to transform the Square Mile as a leading cultural destination.

Maintaining our vibrancy: retail, hospitality and leisure

The retail, hospitality and leisure sectors include a diverse business base, such as our shops, bars and restaurants. These businesses provide an essential component of the City's vibrancy. Clustering data illustrates this, with these SMEs woven throughout the City, essential to sustaining our community and vibrancy.

These businesses have also seen growth, albeit from a lower baseline. While there has been a contraction over the last year in the number of retail and hospitality firms in the City, the number is still almost double what it was ten years ago. The recent contraction is likely to reflect the withdrawal of government grant funding which helped soften the impact of new post-pandemic work patterns which have affected high-street spend in city centres.

That being said, the City's ground-floor and cultural economy is making a recovery from the direct impacts of the pandemic which hit the City of London particularly hard.¹⁸ We are seeing positive trends emerging in this regard. Generally speaking, their business support needs are different from those in the professional, financial, business and tech sectors. Our SME Strategy reflects this, and, to accommodate the diverse needs, we must ensure our baseline support offer is available and accessible to those throughout the City.

14 ONS, UK Business Counts (2023), available at: <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation>

15 City of London, 'Why should the UK be your first choice for fintech growth?', April 2024, available at: <https://www.theglobalcity.uk/insights/uk-first-choice-business>

16 ONS, UK Business Counts (2023), available at: <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation>

17 ONS, UK Business Counts (2023), available at: <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation>

18 Financial Times, 'Return to UK offices hits highest since pandemic began', February 2022, available at: <https://www.ft.com/content/e0c3ebc5-12cc-41f8-943b-639dff0b2fac>

Qualitative evidence

Alongside our City SME Ecosystem Report and subsequent data analysis, we conducted initial internal and external engagement to better understand the SME landscape in the Square Mile.

This included key strategic partners such as the Federation of Small Businesses, internal engagement throughout the City Corporation, a member working group, and a City-based SME survey and business focus groups. From this engagement work, the following core themes emerged.

- **There are many small businesses in the Square Mile, covering multiple sectors and levels of maturity.**

Insight revealed that a ‘one size fits all’ approach would not provide effective support, and our SME support moving forward should be more targeted.

Participants felt that a baseline offer was important for businesses looking to start in the City, while more established businesses looking to grow would benefit from a clear City-specific offer to support growth – one that draws on everything that is unique about the City that makes us a world-class business destination.

- **There is a need to shift the perception of the City as solely for ‘big business’ and increase awareness of existing support resources.**

Our SME focus groups told us that better visibility would go a long way to change this perception while also encouraging founders from diverse backgrounds and underrepresented groups to locate their business in the Square Mile. They suggested highlighting success stories and showcasing the City’s achievements to create a more inclusive and appealing environment.

- **There are a lot of operators in this space, many who provide similar services.**

For time-strapped SMEs, there is real value in the City Corporation being a gateway to available support. Adding to the proliferation of existing support offers is not a good use of time or resource, rather we should work collaboratively across the ecosystem to unlock support for SMEs across the Square Mile.

- **We recognise that we are in a period of economic uncertainty, where the cost of doing business is becoming a key concern for business-owners.**

Though the City Corporation does not have the means to solve this problem on our own, we can work with partners to help our City SMEs with access to finance, grants and relief schemes to support viability.

- **Many parts of the City Corporation touch on the activities of small business, with limited co-ordination.**

This strategy is an opportunity for us to set a clear approach to SMEs, one that recognises SMEs as a vital part of our business ecosystem.

We will seek to reflect these emerging themes in our SME Strategy, and harness areas of opportunity to increase the growth potential within the City’s small business ecosystem, showcasing the Square Mile as an open, innovative, and inclusive place to do business.

Mapping SME support: national, regional, local



National and regional SME support

Governmental support for SMEs is complex and decentralised, spanning various levels of government and organisations. This fragmentation often leads to confusion for SMEs seeking assistance.

In London, regional support is co-ordinated by the Greater London Authority and its agency, London & Partners, which promotes business growth and investment in the capital. The City of London Corporation contributes to this effort through initiatives like the Grow London Local programme, offering services such as market research, business advice, and events for SMEs.

Business Improvement Districts in London, including Culture Mile and Fleet Street Quarter, play a role in enhancing the local business environment through events and activities. The City of London Chamber of Commerce and Industry advocates for businesses within the Square Mile on various issues, while trade associations provide networking and support opportunities for SMEs, often requiring membership fees.

At the national level, government support includes the Help to Grow: Management programme, and there are other small business finance options provided by the British Business Bank, including the Start Up Loans programme and the Recovery Loan Scheme, which will transition to the Growth Guarantee Scheme in mid-2024. Additionally, SMEs may benefit from business rates relief, including small business rate relief, retail, hospitality, and leisure relief, and charitable rate relief, depending on eligibility criteria.

Overall, SMEs can access a range of support options, but navigating the various schemes and organisations can be challenging due to their fragmented nature.



Local SME support

At a local level, the City of London Corporation plays a cross-cutting role in supporting SMEs. This spans the City Corporation as a whole, delivering a variety of business specific support, such as the following.

Licensing

The City of London Corporation's licensing team continues to work to empower and support our SME ecosystem, particularly supporting City SMEs, aiding their post-pandemic recovery by enabling them to trade more flexibly and helping to manage costs and obligations. Our licensing team works proactively to deliver solutions that support SMEs, such as free pre-application meetings and innovative schemes to support our hospitality sector thrive.¹⁹

Procurement

We will continue to support SME-based procurement contracts to recognise the spread of wealth and value of SMEs and social enterprises as a vital make-up of our supply chain, from increasing opportunities for public sector procurement by facilitating inclusion and breaking down barriers for SMEs and diverse suppliers, to prompt payment to our suppliers.²⁰

Business rates

The City of London Corporation recognises challenges that business rates create for small businesses in the City. Although we are not able to deliver wholesale reform, we support our small businesses by increasing access pathways to Small Business Rates Relief, highlighting alternative relief schemes and payment options, and keeping our consultations with businesses clear, simple and communicated in good time.

Security and safety

The City of London, with its dedicated City Police Force and position as the national lead for economic crime, is uniquely placed to support our business ecosystem. Beyond everyday policing, the City Corporation works with the City Police to deliver Cyber Griffin, a programme designed to support businesses with cyber and economic security. Additional free, police-led support includes the London Cyber Resilience Centre and Police CyberAlarm.

¹⁹ City of London, 'Hospitality sector is "vital to the City's success", says Lord Mayor and Licensing Chairman', May 2023, available at: <https://news.cityoflondon.gov.uk/hospitality-sector-is-vital-to-the-citys-success-says-lord-mayor-and-licensing-chairman>; City of London, 'Safety Thirst returns to the City', February 2024, available at: <https://news.cityoflondon.gov.uk/safety-thirst-returns-to-the-city/>

²⁰ City of London, 'City Procurement Strategy 2020-2024', May 2022, available at: www.cityoflondon.gov.uk/supporting-businesses/tenders-and-procurement/city-procurement-strategy

Locating in the City

Finding the right kind of office space is key to supporting our business ecosystem. To help provide the right kind of space to help our SMEs of all sizes and styles thrive in the Square Mile, we proactively help new occupiers locate in the City with a place-based approach to supporting businesses in their journey to start and scale in the Square Mile. Looking to the future, the City Plan 2040 develops a series of future-focused planning policies which, in combination, are designed to support SMEs to start and scale in the Square Mile.

Advocacy

The Lord Mayor and Policy Chairman advocate on key issues on a regional, national and global stage. From lobbying government on our role as the UK's financial centre to supporting a thriving 21st century City, to sustaining a vibrant business ecosystem, we use our influence and convening power to speak up on behalf of the City.

Destination City

The City of London is the historic heart of London, and we remain incredibly proud of our built environment and the heritage which comes with it. We now mark a new chapter in the City's rich history with our landmark Destination City programme. This programme seeks to make the City of London a better place to live and to visit, as well as to work. It means improving our built environment and enhancing the leisure offer for residents, workers and visitors alike. It has a key ambition to drive domestic and international footfall, necessary for our shops, our gyms and leisure venues, our pubs, bars and restaurants.



Alongside this, the City of London also has a dedicated SME Delivery Team. Comprised of 14 employees, they are a sub-team of the City Development and Investment Unit. Their primary function is to support SMEs to navigate the often complicated and disjointed business support landscape and seek to provide central and trusted assistance for City businesses.

Based at the recently relocated Small Business Research and Enterprise Centre (SBREC) on Basinghall Street, the team offers a range of support for SMEs and start-ups in the Square Mile. Having been previously known as the City Business Library, the service evolved beyond its original public library roots and transformed to support pre-startups and SMEs.

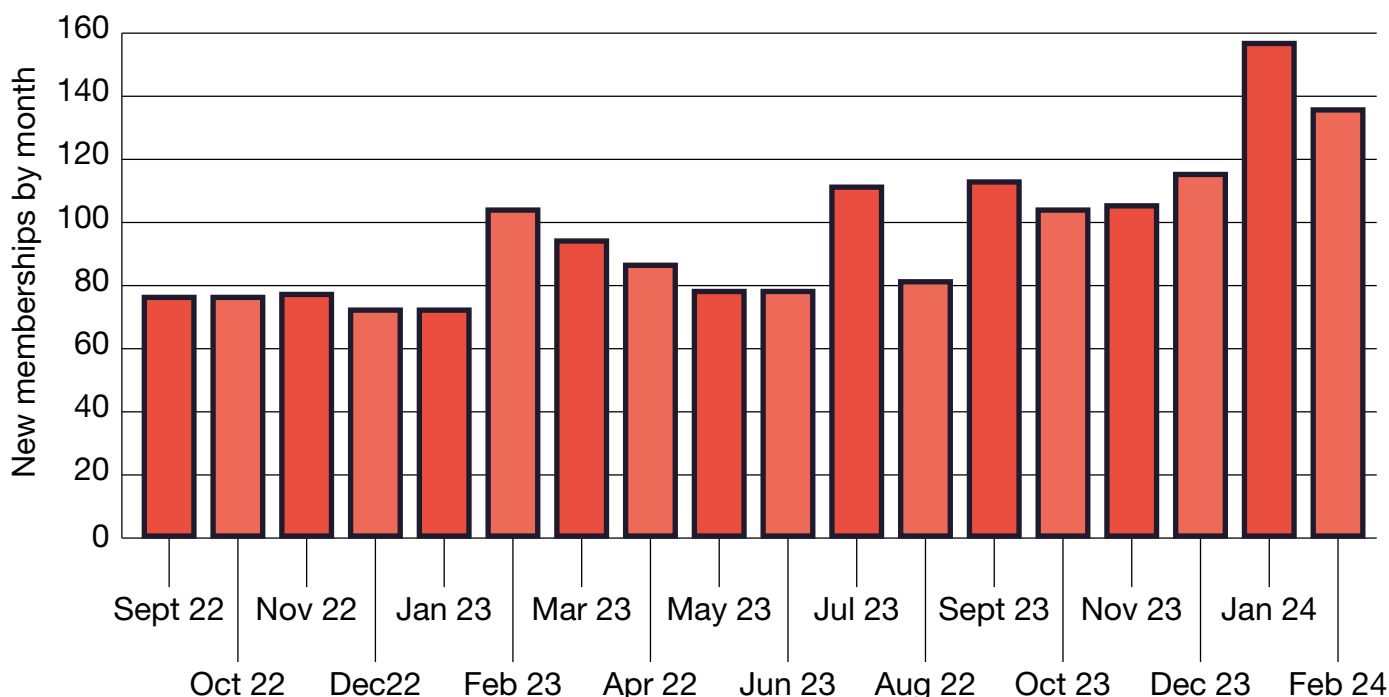
Like many other services, SBREC pivoted its operating model quickly in response to the changing working practices during the pandemic, and the team moved to a digital service delivery model to better reflect the needs of its users at that time.

Post-pandemic, SBREC reopened for in-person support but there was still significant demand for the online services to remain while also offering on-site business support, and so the team introduced a hybrid delivery model. Since SBREC moved to its new location, membership sign-up rate has increased overall by 13% with a significant spike in new members joining in January and February 2024.

The below graph shows the progress made by the SBREC team since April 2023. Increased partnerships, on-site events, networking and engagement activities organised over the past 11 months have increased awareness of the new centre which has in turn increased the membership sign-up rate.

SBREC has just over 1,550 active members accessing the various services. 44% of the members are female founders and 40% are ethnic minority-led businesses.

Number of SBREC membership sign-ups by month since September 2022



Source: SBREC (2023)

Programmes of support

In total, SBREC has just over 1,550 active members accessing the various services, with even more SMEs accessing the wide range of online and in person events. It is encouraging to see that 44% of the members are female founders and 40% are ethnic minority-led businesses, demonstrating that the targeted support already provided by the SBREC team aligns with our ambitions to support more SMEs and start-ups from underrepresented groups and disadvantaged backgrounds to access support and locate their businesses in the City. The support available through SBREC has also expanded since moving to the new location on Basinghall Street, such as the following.

- **Meeting rooms and free workspace:** The free 'Access' membership at SBREC offers flexible workspace and access to reliable and authoritative business information and market research data. This flexible approach encourages peer to peer support and facilitates entrepreneurial opportunities.
- **Finance (Samuel Wilson's Loan Trust):** Starting a business can be financially challenging and almost out of reach for many talented and ambitious young people. To provide financial support to SMEs and young entrepreneurs, the City Corporation works closely with the Samuel Wilson's Loan Trust charity which provides low-interest business loans of up to £50,000 to young, disadvantaged and diverse entrepreneurs to establish and develop new businesses.
- **Dedicated business advisers:** Through SBREC, SMEs have access to industry certified business advisers who can support with business planning and financial forecasting. For detailed support, businesses can access specialist one-on-one sessions with our business advisers.
- **Responsible business (Heart of the City):** SMEs have a significant role to play in creating a sustainable and inclusive economy. The City Corporation has therefore partnered with Heart of the City, a responsible business charity which supports SMEs with all aspects of ESG (environment, social, governance). Through workshops, masterclasses and access to expert mentors, the charity helps SMEs take their first steps towards making sustainability a meaningful part of their business plans. By delivering expert learning in a practical way the best suits busy SMEs, SMEs can increase their competitiveness whilst offering a business with social value.
- **Embracing digital (E-Business Programme):** The integration of digital and technology is a strategic imperative for SMEs. Recognising this, the SME Delivery Team secured a UK Shared Prosperity Fund (UKSPF) grant as part of the London E-business Support Programme. Under this scheme, the City Corporation offers a fully funded package of support covering one-on-one expert advice, guidance, webinars, and events. This programme is specifically aimed at helping small business owners in London make better use of digital technology to enhance their online presence, attract more customers, increase sales, and improve their business operations.
- **Events and opportunities:** The SME events programme underpins the range of existing support and offers a range of learning experiences, peer-to-peer support and networking. The SME Delivery Team already curate a range of workshops, talks, seminars, and webinars regularly. For larger events, collaboration is fundamental, so the SME events team have begun a new approach to aligning programming with the City Corporation's City Belonging project and the City's Business Improvement Districts to ensure there is a streamlined approach to event planning and promotion.

City of London: SME Strategy

Our vision:

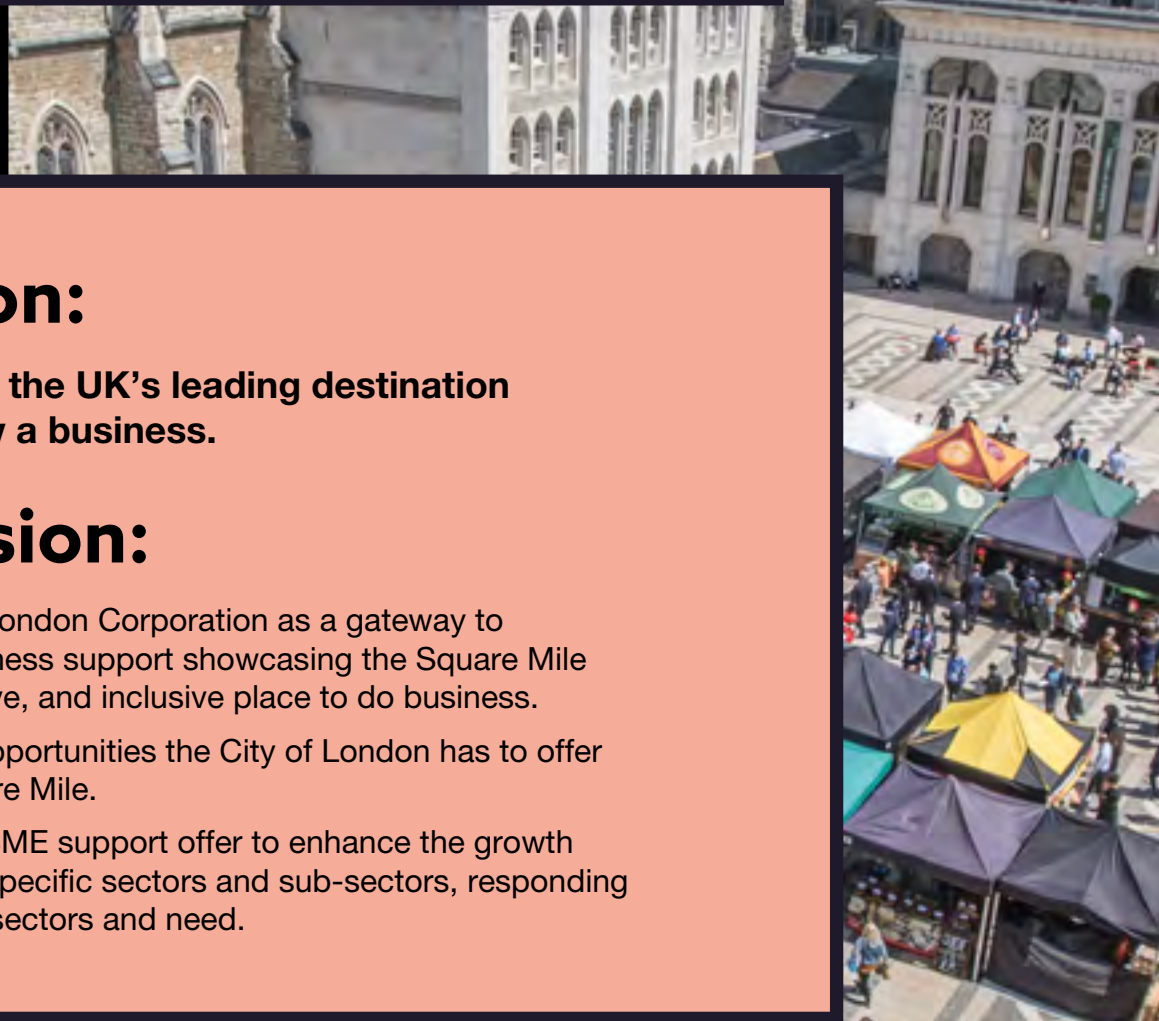
The Square Mile: the UK's leading destination to start and grow a business.

Our mission:

Position the City of London Corporation as a gateway to comprehensive business support showcasing the Square Mile as an open, innovative, and inclusive place to do business.

Unlock the unique opportunities the City of London has to offer to SMEs in the Square Mile.

Develop a targeted SME support offer to enhance the growth potential of firms in specific sectors and sub-sectors, responding to emerging trends, sectors and need.



1. Increasing visibility, increasing access

We know that the SME support landscape is complex and disjointed. So, to help our SME ecosystem thrive in the Square Mile, we need to be clear what role the City Corporation can play in creating a supportive business environment and how this can help SMEs thrive.

Our work across the City Corporation needs to be better coordinated and connected, and we should be able to communicate it in an accessible way, demonstrating the City as a great place to start and grow a business. To do this we need to:

- make our general offer to businesses of all sizes and sectors clear, comprehensive and consolidated
- build visibility and credibility among our SME community, showcasing the Square Mile as an open, innovative and inclusive place to do business

Step 1: consolidate our support offer for start-ups and SMEs

To do this, we need to first consolidate existing and wide-ranging support from the City Corporation, bringing together our offer on procurement, licensing, planning, supporting diversity and inclusion, security and policing, business engagement, sustainability, skills as well as our SME-specific business support offer.

The SME Delivery Team will work with Licensing, Planning, Procurement, City of London Police, Heart of the City, Business Rates, and other core teams to consolidate our work and increase awareness and access.

We have an excellent small business service offer across the City Corporation, but we need to strengthen our cross-organisational working to provide more opportunity for greater coordination, collaboration, and information sharing.

Step 2: position the City Corporation as a gateway to SME support, communicating our consolidated offer in a clear and accessible way

To increase access and awareness, we need to articulate our business support offer clearly and raise visibility.

We will enhance our website and refresh our digital footprint to better communicate our SME offer, creating a strong identity in the business support environment.

By doing this, we can promote existing support from the City Corporation, highlight our existing strategic partnerships, signpost external support essential to start a successful business, and showcase the Square Mile as an open and inclusive place to do business, especially those looking to start and scale in the City.

Equally, we will raise the visibility of our SME support across all our channels by, for example, sharing success stories and promoting wider established initiatives such as Small Business Saturday UK.





Our local leadership pledge

To mark this, we will sign a clear commitment to empower small businesses and the self-employed to continue to deliver growth, prosperity, and jobs across the City Corporation. We will sign the Federation of Small Businesses' Local Leadership Pledge and enter a new relationship, leveraging the Federation of Small Businesses' support offer to the benefit of City SMEs. In doing so, they ask local authorities to commit to:

- ensuring consultations with businesses are clear, simple, and well communicated in good time
- increasing face-to-face contact to build a trusting relationship with small businesses
- talking to and sharing information with neighbouring London boroughs
- giving parity of esteem between business and residents
- introducing a dedicated small business champion

By signing this charter, we make a City commitment to SMEs: a statement of intent to recognise the achievements we have already made and begin our next step to make the Square Mile the leading destination to start and grow a business.

2. The City of London: connected and collaborative

Adding to the proliferation of existing support offers is not a good use of time or resource, rather we should work collaboratively to help deliver support to SMEs across the Square Mile.

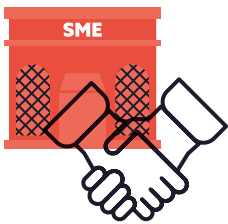
This approach recognises that we can add great value to our existing offer by forging connections in the City to maximise resources and complement each other's strengths.

We will expand our external relationships and unlock the unique opportunities which stem from locating in the Square Mile through a series of strategic partnerships with key players such as the London Chamber of

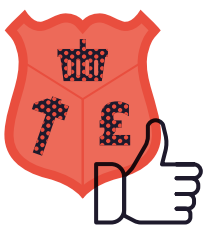
Commerce and Industry, our historic livery companies and our centres of education. In doing so, we will use our global convening power to the benefit of local SMEs, providing solutions in partnership with key players in business and industry. We should complement, not duplicate, support that is available at London-level through London & Partners.

These partnerships will work to showcase the Square Mile as an open, innovative and inclusive place to do business. We will unlock opportunities for our business community that are distinct to the City of London, and actively engage with diverse founders and underrepresented groups.

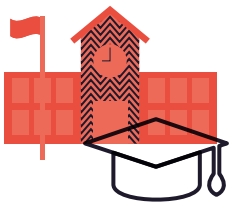
Work has already started on unlocking opportunities for SMEs in the Square Mile, such as the following.



As we move forward with our SME Delivery Plan, we will help forge connections within our business community in the Square Mile. To support this, we will expand our new strategic partnerships with industry leaders, starting with the London Chamber of Commerce and Industry. In this new partnership, we will work collaboratively to expand our collective reach, maximise the use of resources and complement each other's strengths.



Despite originating in medieval London, livery companies remain an integral part of the modern City of London's commercial fabric. Each livery company is associated with a specific trade or craft, and in this sense, they are hubs of industry. We will work with the livery companies, forming key partnerships with, for example, the Company of Entrepreneurs, and using our convening power to support connections between SMEs and these uniquely City of London organisations.



The City has strong ties to several universities and academic institutions, fostering research and education in finance, business, and related fields. Institutions like City University and Gresham College have strong ties to the City Corporation and have a wealth of knowledge which should be harnessed to support business owners in the Square Mile. To start, we are rolling out a pilot scheme with Queen Mary University and the Chartered Association of Business Schools, offering events and seminars to encourage enthusiastic entrepreneurs to seek out opportunities within the City, underscoring the Square Mile as a catalyst for business growth.

3. Stimulating growth: a targeted approach to SME support

We are in a moment of huge regional change. Post-COVID, small businesses are having to be more agile and innovative in how they operate. We need to match this and be just as agile and innovative in our support offer in line with the wider economic goals of the City Corporation.

This means building on our general offer to SMEs, supplementing it by developing a new, targeted, and proactive offer that can be deployed in specific sectors and sub-sectors,

aimed at early growth firms as defined by the City Investment and Development Unit and informed by the Market Occupation Study. We will also look at how we can target support to underrepresented and diverse founders, for example SMEs owned by women and ethnic minorities.

As such, our 'Access To' offer is designed to help drive targeted support over five key barriers to growth: finance, data, space, expertise and networks.

Access to Finance – Building on the success of our work with the Samuel Wilson's Loan Trust, we will support growing businesses to become investment-ready and access finance options that work for them. We will develop and enhance our partnerships, working closely with institutions such as the British Business Bank and high street banks to help City businesses navigate what finance options are open to them.

Access to Data – As the only UK-dedicated public service for business information offering in-person and remote access to specialist business databases, we will support SMEs to access the City Corporation's range of authoritative, relevant and current data that is not freely available on the internet and is too expensive for SMEs to access. We want to continue to empower SMEs with valuable data-driven insights, helping them make informed decisions, mitigate risks, and capitalise on growth opportunities in a competitive business environment.

Access to Space – We need to show the City is open for small businesses, so we will explore solutions to support SMEs locate in the City and contribute to a vibrant City. We will look at creating flexible office spaces for SMEs to grow and how we can activate empty units with occupiers that both attract footfall and support businesses starting up in the Square Mile – such as meanwhile use, and pop-up schemes.

Access to Expertise – We have a deep pool of expertise in the City, much of which gives us a competitive edge as a business community. We will build on our existing in-house expertise to strengthen our offer and offer free mentoring in partnership with the Association of Business Mentors and have an ambition to develop this offer with enhanced partnership working to support SMEs of target founders, sectors and growth stages.

Access to Networks – We will support connections by enhancing networking opportunities and our existing events programme. As a result of our enhanced engagement offer and new strategic partnerships with, for example, LCCI, we will increase our reach and offer scaled-up events which proactively respond to market changes, unmet needs, and key topics of interest for City SMEs.

We will adopt a 'test and learn' approach, seeking to develop a targeted offer that has measurable impact over the lifetime of this strategy.

In order to deliver this, we need a new, strategic approach to SME support. This means putting systems in place to ensure we can keep our SME support offer competitive and agile. In order to achieve this, we will do the following.

To set clear direction

We will embed our existing SME function in the new City Development and Investment Unit, which seeks to deliver the optimum environment for businesses to invest and flourish, both in terms of the physical environment and business ecosystems.

To target support

We will develop a targeted offer by consolidating and expanding our data sets, using them to identify key sectors and businesses. To do so, we will bring together our existing data sets, membership outreach activities, EDI data, event information, partnership engagement and social media/ website impressions into a user-friendly dashboard.

To maximise business engagement

We will enhance our business engagement across City Corporation, overtime enabling our support offer to become more proactive and agile for our target occupiers, sectors and groups as informed by our upcoming City Occupiers and Investment Study.

To advocate

We will use our influence and position to speak up for our SMEs on issues that matter to them. For example, we will develop a position on business rates in response to future government consultations to ensure that the business rates regime is not an impediment to growth, and promote alternative types of local taxation such as Tourist Tax and Online Sales Tax to help reduce the increasing burden of business rates.

To attract funding

We will raise our voice in support of our unique business environment, calling for funding allocations to be proportionate to our business count.

To raise our profile

We will raise our profile in support of SMEs by engaging stakeholders, increasing presence of City Corporation at small business events and, small businesses at City Corporation. For example, we will sustain and expand engagement of trade associations, business support organisations, central government, London boroughs and the broader SME support environment regionally and nationally. We will also establish an annual Policy Chairman's SME breakfast to engage small businesses in emerging and established sectors, hearing directly from businesses how City Corporation can support growth and jobs.







Small and Medium Enterprise Strategy

City Development and Investment Unit

SME Delivery Team

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