East End Trades Guild
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Submission to the Further Alterations to the London Plan April 2014.

1. Background

Formed in 2012 THE EAST END TRADES GUILD is a new co-operative of small independent traders working together in the interests of all proprietor-owned-and-run-businesses in the East End.

The catalyst for this initiative came two years ago when Spitalfields' oldest family business Gardners' Market Sundriesmen, selling paper bags from the same building for over one hundred and forty years, was faced with a large rent increase sufficient to put them out of business. Such was the public outcry that the landlord relented, but the point was made that these small independents are the essence of the East End and they needed to band together to ensure their survival in these times of economic crisis and in the face of incursions by multiples.

Vital both to the local economy and to the life of community, it is the infinite variety of small traders that make the East End such an appealing destination, adding value to property and attracting other businesses. In the past, these truths have been ignored and exploited by landlords, their agents, big business and government. Speaking in unity, through the East End Trades Guild, the traders are demanding recognition and asserting their central importance to the economy.

The EETG is currently working on a proposal for central Government legislation on affordable space, based around the Sustainable Communities Act. Its premise is that in order to create thriving, vibrant local communities and to promote their economic, social and environmental sustainability there must be a level playing field for negotiating a commercial lease between Commercial landlords and tenants.

2. The significance of the small local independent shops sector

The following data from our survey of just 200 EETG member businesses demonstrates the significance of the sector if scaled up across London.

Of particular mention is our contribution to the social fabric of neighbourhoods together with more local sourcing and fewer delivery-miles, contributing to the London Plan's strategic aim for sustainability and the Mayor's intention to tackle climate change.

EETG Survey Findings

In total there are 200 small businesses in the East End Trades Guild. Collectively we found the East End Trades Guild members represent 7,410 years of trading in the East End.

Members employ **1200** people, of which **1114** live in London
In total we have a turnover of **£77 million**
Members put **£17 million** people's pockets through wages last year, and **£26 million** of our supply chain supports other businesses in London
Members pay **£1.3 million** in business rates, and **£5 million** in VAT and **£2.3 million** in National Insurance contributions, every year.

We offer customers a human touch and meaningful interaction.

We are the "face of the community" for international visitors and locals, serving 520,000 people per month. **Our businesses know an average of 80 customers by name.**
We have intimate **local knowledge** – we guide people to resources and other businesses, supporting each other.
Our **relationships with local people** help address social isolation and child safety, and our relationships with the police supports greater public safety and crime prevention.
We offer a **quality of service** based on in-depth product knowledge, and we build a loyal customer following.

We offer distinctive, unique products. We are specialists in our sector, attracting visitors to the area from across London and overseas.

We are **daring, risk taking and creative**. Despite being small, many of us are "born global" – with international trading partners and customer base. **20% of our sales are made to foreign visitors.**

We showcase local products craft workers and artisans. We support locally manufactured items.

Being small means we can be flexible and **closely attuned to customer demand**. We *"can boldly go where no business has gone before"*.

We carry the history of the East End in our businesses. We are caretakers of historic buildings and we "add a narrative to the memory of the place we're in".

We are rooted in the social fabric of the East End. We serve as trustees, governors and take on social and community responsibilities to support local residents: "we work with schools in our area trying to build readers amongst their children by bringing in authors for them to meet and inventing festivals to excite children about reading."

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Distinctions between small proprietor-owned-and-run-businesses and large chain retailers include:

- Over 50% of the turnover of independent retailers goes back into the local community, compared to just 5% from supermarkets (Federation of Small Businesses - Keep Trade Local Manifesto, 2008).

- Whilst popular opinion is often that large retail outlets increase employment the evidence shows the exact opposite is true. Large retail outlets have a detrimental impact on local employment. The report 'High Street Britain: 2015' by the All-Party Parliamentary Small Shops Group found that over 3 million people were employed in retail, accounting for one in nine of all jobs. It showed that small, family owned retail businesses create more jobs, in terms of sales, than the big stores. Pound for pound, the figure was more than double. Calculations for 2004 showed that the convenience store sector, which employs over half a million people, only took £42,000 worth of turnover to create a job. Superstores, on the other hand, took on average £95,000 of sales to create a single job. That same year, Tesco, with a £29 billion turnover, employed 250,000 people while small grocery shops, with a lower turnover of £21 billion, employed double the number of people.

- Different business models: some chains have units that run at a loss or prioritise brand presence over sales and turnover

- Overwhelming evidence that large retail outlets have a net detrimental effect on the sustainability of local communities, as defined by the Sustainable Communities Act 2007 i.e. the economic, social and environmental well-being of local communities. We have seen this at close quarters in our area.

3. Overview of the London Plan alterations

We believe that the London Plan lacks sufficient recognition of the importance of the small proprietor-owned-and-run-business sector while having detailed information on the large retail and business sector and using this to steer policy. The London Plan's economic and retail strategy will have a different effect on small and large businesses but without drawing out the differences between them we will potentially suffer, not benefit from, some of the consequences.

Our submission is based around the need in the London Plan to define more fully the significance of London's small proprietor-owned-and-run-businesses, as demonstrated above, and to reflect and embed this in policy. We would like to continue a dialogue with the GLA on the issues affecting our sector.

4. Comments on the policies

Policy 2.10-2.12 Central Activities Zone

Given the new emphasis on housing and a perceived reduction in retail activity (discussed in Town Centres below) the policy needs the addition of London's small independent businesses being a distinct part of the Central Area Zone and separate from global retailing. They provide not only for local residents but also attract visitors and workers: they must be defined as being part of the strategic function and character of Central London. We see "Local" and "Strategic" as being interconnected rather than separate components.

Opportunity Areas 2.13

We are concerned about the new emphasis on housing output in the Opportunity Areas and do not see any mention of small local businesses as part of their development. Again, the protection and establishment of local businesses should be key to the success of these areas if they are not to become desolate urban landscapes. The creation of such 'anywhere development' in the Opportunity Areas would be contrary to each of the Mayor's Vision and Objectives.

Local participation should be at the heart of the development of Opportunity Areas and should be written into policy, as it is for Regeneration Areas eg para 2.64 *"Regeneration proposals should take account of stakeholder aspirations for the neighbourhoods concerned, and for the wider area affected".*

City Fringe / Tech City Opportunity Area

The extension of this opportunity area has happened without any knowledge on the ground and should be subject to local agreement. The description of the area fails to mention the small business sector, instead prioritizing what is described as the "buzzy" environment sought after by incomers. There should be full emphasis on this already dense area's current communities and businesses as being a key component of planned development, with the strong requirement for our participation in the process.

Town Centres 2.15 and 4.7 Retail and Town Centre Development

Town Centre policy and retail policy are the key places to define and reference the proprietor-owned-and-run-business sector. The only reference we see is to "local goods and services needed on a day-to-day basis" focused in "local centres" which does not do justice to it. We would like to see our sector described within these policies.

Town Centres 2.15

We are concerned that the effect of new high-density housing in Town and neighbourhood Centres will be to raise rents even further. While the large retail sector has reported a slow-down our sector has not been consulted and is different:

the circumstances and growth within our sector should be reported as part of "the changing roles of centres" and should have equal impact in this policy. Broadly prioritising housing over non-residential activity lacks knowledge of the effect on small operations. Higher land values and rents will be created, which we believe will directly undermine those businesses that run on a less global scale.

There seems to be a worrying lack of forethought about how the addition of housing into business areas would work: whether and how it would threaten trade and employment across London. Small, family owned retail businesses create more than double the jobs, in terms of sales, than the big stores. Calculations for 2004 showed that Tesco, with a £29 billion turnover, employed 250,000 people while small grocery shops, with a lower turnover of £21 billion, employed double the number of people (see above).

In paragraph **2.72G** the provision of "High quality environments" in Town Centres is a little vague. We would welcome a better definition, for example environments that are based on 'Lifetime Neighbourhood' principles, which we see as being very compatible with ours.

We support the provision for community uses and "smaller enterprises" but why is there a caveat of viability? It demonstrates the London Plan's lack of recognition of the benefits afforded by our sector. The emphasis should be changed. There must be a stronger intention to provide affordable work-space in new developments.

Policy 2.15Dc and paragraph 2.72G Compulsory purchase for "site assembly for housing". We strongly object to the introduction into this policy of compulsory purchase for housing and believe it is not justified and should be removed.

4.1 Developing London's Economy

We have taken part in the Just Space Economy and Planning group and support calls for a broader approach to London's growth, which sees the local economy having an equal part to play and reduces the priority given to multiples.

Para 4.5 This would be the place to single out micro enterprises with fewer than ten employees as distinct from small and medium enterprises. NB it is unclear what is meant by 'voluntary enterprises' if these are VAT/PAYE registered.

para 4.9A We understand that the London Enterprise Panel has a narrow range of members and agree it should have wider representation such as from small independent business organizations like ours.

4.7 Retail and Town Centre Development
4.8 Successful and Diverse Retail Sector

We feel that the overriding message from Mary Portas in her report, which was to place high value on the independent shop and small business sector, should be reiterated here and our sector given clear mention and weight within these policies. Evidence suggests that more diversity of shops means increase in trade and in the sustainability of shops.

Para 4.48A Like pubs, shops and businesses play a part in the "social fabric of communities" and this should be acknowledged.

4.9 Small Shops

There must be greater incentive for the provision of small shop units. We have not seen developers' delivery of small or affordable units locally and additions to the policy are needed if this situation is to improve. For example "the mayor **will** impose conditions or seek contributions through planning obligations". Furthermore, the policy needs to link to what the community of that borough wants and needs.

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