Advance London
Circular Economy SME Business Support Programme for London

LONDON

ADVANCE LONDON CIRCULAR ECONOMY SME BUSINESS SUPPORT PROGRAMME

Stimulating and scaling circular breakthroughs

GOVERNANCE
Greater London Authority

POPULATION
8.8 million

GDP
763 billion EUR

DENSITY
5,729 per km²

AT A GLANCE

THE INITIATIVE

To support small and medium-sized enterprises in the transition to a circular economy, London Waste and Recycling Board has created Advance London - a circular economy programme that offers business advisory services and investment guidance to SMEs that meet specific size, turnover and focus criteria. Engagement with the SMEs is tailored to their individual activities, and includes exploring new circular economy markets, revenue streams and business models. By transforming waste challenges into business opportunities, the work of Advance London also contributes to meeting the city's goal of zero waste to landfill by 2026.

TIME FRAME

Advance London is a three-year programme, running from January 2017 to December 2019. It will likely seek further funding to scale up support over a longer term following positive SME demand and impactful results.

FOCUS AREAS

Participating SMEs are addressing the five focus areas that were identified in London's Circular Economy Route Map issued in June 2017: built environment, food, textiles, electricals, and plastic.

CORE TEAM & PARTICIPANTS

A core team of six staff sits within the London Waste and Recycling Board (LWARB) - the statutory body dedicated to waste management across London and chaired by the Mayor of London's representative. The team is supported by LWARB colleagues, and an external advisory group.

FINANCE

Advance London is co-funded by LWARB and the European Regional Development Fund (ERDF). Each contributes GBP 0.7 million.

In parallel, LWARB is a cornerstone investor in three stand-alone funds (separate to the co-funding above) which are open to the qualifying SMEs. Each fund targets a different stage of enterprise development - from support for those creating a Minimum Viable Product; to venture support for those needing series A and B funding (funding for early stage businesses), to growth support for those with a proven cash flow and profit that are looking to scale.

LEAD POLICY LEVERS

- ROADMAPS AND STRATEGIES
- CONVENING AND PARTNERING
- AWARENESS RAISING
- CAPACITY BUILDING
- FINANCIAL SUPPORT

For more see *Policy Levers*

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OUTCOMES TO DATE

By the end of 2018, Advance London had held five collaboration events with the aim of brokering relations between SMEs and corporates, as well as 20 technical learning workshops on topics such as an Access to Finance Masterclass, Compelling Communications for your Circular Innovations, and Design Thinking.

Advance London has also provided 700 hours of bespoke support to 112 SMEs. By December 2019, the programme aims to provide:

- 100 SMEs with at least three hours of bespoke support in the early stages of the programme, which includes eligibility assessment and circular diagnostics
- 80 SMEs with at least 12 hours of bespoke support further along the programme, which includes growth and transition support

One in three SMEs engaged in the programme have secured grant, equity or loan funding within 18 months of first receiving advice.

The programme also helped to facilitate 20 product-market collaborations which by the end of 2018 had generated five new circular products or services. These are:

- Pluumo, a unique thermal packaging material made from surplus feathers
- CupClub™, a returnable packaging service designed for hot or cold drinks
- Expansion of OLIO, the food sharing app, to include local shops so that surplus food and other items can be shared rather than thrown away
- Launch of a refillable scheme for perfume bottles by 4160 Tuesdays, a London based perfume manufacturer
- Launch of Biohm's small-scale production of mycelium (branching filaments of fungi) based construction products

THE JOURNEY

ORIGINS

In 2017, LWARB published London's Circular Economy Route Map in which SMEs are identified as integral to developing circular economy in the city due to their contribution to private business sector turnover. The route map helped LWARB identify the challenges these businesses face as they embed circular economy approaches into their activities, particularly in relation to obtaining appropriate financing, developing transformative mindsets, promoting products and getting support from supply chains and support services. To help overcome some of these aspects LWARB created the Advance London programme.

NEXT STEPS

To create a compelling programme, LWARB not only harnessed learnings from SMEs already working to make the transition to a circular economy, but also from its wider network. It engaged with investors, accelerators, workspaces and organisations such as Circularity Capital, Central Research Lab, Clean City Awards Scheme, and the Ellen MacArthur Foundation's CE100 network.

LWARB also formed partnerships with the Federation of Small Businesses, the London Growth Hub, local chambers of commerce and business improvement districts. These partnerships helped LWARB identify and attract SMEs best placed to benefit from the programme.

In addition to a core team, LWARB appointed a dedicated advisory group that meets quarterly to track the achievements of the programme and inform its future direction, ensuring Advance London continues to best serve and engage as many SMEs as possible. The group reflects a mix of expertise with representatives from London councils, the investment sector, the corporate world and circular economy experts and academics.

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THE PROCESS

Advance London focuses on two main strategic support areas:

- SMEs with existing circular economy offerings
- SMEs that want to transition to a circular economy business model

Through initial calls with prospective SMEs, the Advance London team works to understand the SME's business model and how circular economy principles could be leveraged to unlock economic, environmental, and social benefits. The businesses eligible for support are then invited to the Circular Business Masterclass. At this early stage, baseline data on each SME is gathered to allow for quarterly tracking of progress.

All businesses that become part of Advance London's programme receive between a minimum of three hours to ten days of bespoke support, ranging from advice on business models, to how to market and scale, or ways to obtain the finance appropriate to their goals and development stage. SMEs also receive invitations to workshops to build their capacity, and benefit from a range of networking and collaboration opportunities. SMEs that want to move forward with securing investment are put in touch with expert investors from the relevant stand-alone funds or are signposted to other funding opportunities.

The relationship with the SMEs on the programme is on-going and will last for as long as the programme is running.

MILESTONES

The programme commenced in January 2017 with a launch event held in City Hall in April 2018. Some 45 SMEs attended, alongside the many experts involved in the programme's creation.

During their time on the Advance London programme, several of the participating SMEs have achieved significant milestones:

- ZigZag Global was the first SME supported by the programme to be nominated for and accepted onto the Ellen MacArthur Foundation's CE100 programme as an Emerging Innovator in March 2017. In 2019 it was a finalist in The Circulars, hosted annually at the World Economic Forum meeting in Davos.
- Nu Wardrobe and Encycled, supported by an Advance London circularity boot camp, won grant funding at the London City Fashion Challenge, run by the London Legacy Development Corporation (LLDC) and East London Fashion Cluster in November 2017.
- In October 2017, CupClub was announced as one of the winners of the USD 2 million New Plastics Economy Innovation Prize in the circular design category which seeks to address small items that are commonly not recycled or discarded in the environment or landfill.
- The first portfolio company to attract major investment, OLIO, closed a USD 6 million Series A raise led by Octopus Ventures in June 2018.
- Also in summer 2018, with the support of the Advance London programme, Plan Zheroes, a food redistribution charity in London, implemented a new income-generating model that resulted in a robust business case for food redistribution, introduction of a new charging structure, and improved financial sustainability through the development of an independent income stream.

To celebrate the one-and-a-half year mark in June 2018, Advance London, in collaboration with LWARB's Circular London programme, hosted London's first Circular Economy Week where 18 SMEs had the chance to broker relations with 21 corporates, several of which led to contract opportunities.

During this same week, Advance London hosted the UK's first brokerage event between SME innovators (e.g. Biohms, Skipping Rocks Lab, Customem) and traditional waste management companies (e.g. Bywaters, First Mile, SWR Newstar, REAL) to initiate dialogue and identify ways to increase the composting rate of biodegradable products.

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MEASURING PROGRESS

Currently, the programme reports quarterly on two main outcome areas:

- The introduction of new products, services or processes
- The creation of new job opportunities

A bespoke methodology being developed for multiple stakeholders including, for example, LWARB, ERDF and future funders, will also capture outcomes and impacts across the widely varying SMEs including:

- Increased SME profitability
- Waste diverted from landfill
- CO2 emissions saved

Additionally, the team has worked on the development of a framework that assists with establishing each SMEs' baseline circularity and areas for potential innovation. Between July and December 2018 the framework was tested on 30 businesses and is being rolled out across the programme in 2019.

REFLECTIONS

Increasing reach through collaboration and agility. The programme's collaboration with LWARB's wider activities, networks and initiatives (such as Circular London), and with the Greater London Authority's policy initiatives (such as the Mayor's Entrepreneur Award), has contributed to its development. It has increased the programme's depth, reach and ability to address key needs. Advance London also regularly evaluates its activities, convening SMEs and other stakeholders to assess its added value, and adapting its activities to maximise impact.

Developing tailored programmes to support circular economy business and policy transitions. Having direct contact with SMEs through the bespoke elements of the programme has allowed the Advance London team to have a real-time understanding of SME needs and challenges. This not only informs the evolution of the programme but can also inform wider policy development.

Measuring progress to give Advance London and SMEs visibility on impact and inform future developments. The dedicated framework developed for the programme allows the team and SMEs to capture baseline measurements and circular economy progress in the form of economic and job opportunities rising from the shift to circular business models. The measurement also helps businesses identify relevant areas for innovation across their value chains.

Creating resilient local economies and innovative business cultures. The programme helps local SMEs to be at the forefront of circular economy innovations, which in turn helps unlock the associated economic, environmental and social benefits that are being captured in the measurement framework. The programme also opens up partnership opportunities and knowledge exchange with larger organisations, helping to drive an overall culture of business innovation.

FOR MORE INFORMATION

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This case study is part of *Circular economy in cities*, Ellen MacArthur Foundation

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