



London Business Survey (Spring 2010)  
Survey Report Summary for Business Junction

26 April 2010

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## Introduction

Welcome to the results of the London Business Survey (Spring 2010) delivered through Business Junction, the London Business Networking company, in April 2010.

We've summarised the results so you can see at a glance the issues affecting London based businesses in the current economic climate.

The survey is a recurring 6 monthly exercise and shows the shifts and changes that are occurring in the London business environment. It provides businesses and commentators with a more detailed, independent view than is provided by the national chambers of commerce barometers and other data monitoring conducted by government departments.

The Spring 2010 survey results can be viewed as stand alone or, more powerfully in comparison with the Autumn 2009 survey and the Spring 2009 survey. The survey provides an accurate assessment of the views of business owners and senior professionals in the Spring of 2010. Where possible we have compared results with those from Spring 2009 and Autumn 2009 to demonstrate shifts in opinion and activity in the 6 month and 12 month period.

We received 175 overall responses to the survey, which Business Junction delivered to its contacts and members, between 12<sup>th</sup> April 2009 and 23<sup>rd</sup> April 2010.

We're happy that this volume of response allows a representative sample to be obtained.

## Scoring System and Methodology

For this survey we have adopted a simple system where most questions had a limited number of responses, usually yes/no. We have therefore captured the responses to use percentages to reflect the feeling of the canvassed audience. We partly did this for the speed of completing the survey and ease of use on behalf of those taking the survey.

## Key Issues

In this section we've simply bullet pointed the key issues that were highlighted, things you can pick out as headlines, sound-bites and areas to focus on. Obviously there is more detail in the full results document which can be downloaded free from the clarity members area at [www.clarityuk.net](http://www.clarityuk.net), details of which are given at the end of this document. You can make up your own mind on what you may want to highlight but we thought this would be a good start for you.

Please note the first figure expressed in brackets relates to Autumn 09 and the second to Spring 2009.

The key issues that were highlighted from the survey were:-

- \* **Banking loan refusals stand at 58%, the highest level since the London Business Survey started in Spring 2009**
- \* **38% of London businesses are considering funding through Government based schemes (27%)**
- \* **Business conditions improved in the last 6 months, the 3<sup>rd</sup> consecutive period in succession**
  - **37% saw turnover increase in the last six months (33% and 27%)**
  - **30% saw trading conditions worsen (39% and 55%)**
  - **Business confidence for the next 6 months reached its highest level since the London Business Survey began in Spring 2009, 64% believe conditions will improve (62% and 40%)**
- \* **The threat to London businesses workforces are at their lowest level since Spring 2009, 6% thought they would have to decrease their staff levels in the next 6 months (12% and 14%)**
- \* **73% of London businesses surveyed receive payment for Public Sector projects later than 29 days from invoice demonstrating the failure of Governments promise to speed up cashflow to small businesses**
- \* **The business support programmes by the Government, LDA and Mayors office continue to achieve a poor take up rate and where taken up by London businesses, the impact has been inconsistent**
- \* **Only 3% of London businesses surveyed had successfully gained business from the CompeteFor programme**

## Analysis of results

Where possible we've compared the results of the London Business Survey (Spring 2010) with the ones conducted in Autumn 2009 and Spring 2009 with the intention of demonstrating shifts in perception over the last 6 and 12 month periods. Spring and Autumn 2009 figures are expressed in brackets ().

We're making this section a little easier to pick up the key points from the London Business survey (Spring 2010) to drive the headlines and sound-bites that could be shared in the media and communication channels.

## Funding

The biggest issue identified from the London Business Survey (Spring 2010) is the increase in refusals of business banking loans. Although the level of applications were slightly down in the last 6 monthly period (18% from 20% in the previous two six-monthly periods), the level of refusals has increased over the last year from 48% in Spring 2009 to 58% in Spring 2010.

This should be judged in conjunction with a Government push to urge banks to lend to businesses, small ones in particular in an attempt to increase the flow of credit into the economy and solidify the economic recovery. This increased figure of lending rejections suggests there should be caution on an economic recovery despite increased business confidence for the forthcoming 6 months and the solid performance of businesses since Autumn 2009.

As a result of the bank lending refusals, London businesses demonstrated a greater desire to use alternative sources of funding. Government and support agencies have a range of support programmes and 38% stated they would consider those avenues (up from 27%)

The attitude of the banks at a relationship level is still at a low base. Just 8% of London businesses said the relationship with their Bank had been more positive (4% and 8%). Another worrying indicator when considering the increasing level of credit refusals.

## Trading Conditions

To the point when Q1 GDP figures were officially released, there were doubts as to whether the UK economy was heading for a double dip recession and whether two consecutive quarters of growth could be attained.

The Q1 data showed a 0.2% GDP increase. The London Business survey echoes that data and suggests the London recovery could be stronger than the overall UK picture.

35% (compared to 32% and 17%) of the audience stated that conditions had improved over the last 6 months. 30% (39% and 55%) expressed conditions had worsened for them in this time. This represents the first period since the London Business survey commenced in Spring 2009 where more businesses expressed improving conditions compared to worsening conditions.

In the same period, 37% (33% and 27% previously) of businesses stated they had experienced an increase in turnover, although 30% (36% and 47%) experienced a decrease. Again, the first time since our London Business survey started that more businesses experienced an increase in revenues compared to a reduction.

The final indicator of business performance is that of staffing levels. Only 14% of businesses stated their staffing levels had decreased compared with 18% and 29% in the previous comparative periods.

## **Forecast Trading Conditions for 2010**

There has been much discussion in media circles of the strength of the UK economic recovery. Q1 of 2010 GDP figures demonstrated a 0.2% increase. The view from London businesses suggests that the economic recovery will continue and fears of a double dip recession are reducing. The most common view from the London businesses canvassed was an expectation of an improvement in trading conditions into Q's 2 and 3 of 2010 (64% compared to 62% in Autumn 2009 and 40% in Spring 2009).

This data is further supplemented with the view that the turnovers of London businesses are at their lowest likelihood of reducing (14% compared to 15% and 25% respectively).

One of the biggest economic worries has been the increase in unemployed and benefit claimants. The worst expectations were leading us to believe 3 million could be attained. The indicators from the London Business survey show the most confident views on staffing levels since the survey began in Spring 2009. Only 6% considered a decrease in employee levels to be likely (compared with 12% and 14%). However, there still remains a considerable way to go before recruitment activity picks up. In fact our indicators show 27% of businesses expect to recruit in the next 6 months compared to 31% in Autumn 2009. The most likely event is a period of market stability and businesses generate more revenue and add reserves before pushing for considerable growth and an expanded cost base.

## **Programme of help for businesses by Government, LDA and Mayor's Office**

The prior two London Business surveys have indicated a lack of support for businesses from the Government, the LDA and the Mayor's Office.

The level of uptake in Government programmes increased to 30% from 22%. 45% of those businesses stated the Government support programme had delivered a positive effect.

Only 3% of London businesses had benefitted from support from the Mayor's Office and 14% from the LDA. Both figures static from the Autumn 2009 survey.

## General

The levels of registered London businesses on the CompeteFor programme are still low. Just 32% of businesses stated they were registered. 28% had tendered for work through the platform and just 3% had picked up work.

The Government promise of increasing the speed of payments to small businesses from public sector projects is failing. Of the London businesses canvassed only 1% stated they had received payment in less than 10 days from date of invoice. The reality, based on the results of the survey, showed that 73% of businesses get paid in 30 days or more from the point of invoice.

Compounding this, 38% said they would consider tendering for a Government project (40% previously). 26% said they wouldn't tender (28% in Autumn 2009).

Just 17% of London businesses stated that the tendering process was a good investment of time, 71% stating that it was not.

## Use of these results

A digest of these results have been shared with Business Junction who can use these results for their own purposes and can republish them in a number of formats.

This detailed report is held solely in the registered members section of the Clarity website. Any registered member may use the data and results for their own purposes.

If republished, whether in e-mail, through a website or into any form of digital, printed or presented media, Clarity UK must be acknowledged as the research partner. In any written media, Clarity will be expressed as clarityUK.net (the extension of our web domain).

We are happy for others to view this research. For anyone participating in this research, who has been canvassed in this research and future contacts of Business Junction and Clarity, the results will be solely held for viewing in the secure area of the Clarity website.

Access can be obtained by completing the simple registration process by visiting <https://www.clarityuk.net/register.php> and following the link to reports where the London Business Survey (Spring 2010) will be stored from 28<sup>th</sup> April 2010.

The full results will be available for anyone to view who registers.

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