



**The London Business Survey (Spring) 2009**

**Produced by Business Junction in association with Clarity**

## **London businesses say Government and Mayor of London offer little help during recession**

The Government's policies to help London businesses fight the recession have had little positive impact and are largely irrelevant according to the London Business Survey 2009, published today.

300 companies across the capital responded to the survey and the results reveal that the emphasis on training and tendering offers them little direct help, while VAT and interest rate cuts have not provided the stimulus to encourage trade that the Government expected.

The survey, carried out by Business Junction and Clarity between March 3<sup>rd</sup> – 19<sup>th</sup> 2009, invited companies across London to submit their views on how the recession and credit crunch has affected them directly and their outlook for 2009.

### **The key findings of the survey are:**

- **The business support programmes of the Government, Mayor of London's office and London Development Agency have failed to make a difference to London businesses**
- **Most London businesses have never tendered for a public contract and those that have find tendering to be a poor investment of time and money**
- **Most London businesses ignore training schemes such as Train To Gain**
- **55% of Enterprise Finance Guarantee scheme applications have been rejected, whilst two-thirds of general loan applications are also rejected**
- **London businesses have not been assisted by VAT and interest rate reductions**

### **Details**

90% of London businesses have found the various initiatives for business developed by the Government, Mayor of London's Office or the LDA are largely irrelevant to their needs and have had no impact on their company's ability to keep trading.

The much-publicised twin planks of the Government's assistance to businesses – tendering and training – are also irrelevant for most London businesses. A third of companies have tendered for public contracts, but two-thirds of these found tendering a poor investment of time and money.

Although the Government emphasises the importance of training during the recession, only 15% of London businesses have accessed Train To Gain or similar programmes.

Lending applications have started to be made through the Government's Enterprise Finance Guarantee scheme, but that most businesses have seen their applications rejected.

The VAT reduction has had no positive effect for 70% of businesses, with more than 50% of London businesses surveyed saying they had not benefitted from interest rate cuts.

Commenting, Mark Herring, Director of Business Junction said,

“The Government’s and Mayor of London’s efforts to help businesses in London, especially those small and medium enterprises so key to employment opportunities in the capital, have been poorly targeted and are not the answers to business requirements at this moment.

“The Government’s only direct intervention for business has been to increase spending on training programmes, yet these are not wanted by London’s firms. This may be because the emphasis on leadership and management training seems bizarre when workforces are being reduced. Does the Government seriously think a company’s priority is to train workers while it struggles to find work?

“The emphasis on tendering as an opportunity for all also seems misconceived. The vast majority of companies which have tendered are left feeling it was a waste of time and money. The process is complex, with issues like indemnity insurance meaning small businesses actually have to pay just to be allowed to make a bid.

“If public contracts are designed to help all companies find new opportunities to supply, the public tendering process itself needs an overhaul to make it easier, fairer and more worthwhile for smaller companies.

“The London Business Survey shows that most companies seeking additional funding borrowing through the banks or the Enterprise Finance Guarantee scheme are rejected, despite recent claims by the Government.

“The government needs to start actively engaging with every sector and size of business in London. Business needs relevant assistance programmes that understand their actual requirements of businesses so that they can retain staff and start to grow again.

“We need more understanding from the Government and some figures from the London agencies about how relevant and effective their current policies around business support are.

“This recession is different from previous ones. Networking, the internet and other new technologies have changed the ways London companies do business with one another. The Government and Mayor have a lot to learn from smaller businesses. They need to quickly start engaging directly with all London companies so that together we all help rebuild the London economy.”

### **Media Contacts**

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Notes to editors

The London Business Survey was produced by Business Junction in association with Clarity. The survey, hosted online, was carried out between March 3<sup>rd</sup> – 19<sup>th</sup> 2009.

Business Junction is London's leading independent business network, with a membership of over 350 companies drawn from across London business sectors and areas. It holds 80 networking events per year and published the London Business Directory 2009 on March 25<sup>th</sup>.

For more information, please go to [www.businessjunction.co.uk](http://www.businessjunction.co.uk)

Clarity is an online feedback company, producing surveys and market research for a range of clients across the UK.

For more information on the methodology of the survey and to order more detailed analysis and breakdown of results, please go to [www.clarityuk.net](http://www.clarityuk.net) or email Paul Collins [paul.collins@clarityuk.net].

**Results:**

	%
<b>Since August 2008, have trading conditions for your company</b>	
Improved	17.34
Worsened	<b>54.98</b>
Stayed the same	27.68
<b>Since August 2008, has your company's turnover</b>	
Increased	26.94
Decreased	<b>46.86</b>
Stayed the same	26.20
<b>Since August 2008, have your company's staff numbers</b>	
Increased	13.65
Decreased	28.78
Stayed the same	<b>57.56</b>
<b>You have indicated that your staff numbers have increased. How many more staff as a percentage does your company now employ in this financial year when compared to last year?</b>	
5%	<b>33.33</b>
10%	25.00
11-20%	11.11
21-30%	8.33
31-40%	5.56
41-50%	8.33
51-75%	0.00
76-100%	8.33
<b>You have indicated that your staff numbers have decreased. How many fewer staff as a percentage does your company now employ in this financial year when compared to your last?</b>	
5%	18.18
10%	<b>19.48</b>
11-20%	18.18
21-30%	15.58
31-40%	12.99
41-50%	7.79
51-75%	3.90
76-100%	3.90
<b>Do you expect trading conditions for your company to</b>	
Improve	<b>39.93</b>
Worsen	28.36
Stay the same	31.72
<b>Do you expect your company's turnover to</b>	
Increase	<b>46.27</b>
Decrease	24.63
Stay the same	29.10
<b>Do you expect your company's staff numbers to</b>	
Increase	25.19
Decrease	13.91
Stay the same	<b>60.90</b>

	%
<b>You have indicated that you expect your staff numbers to increase. As a percentage how many more staff do you expect your company will employ?</b>	
5%	<b>21.21</b>
10%	<b>21.21</b>
11-20%	19.70
21-30%	10.61
31-40%	9.09
41-50%	9.09
51-75%	0.00
76-100%	9.09
<b>You have indicated that you expect your staff numbers to decrease. As a percentage how many fewer staff do you expect your company will employ?</b>	
5%	<b>30.56</b>
10%	16.67
11-20%	11.11
21-30%	13.89
31-40%	11.11
41-50%	11.11
51-75%	2.78
76-100%	2.78
<b>Has your company applied for an overdraft, additional overdraft or loan from your bank in the past 6 months?</b>	
Yes	20.38
No	<b>79.62</b>
<b>If yes, was your company's application approved?</b>	
Yes	35.82
No	<b>47.76</b>
Still waiting to hear	16.42
<b>Has your company applied for additional finance through one of the government schemes, such as Enterprise Finance Guarantee or Working Capital Guarantee schemes or similar?</b>	
Yes	3.86
No	<b>96.14</b>
<b>If yes, was your application successful?</b>	
Yes	5.00
No	<b>55.00</b>
Still waiting to hear	40.00
<b>Does your company expect to need to borrow additional funds in 2009?</b>	
Yes	21.88
No	<b>48.05</b>
Not sure	30.08
<b>If yes, would your company consider applying for additional finance through one of the government schemes, such as Enterprise Finance Guarantee or Working Capital Guarantee schemes or similar?</b>	
Yes	<b>47.02</b>
No	23.18
Not sure	29.80
<b>Since August 2008 has your bank's attitude towards your company's financial needs been</b>	
More positive	8.24
More negative	20.78
Unchanged	<b>70.98</b>

	%
<b>What impact has the recent VAT reduction had on your business?</b>	
Positive	6.40
Negative	8.00
None	<b>71.20</b>
Too early to assess	14.40
<b>What impact have the recent interest rate reductions had on your business?</b>	
Positive	7.17
Negative	12.75
None	<b>58.57</b>
Too early to assess	21.51
<b>Has your company chosen to receive training for its staff through Government schemes such as Train To Gain?</b>	
Yes	15.92
No	<b>84.08</b>
<b>Has your company submitted a tender to supply products or services to councils or other public sector organisations?</b>	
Yes	33.47
No	<b>66.53</b>
<b>If yes, does your company view the general tendering process to be</b>	
A good investment of time and money	22.22
A poor investment of time and money	<b>63.89</b>
Other	13.89
<b>If your company have never submitted a public sector tender, would you consider doing so in the future?</b>	
Yes	<b>41.88</b>
No	20.42
Maybe	37.70
<b>What impact has the UK Government's current programme of help for business had on your company?</b>	
Positive	4.84
Negative	5.24
None at all	<b>89.92</b>
<b>What impact has the Mayor Of London's Office current programme of help for business had on your company?</b>	
Positive	4.84
Negative	1.61
None at all	<b>93.55</b>
<b>What impact has the London Development Agency's current programme of help for business had on your company?</b>	
Positive	7.69
Negative	1.21
None at all	<b>91.09</b>

**Scoring System and Methodology**

We've delivered the results in this summary report where you can see at a glance the issues affecting London based businesses in the current economic climate.

The survey is intended to be a recurring quarterly exercise and in time will show the shifts and changes that are occurring and provide businesses with an independent and more detailed view than the national chamber of commerce barometers and other data monitoring conducted by government departments.

This inaugural survey obviously stands on its own at this time but does give an accurate assessment of the views of business owners and senior professionals in the Spring of 2009.

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.

We received 300 overall responses to the survey, which Business Junction delivered to it's contacts, between 3<sup>rd</sup> March 2009 and 19<sup>th</sup> March 2009. Of those 300, 15 were spoiled giving a total population of 285.

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