

**PRESS RELEASE (FOR IMMEDIATE RELEASE) – December 7<sup>th</sup> 2009:  
LONDON BUSINESS SURVEY (AUTUMN) 2009 RESULTS**

**London businesses says nation and London governments' support programmes offer little practical help; business confidence slowly returning; new job prospects remain flat; tendering for public sector work is onerous with little reward; banks still rejecting calls for business finance.**

London-based businesses across all sectors have responded to the autumn edition of the bi-annual London Business Survey and the results reveal that whilst most are confident they will see growth return in the first quarter of 2010, very few have plans to actively recruit new staff.

Present Government policies on tendering and business support are also criticised as being ineffective and in certain cases actually damaging to recipient businesses.

The survey, carried out by Business Junction and Clarity this November, invited companies across London to submit their views on how the recession and credit crunch has affected them directly and their outlook for 2010.

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

- **Business confidence is returning: 83% of businesses expecting turnover to increase or stay constant into Q1 of 2010 in comparison to 75% in Spring 2009**
- **London businesses say staff numbers will most likely stay as they are now for the next 6 months, although 31% now say they expect to add to their workforce compared to 25.19% in Spring 2009**
- **Business support programmes by the Government, LDA and Mayor's office have a poor take up rate and where taken up by London businesses, the impact has been negligible**
- **Only 13% of London businesses believe the current tendering process for Public Sector projects is a good investment of time and money**
- **Payments for Public Sector projects are usually received later than 29 days from invoice - 9% took longer than 90 days!**
- **53% of overdraft applications to banks are not approved and the attitude of banks to businesses has remained largely unchanged since August 2008**
- **88% of companies are members of a networking organisation.**

**Economy**

Although business confidence is slowly returning, with 83% of businesses expecting turnover to stay the same or increase into 2010, recruitment opportunities look poor, with less than a third of London businesses (31%) looking to add new staff over the next six months.

**Support and training**

Despite the Government's efforts to use business support programmes to help London's companies drive the economy out of recession, the take-up has been poor. Only 22% of businesses had accessed Government support schemes, with more than half (51%) of those who received support feeling it failed to have any impact at all.

This issue was magnified in the results for the London Mayor's office and the London Development Agency (LDA). Only 3% of London businesses have accessed any support schemes run from the Mayor's Office whilst 14% had accessed one of the LDA programmes. Of those who received support through the LDA or Mayor's Office, almost half (44%) felt it had resulted in a positive impact, over a third (37%) had felt no impact at all whilst almost a fifth (19%) felt it had actually had a negative impact.

**Tendering for the public sector**

Whilst around a third of London businesses had tendered for public sector work, only 13% of businesses surveyed feel that tendering is a good investment of time and money. The figures for CompeteFor also showed that whilst over a third (37%) had registered and a similar figure had tendered through the site (29%), only 4% had won any work.

Those who do work for councils, government agencies report that payments are still slow, despite government assurances to the contrary. More invoice payments take 30 days, with nearly a fifth taking longer than 90 days to sort payment from invoice.

**Banks and small businesses**

Over half of overdraft applications are still rejected by the banks and businesses report that the attitude of banks towards their business has remained unaltered since August 2008, when the lending crisis started.

Despite lending to banks being extraordinarily cheap, the rates passed onto businesses are excessive. Anecdotally, Business Junction hears of rates around 20% for small business lending, whilst accountants advice for small loans that credit cards and personal loans are cheaper and easier to sort.

**Networking**

Four out of five London businesses use networking to find new clients and suppliers for their businesses. This is leading to a sea-change in the ways London businesses structure themselves, with many companies now outsourcing functions, especially those within marketing or traditional back-office functions to companies within their networks.

**Quotes**

Mark Herring, a director of Business Junction said today,

“The second London Business Survey of 2009 shows that London’s SMEs believe the worst of the recession is behind them, with most companies showing that their turnovers are due to improve into the first quarter of 2010.

“However, businesses’ cautious optimism contrasts with criticism of the support coming from national and London Government and their London agencies. Most companies find the support programme has not been relevant and when they do access it, it has had little or no positive effect on their business. Ongoing support for businesses especially in London needs examining as to its relevance to companies in 2010.”

“The tendering process also needs an overhaul. For small businesses, the process of tendering for contracts is still time consuming and the number of smaller businesses winning tenders in the public sector is still woefully small. The rules, especially those concerning turnover and years of trading, are slanted against smaller businesses in favour of larger ones.

“London and national governments should consult with smaller businesses to find out why the present system is not working and create a new fairer and easier process that is accessible and beneficial to both smaller and local companies and London as a whole.”

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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 11<sup>th</sup> and 20<sup>th</sup> November, 2009.

For full results of the survey and analysis, please click here: <https://www.clarityuk.net/register.php>

Business Junction is London’s leading independent business network, with a membership of 400 companies drawn from across London business sectors and areas. It holds 80 networking events per year and is the publisher of the London Business Directory.

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, please go to [www.clarityuk.net](http://www.clarityuk.net)