



Understanding Businesses in the London Borough of Richmond

Prepared by Facts International on behalf of Richmond Borough Council



This report complies with ISO:20252:2012 and ISO9001:2015 standard for quantitative and qualitative research.

Executive Summary

Background and Methodology

In Spring 2018, c. 300 business decision-makers in Richmond were surveyed in order to help Richmond Borough Council better understand the needs of local businesses¹.

A spread of organisations by size and sector participated in the study. However, results should be seen as *indicative*, rather than representative of the views of the wider Richmond business population.

Doing Business in Richmond

Businesses are most likely to be in Richmond because of proximity to the owner's home, availability of suitable premises or access to customers.

While the desirability of Richmond is generally seen as an advantage, depth interviews also highlight some issues in areas such as affordability and competition for premises.

National and international markets are important to Richmond businesses, with growing businesses more likely to export than those whose turnover has declined.

Turnover, Staff and Expenditure Trends

Richmond businesses surveyed are most likely to have enjoyed a growing or stable turnover trend over the past financial year.

Changes in staffing levels are less common than changes in turnover. This may reflect a number of factors, including complexities faced by businesses in the decision to take on more staff.

Many participating businesses have experienced increases in their expenditure in areas such as utilities, rent and staff, meaning that increased turnover may not necessarily translate into increased profitability or margins.

The Richmond businesses taking part in the study are less likely to perceive increases in expenditure on business rates than on other areas of their spending such as utilities. This is true even among larger businesses with 10+ employees.

Business Premises in Richmond

Participating businesses occupy a diverse range of premise types and premises issues appear an important area of concern in Richmond.

Almost a quarter of participating businesses (23%) have found it hard to secure the right premises and this seems to be a particular issue for those in need of specialist business accommodation (e.g. factory, workshop, studio or warehouse).

While few participating businesses (13%) are actively considering moving premises, there may be further *latent* demand from businesses who could be interested in moving if suitable premises were

available. Of those considering moving premises, only a third (32%) are seeking new premises within Richmond.

More than half of Richmond businesses surveyed identified at least one factor that might lead them to consider leaving the Borough. The issues highlighted most commonly relate to costs and/or premises.

16% of participating businesses mention broadband connectivity as an issue that could cause them to consider leaving Richmond and 17% feel that their broadband connection is not fast enough. If the consequences of poor broadband connectivity reported by survey respondents are replicated across the Borough, this could mean almost 1,000 businesses being significantly constrained by the issue

Recruiting and Retaining Staff

A quarter of participating businesses report finding recruitment difficult, with this figure rising to close to half of medium sized businesses (46%).

Availability of suitable candidates is the most common reason given for recruitment difficulties (55%), with issues around candidate experience slightly more prevalent than lack of candidates with the required qualifications (49% compared with 30%).

Retention issues are less widely reported than recruitment difficulties and are mentioned by only 11% of respondents. However, 79% of those with retention issues are also facing problems with recruitment, suggesting that the combination of these challenges may be having particularly damaging consequences. Salary competition and the cost of living locally are among the key drivers of retention difficulties.

1 in 5 participating businesses (20%) mention that they have a skills gap, with these gaps more common among growing businesses (30%).

A relationship can be seen between recruitment and retention issues and skills gaps, with around half of those reporting retention difficulties (52%) and a similar proportion of those facing difficulties recruiting (49%) also experiencing skills gaps.

IT skills, either specialist (reported by 25% of participating businesses with skills gaps) or general (10%) are the most commonly identified area of skills gaps.

Business Optimism

Participating businesses have mixed views on how the business environment might change over the next two years, with 24% believing this will improve but 36% feeling it will get worse. Respondents are more optimistic about the prospects for their own business - 43% feel that things will get better vs 16% anticipating a deteriorating situation.

¹ A jointly-commissioned parallel survey was undertaken in Wandsworth at the same time, allowing some comparisons to be made between the two areas. The quantitative

work in both Boroughs was complemented by a series of 9 in depth interviews with businesses willing to talk about their views at greater length.

Businesses who have seen their turnover grow in the past year are more likely to be optimistic about the future.

Business Development

Many participating businesses have plans to make changes to aid their development and growth, most commonly using new technology to improve business performance (68%), increasing the skills of their workforce (63%), exploiting new markets or developing new products/ services (both 52%). There is a strong link between optimism and development plans, especially when these changes relate to people in the business.

Almost 9 in 10 participating businesses identify barriers to growth, most commonly the economy and competition (both mentioned by 38% of respondents), Brexit (38%) and taxes (34%). “Internal” business issues such as the availability of suitable staff or premises are important as barriers, but less commonly cited than more “external” factors.

Business and Brexit

Participating Richmond businesses are more likely to be pessimistic about the potential future impact of Brexit than optimistic, with 53% foreseeing a negative impact on the business environment and 31% a negative impact on their own business, compared with 17% and 12% respectively predicting a positive impact.

This contrasts with more general thoughts about prospects for the next two years; especially when decision-makers consider their own business (43% believe things will get better).

Those who feel Brexit will negatively impact their business are most likely to identify financial consequences, particularly those related to turnover (64%), profits (61%) or costs (59%).

While seven in ten Richmond businesses surveyed consider themselves at least “quite prepared” to manage the impact of Brexit (in line with the London average), more than one in five (22%) feel unprepared. Those who feel prepared for Brexit are more likely to think that this change will have a positive impact on their business (25% compared with 12% on average).

The Richmond businesses surveyed were generally unable to spontaneously suggest support that could help them to manage the impact of Brexit (21% saying “don’t know” and 40% saying they needed no support or nothing in particular) or suggested support areas not directly related to Brexit (e.g. reducing business rates, loans or grants or help reducing overheads). Further, those support areas mentioned with more direct relevance to Brexit were all quite generic (e.g. more clarity/ certainty, general information or general advice).

These findings suggest a lack of awareness among Richmond businesses around both the kind of support they may need and the options that may be available

to them. This implies that the method of promotion of any available support related to Brexit may be key.

Supporting Business

On average, participating Richmond businesses selected 3 types of business support from a list of 25 that could benefit them a lot and a further 6 types that could benefit them a little.

“Using IT and digital technologies” is the area of support most likely to be seen as beneficial (identified as beneficial to 46% of participating businesses), followed by business & financial advice (41%), legal compliance & legislation advice (39%) and advice & training for people within the business (33%).

The specific type of support most likely to be considered beneficial is compliance with legislation (50%), with 49% of respondents highlighting benefits from support related to the General Data Protection Regulation (GDPR). Participating businesses are most likely to identify support with business rates as the area that would benefit them “a lot” (identified by 26%). The combined figure (46%) makes business rates the fifth most common area where support would be welcome

No one method of delivering business support dominates over others in terms of appeal (each of the six formats listed, including seminars/ lectures, online bulletins and one-to-one in person support, is considered appealing by between a third and four in ten respondents), with this likely to be a matter of preference for individual businesses and decision makers. However, three in ten participating businesses do not consider any of the support methods listed appealing.

Despite their interest in business support, less than half of participating Richmond businesses (42%) say they would be willing to pay for this with 20% not very willing and 32% not at all willing.

Reducing, abolishing or freezing business rates was the most commonly suggested area of activity for the Council to engage in to support businesses or encourage them to set up in Richmond (mentioned by 23% of those established in Richmond for more than a year and 12% of participating businesses opened more recently). Other key themes include a wish for the Council to generally be more business-minded (identified by 11% of established businesses) and a need for premises (highlighted by 9% of new businesses).

Key Messages

This study suggests four key theme areas of importance to Richmond businesses:

- **Recruitment, Retention and Training**
- **Business Support**
- **Premises**
- **Brexit**

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Introduction

Richmond Borough Council and Wandsworth Borough Council jointly commissioned a survey in order to understand the needs of businesses operating in the Boroughs. This report presents the results from the London Borough of Richmond-upon-Thames.

A similar survey was undertaken in Richmond in 2015. The questionnaire covers similar topics as before, such as the type of business premises, access to premises in the Borough, access to broadband, employee skills and recruitment. In addition, decision makers in the business were also asked about the perceived changes to their business over the next few years, especially in relation to Brexit, and areas in which they feel their business may benefit from support. Where possible, comparisons have been made to the results of the 2015 survey.²

To supplement the survey, additional in-depth interviews were conducted with nine businesses across Richmond and Wandsworth. Quotes are used throughout this report to add depth to the findings.

Methodology

Quantitative Survey

Computer Aided Telephone Interviewing (CATI) was used to interview 300 decision makers in businesses based in Richmond. Interviews were conducted between 27th February and 19th March 2018. Facts International purchased a list of telephone numbers of businesses operating in the London Borough of Richmond, which included a named decision maker and information about the business, such as number of employees and industry. Target quotas were set for industry and business size (based on the number of employees), these were designed to be broadly representative of businesses in the area with the aim of completing additional interviews with businesses in the IT sector. Given the limited number of details available for these businesses, and for businesses with over 250 employees it was not possible to meet all quotas. The fieldwork period was constrained by purdah and so it was not possible to make further attempts to contact these businesses. Businesses were not offered an incentive to take part. All interviews were recorded for the purpose of quality checking.

To encourage businesses to take part in the survey, Richmond Borough Council published a link to the survey online. Four businesses in the borough took part using this link, and their answers have been combined with those businesses taking part in the CATI survey.

Data has not been weighted with findings representative of the businesses taking part, and not necessarily of all businesses in Richmond although a spread of organisation size and sector was achieved.

As a sample of businesses took part, rather than all businesses in Richmond, the results presented here may not represent the 'true' experience and views of businesses had all businesses taken part. The confidence intervals at the confidence level of 95% are as follows:

² Comparisons have been made where possible. However, it should be noted that changes to some questions between the 2015 and 2018 versions make comparisons limited in places.

Base	10% / 90%	25% / 75%	50% / 50%
304 - all participating in Richmond	+ / - 3.3%	+ / - 4.8%	+ / - 5.6%

The survey found that 58% of businesses said they have 2-9 employees. When accounting for the confidence intervals the 'true' figure would lie between 52.5% and 63.5%.

Desk Research and Comparisons

A phase of desk research was also undertaken to provide context to the findings. Results from the survey with Wandsworth businesses are included for local context. Direct comparisons can be made to Wandsworth results as the same questionnaire was used and the survey conducted at the same time.

London Business Survey 2017 - Confederation of British Industry

Conducted in summer 2017, this survey of 271 businesses in London included questions about planning for Brexit, recruitment and skills gaps. Results from the survey provide a point of comparison with businesses in London more widely.

The London Business Survey report can be found here: <http://www.cbi.org.uk/cbi-prod/assets/File/London-Business-Survey-2017.pdf>

Longitudinal Small Business Survey - Department for Business, Energy and Industrial Strategy

Reference to this survey allows for comparison of businesses in Richmond to those across the UK more widely. Between August 2017 and January 2018 the survey interviewed 9,248 businesses with fewer than 250 employees, a representative cross-section of UK small businesses. Figures distinguish between sole traders and businesses which employ at least one other member of staff.

The Longitudinal Small Business Survey report for sole traders can be found here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/624447/small-business-survey-2016-sme-no-employees.pdf

The report for businesses employing at least one member of staff can be found here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/624580/small-business-survey-2016-sme-employers.pdf

Qualitative Interviews

During the survey, participants were asked if they would be willing to take part in a more detailed interview. In order to further understand the challenges businesses face and how they can be supported, in-depth telephone interviews were conducted with nine of these businesses, across the two boroughs. The discussion guide for these interviews included sections about their business and the positives and negatives of being based in the borough, support the business has made use of and what would be helpful. It also included a section on finding business premises, preparing for Brexit and interaction the business has with the council.

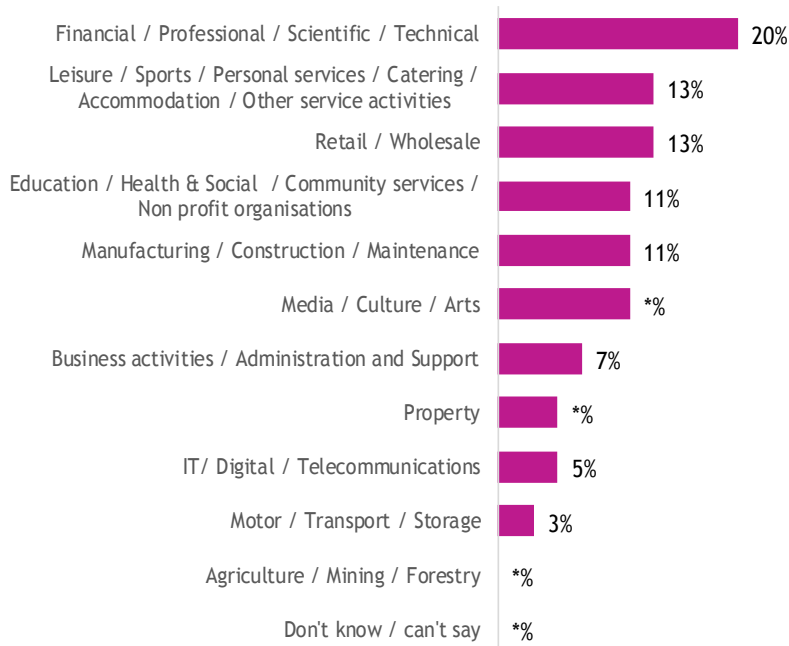
In order to encourage businesses to take part in an in-depth interview, and as a thank you, Facts International made a donation of £30 to charity on their behalf (the respondent could choose one of three local charities to donate to).

Five businesses from Richmond took part in the in-depth interviews.

Profile of businesses taking part in in-depth interviews		
Sector	Media, culture and arts	2
	Property	1
	IT, digital and telecommunications	1
	Retail, wholesale	1
Number of employees	2 - 9	3
	10 - 49	1
	50 -249	1
Premises ³	Sole-use office	3
	Home-based	1
	Studio	1
	Shop	1

Profile of participating businesses (Quantitative Survey)

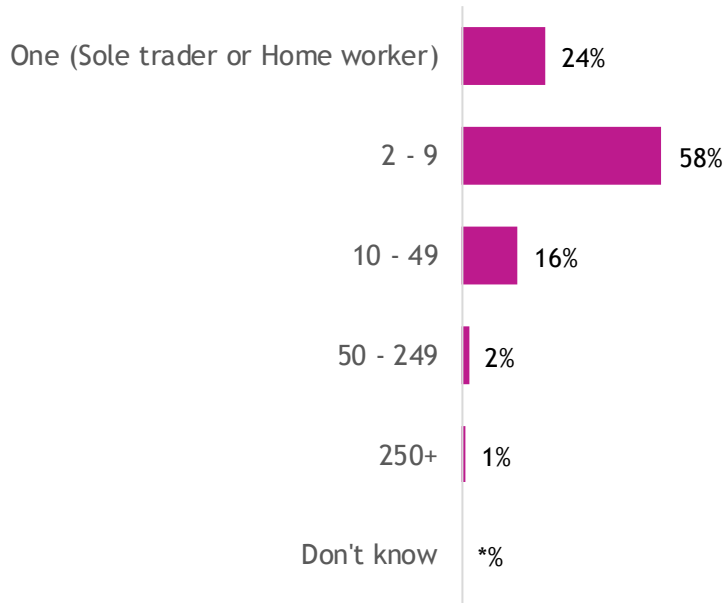
Industry



Q3. In which industry does your business operate?
 Base: Base: All participating businesses in Richmond - 304

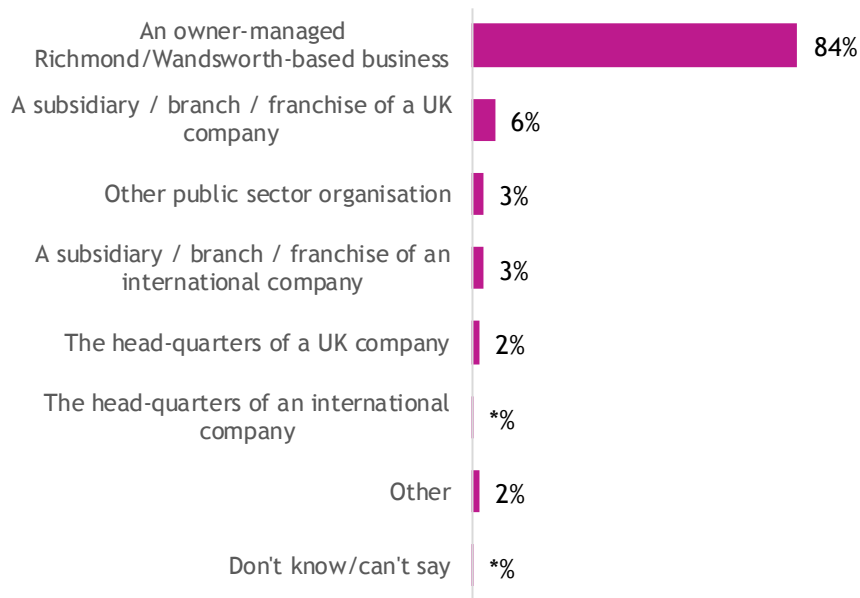
³ One business used 2 premises

Number of employees



Q5. Roughly how many people work at the site where you are based?
 Base: All participating businesses in Richmond - 304

Business ownership



Q2. Which of the following best describes the business?
 Base: Base: All participating businesses in Richmond - 304

Doing Business in Richmond

Section Summary

- Businesses are most likely to be in Richmond because of proximity to the owner's home, availability of suitable premises or access to customers.
- While the desirability of Richmond is generally seen as an advantage, depth interviews also highlight some issues in areas such as affordability and competition for premises.
- National and international markets are important to Richmond businesses, with growing businesses more likely to export than those whose turnover has declined.

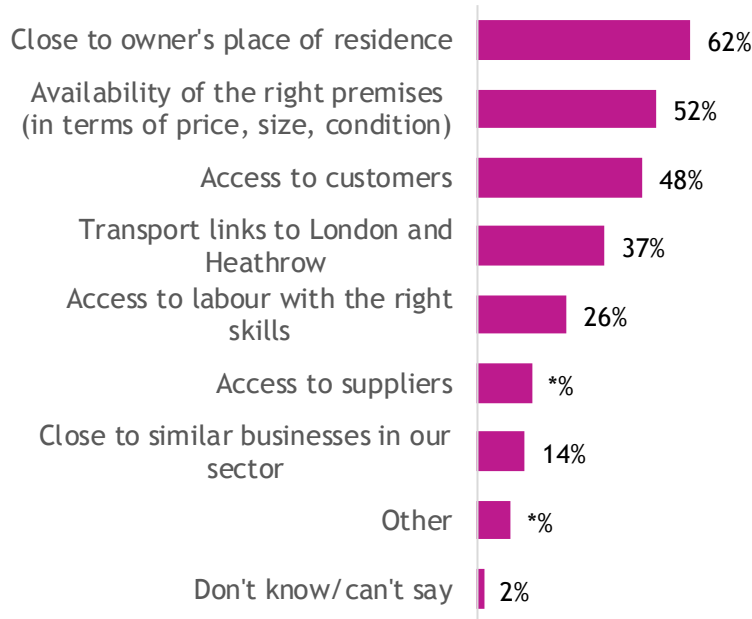
Both the survey and qualitative interviews suggest that the attractiveness of Richmond as a place to live is a key influence in a business' decision to locate in the Borough, with 62% of participating businesses choosing the area as their location due to proximity to the owner's home.

“The first advantage is being able to wonder in and out of work in 20 minutes. Talking to our employees, they also like that they don't have to go into central London, so train tickets are also a lot cheaper. Everything we do we can do remotely, but it is also quite nice when we do have clients visit us, it's a nice area to come to”

Other important drivers in this decision include the availability of suitable premises in terms of size, price or condition (mentioned by 52% of respondents) and the access to customers offered (mentioned by 48%). These results reflect the 2015 survey.

“Clients that visit from London or the South East always say what a lovely place Richmond is; nice and quiet. ... Everyone that works here lives locally, apart from one. ... It's a good place for this industry [media, culture and arts]. ... There has been a lot of regeneration in the high street in the 20 years we have been here particularly Teddington. Higher level of shops like M&S and the high street has improved a lot and there has been a lot of development over that time as well. The population of the borough has increased a lot and it's good as they could be potential customers. The parks and the general environment is fantastic.”

Top reasons for doing business in Richmond



Q9. Which of the following reasons best explain why the business is located in Richmond?

Base: All participating businesses in Richmond with more than 1 employee - 231

However, depth interviews suggest that Richmond also faces some challenges as a location. Issues raised include difficulties finding premises and concerns related to transport and parking.

“It is a lovely area to live and work with lots of green space and local shops and cafes. The only challenge and it is not a huge one is there are not too many locations for the office/ school.”

“The biggest drawback I think, is that people can’t afford to live here. Someone might say, oh I’ll move closer to work, and especially the immediate area, it is very expensive. And office space is also very hard to find, we were very lucky.”

“The only issue is transport, people coming from Central London or the other side of London, it is a tricky place to get to. Also being located in a residential road there are 3 other commercial enterprises in the road so the parking is not great.”

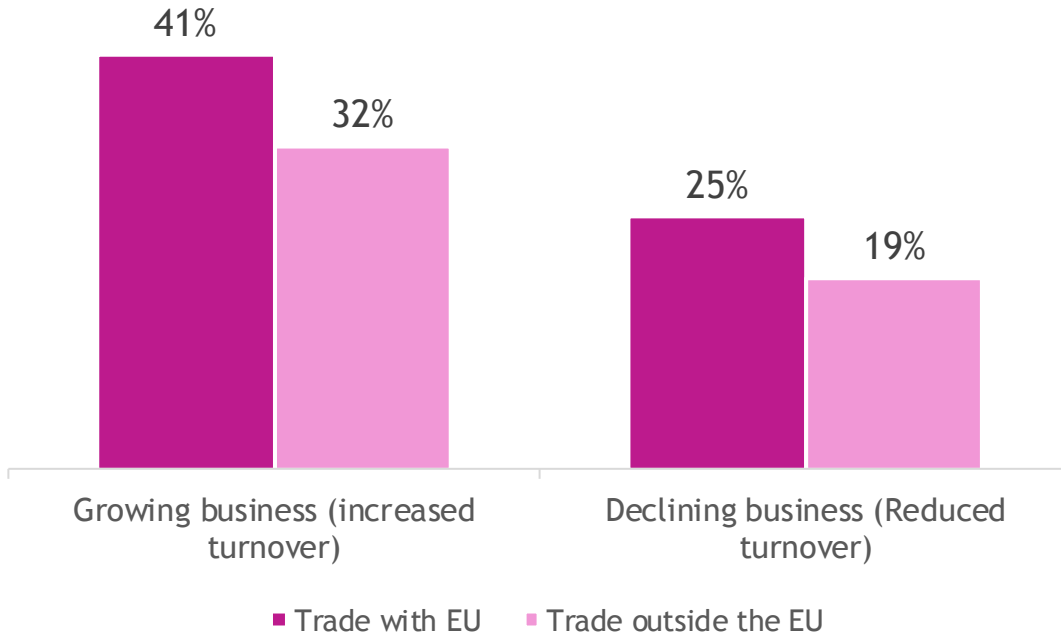
While the desirability of the borough is viewed as an advantage, this can also be seen to have a negative side linked to affordability of living in the area and competition for premises.

Location of customers

While customer access is a reason to be in Richmond for around half of businesses surveyed, many have a wide client base with 54% trading nationally, 33% with the EU and 26% with international customers outside of the EU.

Growing businesses participating in the survey are more likely than declining businesses to trade internationally. 41% of those who have increased turnover in the last financial year trade with the EU and 23% trade with non-EU markets. These figures are just 25% for the EU and 19% for non-EU among those whose turnover has declined.

Relationship between turnover trend and export activity



Q8. How long have you been operating in Richmond/Wandsworth?
Base: All participating businesses in Richmond with more than 1 employee - 231

Turnover, Staff and Expenditure Trends

Section Summary

- Richmond businesses surveyed are most likely to have enjoyed a growing or stable turnover trend over the past financial year.
- Changes in staffing levels are less common than changes in turnover. This may reflect a number of factors, including complexities faced by businesses in the decision to take on more staff.
- Many participating businesses have experienced increases in their expenditure in areas such as utilities, rent and staff, meaning that increased turnover may not necessarily translate into increased profitability or margins.
- The Richmond businesses taking part in the study are less likely to perceive increases in expenditure on business rates than on other areas of their spending such as utilities. This is true even among larger businesses with 10+ employees.

Turnover Changes

The Richmond businesses surveyed have generally enjoyed good financial performance recently. More than two thirds of Richmond businesses participating in the survey (68%) have grown (35%) or maintained (34%) their turnover level in the last financial year. Only around a quarter (26%) have seen their turnover decline. This reflects results gathered in Wandsworth and is in line with the national trend for SMEs across the UK⁴.

Staffing

Participating businesses in Richmond are much less likely to have seen changes in their staffing levels than changes in their turnover. Only 20% have taken on more staff and 16% have reduced headcount (leaving 61% unchanged).

Of those with increased turnover, only 41% have increased staff levels. This may be the result of a *time lag* between changes in these two areas and the fact that staff trends are more “lumpy” (e.g. turnover can change gradually in a way that staff levels cannot). However, this may also reflect complexities faced by businesses in the decision to take on more staff, for example the need for confidence that turnover levels will be sustained and that any new employees taken on will meet the needs of their business.

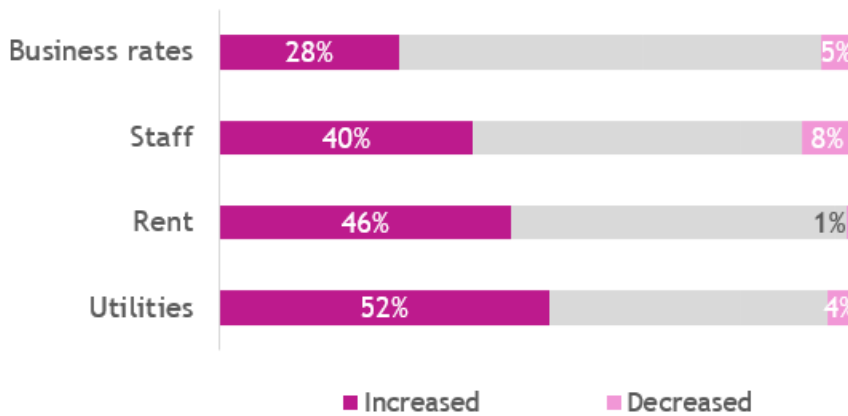
Expenditure

The way that turnover growth has not been mirrored exactly in staff growth may also be linked to increases in expenditure faced by many participating businesses. This means that higher turnover may not necessarily signify increases in profitability or margins.

⁴ 2017 LSBS. 34% of businesses with at least one employee operating for more than two years said they had a greater turnover than in the previous year

The most common areas for perceived increases in expenditure are utilities and rent, both mentioned by around half of participating businesses (52% and 46%), followed by staff (40%).

Change in expenditure



Q18. And has your expenditure on ... increased, decreased or stayed the same?
 Base: All participating businesses in Richmond - 304
 For rent: All participating businesses in Richmond who rent their business premises - 154

Participating businesses with a skills gap to close are more likely to say that their staff costs have increased (61% compared with 35% those not currently facing a gap). Expansion of the business may have caused this increase in staff costs; with almost three in five participating businesses who have increased their turnover also having increased their spend on staff (57%) compared with two in five who have had a broadly consistent turnover in the last financial year (37%). Investing more in staff appears to be related to further improvements to the business. Participating businesses that believe things will get better in the next few years are more likely to have spent more on their staff than those who think things might get worse for their business (47% compared with 29%).

Only 28% of those surveyed perceive increases in their expenditure on business rates, making this less common than reported increases in other areas. There is an important group of participating businesses who do not know if business rates have changed or not (28%), these are most commonly (but not universally) small businesses and sole traders, who may not be liable for business rates.

However, even among participating businesses with 10+ employees, perceived increases in business rates are less common compared with increases in expenditure on utilities or staff (46% compared with 68% for both utilities and staff)⁵. 23% of businesses surveyed with 10+ employees do not know if their expenditure on business rates has changed or not, which may reflect exemptions from liability or decision-makers not necessarily being well-informed in this area.

⁵ Comparison with changes in rent expenditure is not possible due to small base size for businesses with 10+ employees who rent their premises.

Business Premises in Richmond

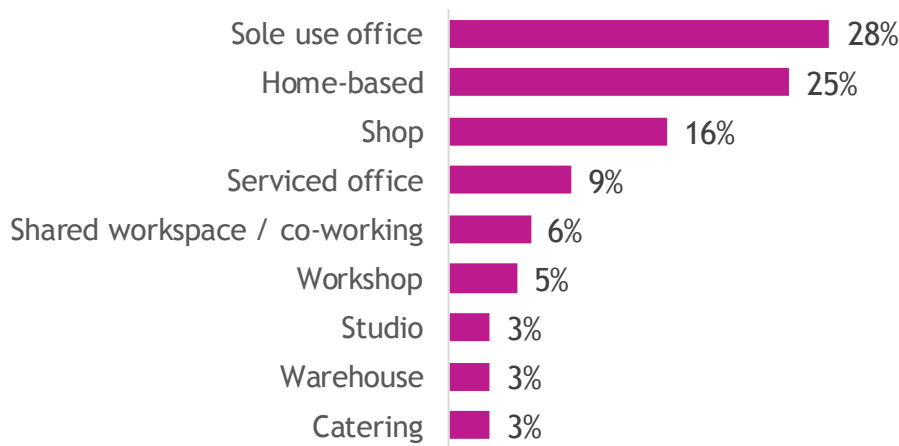
Section Summary

- Participating businesses occupy a diverse range of premises types and premises issues appear an important area of concern in Richmond.
- Almost a quarter of participating businesses (23%) have found it hard to secure the right premises and this seems to be a particular issue for those in need of specialist business accommodation (e.g. factory, workshop, studio or warehouse).
- While few participating businesses (13%) are actively considering moving premises, there may be further *latent* demand from businesses who could be interested in moving if suitable premises were available.
- Of those considering moving premises, only a third (32%) are seeking new premises within Richmond.
- More than half of Richmond businesses surveyed identified at least one factor that might lead them to consider leaving the borough. The issues highlighted most commonly relate to costs and/or premises.
- 16% of participating businesses mention broadband connectivity as an issue that could cause them to consider leaving Richmond and 17% feel that their broadband connection is not fast enough. If the consequences of poor broadband connectivity reported by survey respondents are replicated across the borough, this could mean almost 1,000 businesses being significantly constrained by the issue.

Current premises

The Richmond businesses participating in the study occupy a diversity of premises types, most commonly sole-use offices (28%) with a quarter based at home. Nearly three quarters (64%) of sole traders surveyed are home-based.

Type of Premises



Q10. What kind of premises does the business occupy or use?
 Base: All participating businesses in Richmond - 304

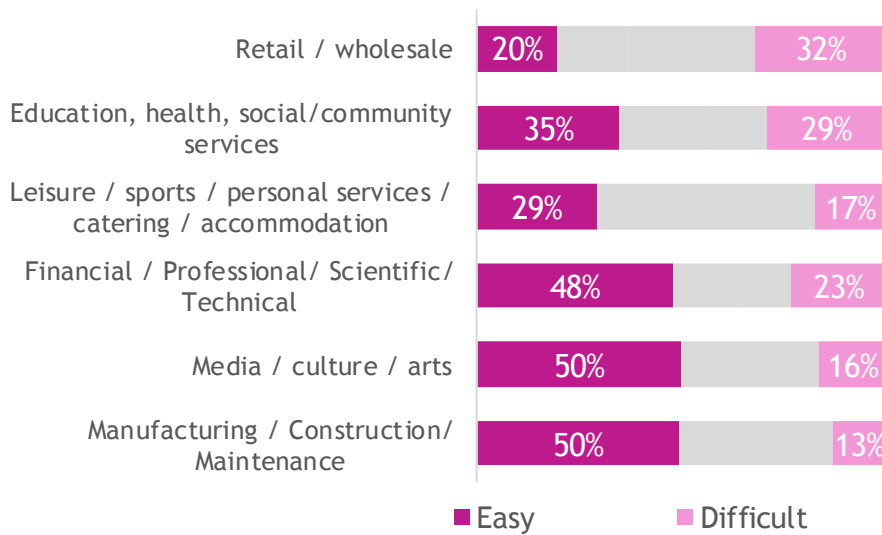
Home based businesses appear slightly more common in Richmond than in Wandsworth where 19% of businesses surveyed are home based (note the difference between the two boroughs is not statistically significant).

Sole traders operating from home appear slightly more common in Richmond than the national average (60% in the 2017 Longitudinal Survey of Small Businesses), while home based employee businesses appear slightly less common (13% in this Richmond survey compared with 27% in the 2017 LSSB).

More than half of participating businesses rent their business premises (51%) and more than two fifths own their premises, mostly sole traders who tend to work from home (65% of participating sole traders own their business premises). Richmond businesses taking part in the survey are more likely to own their premises than those in Wandsworth (43% vs. 34%) which may reflect a greater prevalence of home based businesses.

Four in ten businesses surveyed (39%) feel it has been easy to find the right premises in Richmond. However, around a quarter (23%) feel this has been difficult. Although the base size is small, the survey suggests that those looking for *specialist* premises such as factories, workshops, studios or warehouses may face particular challenges, with only 33% finding this easy and 30% highlighting difficulties.

Ease of finding premises



Q12. On a scale of one to five, where one is very easy and five is very difficult, how difficult or easy has it been to find the right premises in Richmond/Wandsworth?
 Base: All participating businesses in Richmond - 304

Whilst many participating businesses are not actively planning on moving immediately, some of those talking about business premises in more detail as part of the in-depth interviews keep an eye on premises in the area because they know how difficult these are to find. One business rented their premises on a three month lease. Whilst this suited the business, they felt that their area could be targeted for development and thus they could be in a situation where they have to find new premises.

“We are open minded and are keeping our eyes and ears open for new premises if something comes up. The premises are specialist, we quite like it here and clients know us as the ones on the river.”

Another business is growing and whilst they are increasing the number of staff working remotely, they may outgrow their premises in a few years. Their list of requirements means they know finding premises will be difficult. Their requirements include parking, larger floor space, being close to shops and transport links and fittings to a high specification. They are notified by a few local agents about premises and even recently looked at an office in Twickenham but turned it down because it was too far away.

Across participating businesses more widely, needing more space is the most common reason for considering moving (27%) although 17% are considering moving because they cannot sustain the business and meet their costs.

As well as being an important factor that could motivate businesses to move out of the borough (see below), or discourage new businesses from moving *into* the area, premises issues are also important in terms of the success and development of businesses remaining within Richmond. Those who would like to move but who are unable to do so because of a lack of suitable premises may be constrained in ambitions to grow their business or take on staff. The ability to find premises that meet their needs may be a matter of *survival* for

the small core of businesses considering moving in order to “downsize” to maintain the business in the face of cost challenges.

While only 13% of participating businesses are actively considering moving premises (11% in the next 12 months, 2% in more than 12 months’ time), this may hide *latent* demand for new premises. There may be businesses who would be interested in moving if they felt that appropriate premises would be easily available to them.

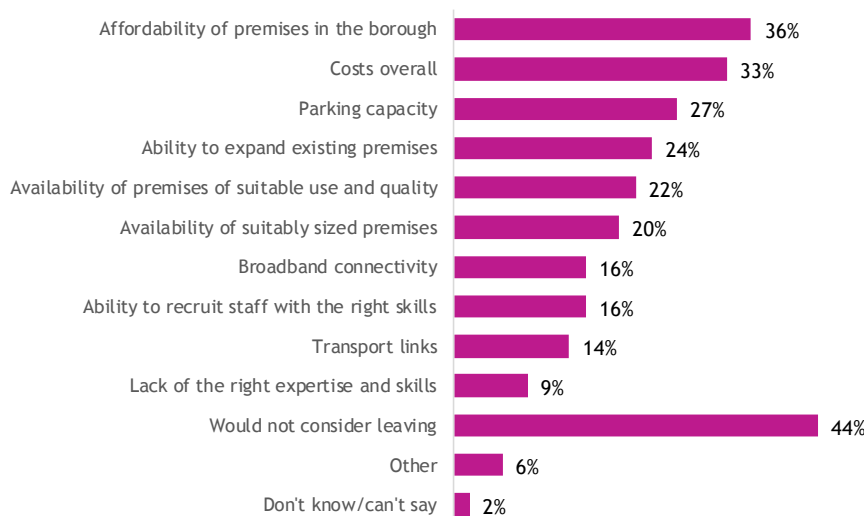
Moving from the borough

Of those considering moving premises, only a third (32%) are seeking new premises within Richmond. 29% are seeking premises outside of Richmond but within London and 27% are looking elsewhere in the UK.

All businesses surveyed (whether planning a premises move or not) were asked what issues, if any, would make them consider leaving Richmond. 44% would not contemplate leaving for any reason. However, more than half (54%) identified at least one factor that could motivate them to leave. The most commonly cited areas relate to cost; the affordability of premises in the borough (mentioned by 36% of respondents) and costs overall (33%). Other premises issues also feature strongly (ability to expand existing premises mentioned by 24%, availability of premises of suitable use and quality 22%, availability of suitably sized premises 20%).

Reflecting concerns expressed in some of the depth interviews, 27% of respondents feel that parking capacity could cause them to consider leaving the borough.

Issues which could make businesses consider moving out of Richmond



Q21. Would any of the following issues lead you to consider moving out of Richmond/Wandsworth?
 Base: All participating businesses in Richmond (304)

Accessing Broadband

Around 1 in 6 participating businesses (16%) identify broadband connectivity as an issue that could make them consider leaving the borough.

The majority of participating businesses in Richmond feel that their broadband connection meets their needs. However, for 17% the connection is not fast enough. This suggests there has been no significant improvement since 2015 when Richmond businesses were previously asked about their connection and 15% said that this was not fast enough. The problem is faced by a similar proportion of businesses taking part in the Wandsworth survey (18%).

Amongst those who say their connection is not fast enough, for 9% this has had no impact on their business, but 42% say it impacts on everything the business does (equal to 7% of all respondents). More than two thirds say it is an inconvenience which slows them down and makes things more difficult (68%), while nearly half say the problem is that their connection is intermittent or drops out (47%).

These findings suggest that a small but important group of Richmond businesses may be being constrained by broadband issues, with impacts on productivity for example. If the survey findings were replicated across all businesses in the borough, this would mean almost 1,000 businesses⁶ suffering a significant/ universal impact from a lack of a suitably fast broadband connection.

⁶ 7% of 13,500 Richmond businesses = 945.

Recruiting and Retaining Staff

Section Summary

- A quarter of participating businesses report finding recruitment difficult, with this figure rising to close to half of medium sized businesses (46%).
- Availability of suitable candidates is the most common reason given for recruitment difficulties (55%), with issues around candidate experience slightly more prevalent than lack of candidates with the required qualifications (49% compared with 30%).
- Retention issues are less widely reported than recruitment difficulties and are mentioned by only 11% of respondents. However, 79% of those with retention issues are also facing problems with recruitment, suggesting that the combination of these challenges may be having particularly damaging consequences. Salary competition and the cost of living locally are among the key drivers of retention difficulties.
- 1 in 5 participating businesses (20%) mention that they have a skills gap, with these gaps more common among growing businesses (30%).
- A relationship can be seen between recruitment and retention issues and skills gaps, with around half of those reporting retention difficulties (52%) and a similar proportion of those facing difficulties recruiting (49%) also experiencing skills gaps.
- IT skills, either specialist (reported by 25% of participating businesses with skills gaps) or general (10%) are the most commonly identified area of skills gaps.

Recruiting

Finding employees has not got any easier for participating businesses in Richmond; a quarter are finding recruitment difficult (24%), similar to the proportion citing difficulty in 2015 (25%). It is also similar to the proportion of participating businesses in Wandsworth saying they are finding recruitment difficult. This figure rises to 32% among those already employing staff (28% in Richmond).

In Richmond, this figure rises to 32% among those already employing staff and participating businesses with 10-49 employees are more likely to cite recruitment difficulties than those with 2-9 employees (46% compared with 22%). Participating businesses in the leisure, sports, catering & accommodation sectors are most likely to cite difficulty recruiting (44%), followed by financial, professional & technical sectors (30%).

Participating businesses say that they have difficulty filling vacancies because of the availability of the right candidate. More than half say that there are fewer candidates available generally (55%) but many mention other reasons applicants have not been suitable, either having inadequate experience (49%), not having the right qualifications (30%) or being unsuitable for some other reason (37%).

Reflecting issues raised elsewhere in the study, the affordability of Richmond as a borough appears to have an impact in this area, with the cost of living locally (34%) and wage expectations (29%) both contributing to recruitment difficulties.

Reasons for difficulty recruiting



Q37a. Why has the business had difficulty recruiting staff?
 Base: All participating businesses experiencing problems recruiting staff in Richmond (73)

On the whole, most participating businesses aim their recruitment efforts in the UK. Some industries however are actively seeking to recruit staff from the EU or EEA (8%) and some businesses are looking further afield (5%). Financial, professional, scientific & technical industries, education, health & social services, manufacturing and construction industries are most likely to say they are actively looking to employ people currently living in the EU (12-13%). Participating businesses in the education, health & social services sector are also actively recruiting outside of the EU (12%). Participating businesses who say recruiting and retaining staff is a challenge are more likely to be looking overseas for staff - around a fifth of those struggling to recruit staff are actively looking for staff in the EU (19%) and 12% outside of the EU.

Retaining staff

Further to difficulties recruiting staff, around one in ten participating businesses in Richmond are struggling to retain their current employees (11%). Amongst participating businesses in Wandsworth, 14% are having difficulty retaining staff.

Amongst the participating Richmond businesses finding it difficult to retain staff, four in five also say they are struggling to recruit (79%), suggesting that retention issues may be exacerbating recruitment problems, leading to businesses struggling to conduct their day-to-day business. The education, health & social sectors and leisure, personal & catering services are most likely to say they are experiencing difficulties keeping their staff (26% and 24% respectively).

Economic reasons feature strongly among the causes of retention difficulties, with a third or more of those experiencing these issues blaming salary competition (39%) or the cost of living locally (33%).

Reasons for difficulty retaining



Q37b. Which of the following reasons explain the difficulties the business had retaining staff?
 Base: All participating businesses experiencing problems retaining staff in Richmond (33)

Skills gaps

One in five participating businesses in Richmond say they have a skills gap (20%), slightly higher than 2015 when 15% said they had a skills gap⁷. The Wandsworth businesses surveyed had a similar incidence of skills gaps (21%).

Certain industries in Richmond are more likely to experience skills gaps, including leisure, personal services & catering (29%) and financial, professional & scientific industries (27%). Of the 15 IT, digital & telecommunication business that took part in the survey, a third also said they had a skills gap. Participating businesses operating in the retail & wholesale sectors are least likely to report a skills gap (7%).

The participating businesses that have grown over the past year are particularly likely to say that they have skills gaps. Three in ten of those who say their turnover has increased in the past financial year report a skills gap (30% compared to 17% who have maintained their turnover and 14% who have seen a decrease). The participating businesses that are currently experiencing difficulty recruiting or retaining staff are also struggling with skill gaps. Half of those having difficulty recruiting, and half of those having difficulty retaining staff say they have a skills gap in their workforce, compared to 10% who are not having difficulty hiring or keeping staff.

The skills most commonly missing amongst participating businesses are IT skills, either specialist (25%) or more general (10%). Management skills are felt to be missing by 10%, with 10% saying they are missing unskilled staff to fulfil roles. This reflects the findings of the London Business Survey, which found that 32% of businesses were missing digital knowledge.

⁷ This difference is not statistically significant.

Business Optimism

Section Summary

- Participating businesses have mixed views on how the business environment might change over the next two years, with 24% believing this will improve but 36% feeling it will get worse.
- Respondents are more optimistic about the prospects for their own business - 43% feel that things will get better vs 16% anticipating a deteriorating situation.
- Businesses who have seen their turnover grow in the past year are more likely to be optimistic about the future and higher levels of optimism can be seen among larger businesses.

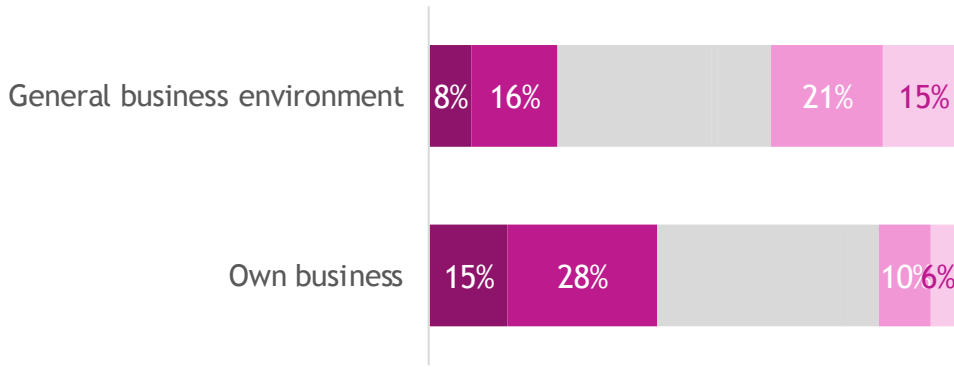
The Richmond businesses surveyed have mixed views on the future prospects for the business environment over the next 2 years; around a quarter (24%) believe that things will get better but 36% anticipate that the business environment will deteriorate.

In contrast, participating businesses are much more optimistic about their own future business performance, with 43% feeling that this will improve and only 16% foreseeing declining performance. These figures are broadly similar to results gathered in Wandsworth.

Optimism seems to be rooted in the recent past. Those who have seen success and increased turnover in the last year are more likely to think optimistically, with 62% thinking things will get better. In contrast, those who have seen their turnover decline are more likely to think things will continue to get worse (35%, compared to 16% of all businesses).

As the number of employees increases, so does optimism. Three in ten participating sole traders feel their own business will do better in the coming years (29%), increasing to more than two in five of those with 2 - 9 employees (43%) and nearly three in five for businesses with 10 - 49 employees (58%).

Business optimism



■ Get a lot better ■ Get a little better ■ Get a little worse ■ Get a lot worse

Q25. Thinking now about the *business environment generally* over the next two years, do you think things will get better, get worse or stay the same?

Q26. And thinking about how *your own business* will perform over the next two years, do you think things will get better, get worse or stay the same?

Base: All participating businesses in Richmond - 304

Business Development

Section Summary

- Many participating businesses have plans to make changes to aid their development and growth, most commonly using new technology to improve business performance (68%), increasing the skills of their workforce (63%), exploiting new markets or developing new products/ services (both 52%).
- There is a strong link between optimism and development plans, especially when these changes relate to people in the business.
- Sole traders are less likely to be planning development changes than larger businesses.
- Almost 9 in 10 participating businesses identify barriers to growth, most commonly the economy and competition (both mentioned by 38% of respondents), Brexit (38%) and taxes (34%).
- “Internal” business issues such as the availability of suitable staff or premises are important as barriers, but less commonly cited than more “external” factors.

Future plans

Participating businesses are not only optimistic about the next two to three years but they also have plans to enhance or grow the business by using technology, training staff and selling new products to new customers. As businesses look to grow or change their practices they may require support from the Borough Council and other agencies.

The most common thing participating businesses are considering changing over the next few years is how they use technology, with 68% planning to do this. Investing in staff training is also considered by many, with 63% looking to train their staff and 48% looking to upskill their leadership and management. Two in five participating businesses are looking to employ more staff over the next two to three years (40%), which is comparable to businesses taking part in the wider London Business Survey of 2017, where 39% said they were planning to increase their headcount.

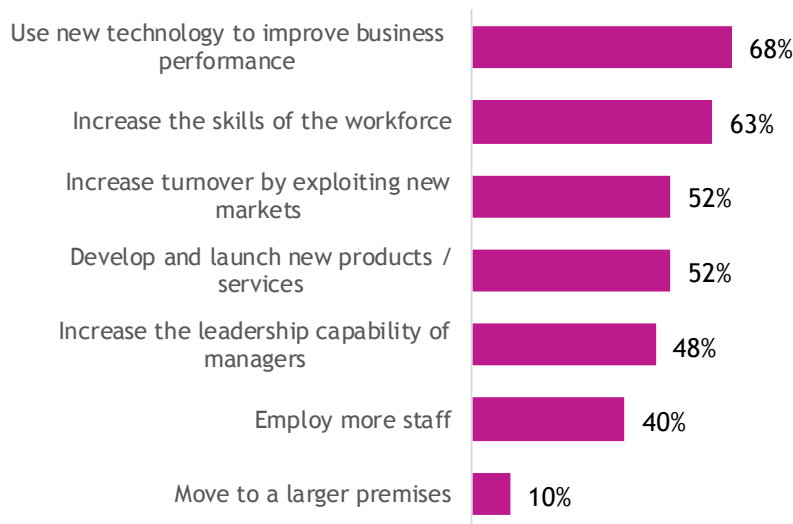
Compared to businesses taking part in the survey in Wandsworth, participating Richmond businesses tend to be planning to do the same things, although Richmond businesses are less likely to say they will employ more staff (49% say this in Wandsworth) and are less likely to be planning on moving to larger premises (17% in Wandsworth). More participating businesses in Wandsworth are planning to use new technology (76%) compared to businesses taking part in Richmond (68%).

There is a strong link between business optimism and development plans, especially when these changes relate to people in the business. For example, participating businesses that are optimistic about the future are twice as likely to say they are planning on increasing leadership capabilities compared to those that are less than optimistic (62% vs. 29%). Further, optimism is nearly three times as high among participating businesses planning to

employ more staff; 58% of those who are optimistic are planning to employ more staff compared to 21% who think things will get worse for their business.

Participating sole traders are least likely to say they are planning to make any of these changes in the next few years, with businesses with 10 - 49 employees most likely to say they are planning on making these changes to their business.

Future business plans



Q19. Does your business plan to do any of the following over the next two to three years?
 Base: All participating businesses in Richmond - 304

Barriers to growing business

Almost 9 out of 10 participating businesses in Richmond (86%) identify barriers to the growth of their business. The economy and competition are considered barriers by nearly two in five participating businesses (both 38%), and taxes, including business rates, are considered to hold the business back by a third of participating decision makers (33%). Brexit is also felt to be a barrier by a little more than a third (34%) and this is discussed in more detail in the next section.

Support might help businesses to overcome or tackle some of the barriers felt to be limiting their growth. For example, three in ten participating businesses feel their growth is limited because of a lack of customer demand (30%), a quarter are limited by a lack of suitable staff or skills (26%) and a further quarter by lack of funding (24%). Support in marketing, exploiting new markets and accessing finance may help some of these businesses to go further. The support participating businesses think they can benefit from is explored later in this report.

It is interesting to note that some of the key issues raised elsewhere in the study, such as staff/ skills availability and finding suitable premises, that can be seen as *internal* to an individual business do feature among the most commonly cited barriers, but that these are less prevalent than the impact of *external* factors such as the economy, competition or Brexit. One in 10 participating businesses feel that a lack of suitable business premises is holding them back. Those who feel it was difficult to find their current premises are more

likely to say finding the right premises prevents their business from growing (19% compared to 4% who feel it was easy to find their premises).

Declining businesses are more likely to say they have experienced barriers to growth than those who have maintained or grown their turnover in the last financial year (96% compared with 82%). Those facing declining turnover are particularly likely to identify barriers relating to cash flow and a lack of financial resources (38% and 34% respectively). They are also more likely to feel that a lack of customer demand holds them back (48% compared with 18% for businesses who have increased turnover).

Barriers to growth



Q20. What are the main barriers, if any, to growing your business?
 Base: All participating businesses in Richmond - 304

Business and Brexit

Section Summary

- Participating Richmond businesses are more likely to be pessimistic about the potential future impact of Brexit than optimistic, with 53% foreseeing a negative impact on the business environment and 31% a negative impact on their own business, compared with 17% and 12% respectively predicting a positive impact.
- This contrasts with more general thoughts about prospects for the next two years; especially when decision-makers consider their own business (43% believe things will get better).
- Those who feel Brexit will negatively impact their business are most likely to identify financial consequences, particularly those related to turnover (64%), profits (61%) or costs (59%).
- While seven in ten Richmond businesses surveyed consider themselves at least “quite prepared” to manage the impact of Brexit (in line with the London average), more than one in five (22%) feel unprepared.
- Those who feel prepared for Brexit are more likely to think that this change will have a positive impact on their business (25% compared with 12% on average).
- The Richmond businesses surveyed were generally unable to spontaneously suggest support that could help them to manage the impact of Brexit (21% saying “don’t know” and 40% saying they needed no support or nothing in particular) or suggested support areas not directly related to Brexit (e.g. reducing business rates, loans or grants or help reducing overheads). Further, those support areas mentioned with more direct relevance to Brexit were all quite generic (e.g. more clarity/ certainty, general information or general advice).
- These findings suggest a lack of awareness among Richmond businesses around both the kind of support they may need and the options that may be available to them. This implies that the method of promotion of any available support related to Brexit may be key.

Business optimism after Brexit

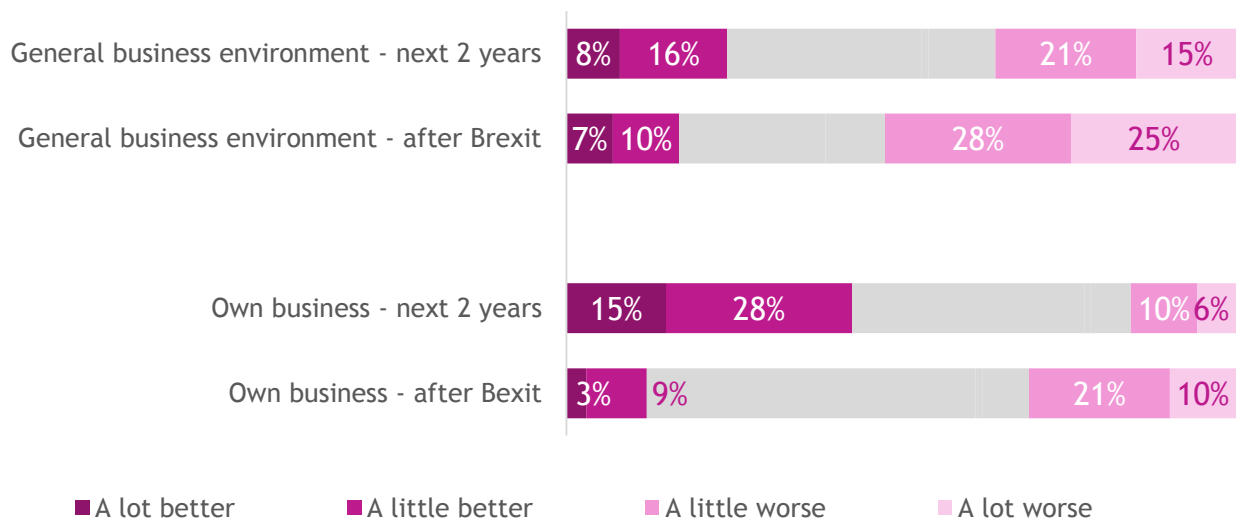
Participating Richmond businesses tend more to pessimism about the impacts of Brexit than optimism. More than half (53%) feel that the general business environment will become worse as a result of Brexit and 31% think there will be negative consequences for their own business. Both figures are much higher than the proportion predicting that Brexit will cause an improvement in conditions (17% for the general business environment, 12% for their own business).

Predictions about the impact of Brexit contrast with more general thoughts about prospects for the next two years⁸; especially when decision-makers consider their own business (43% believe things will get better).

It is interesting to note that almost half of Richmond businesses surveyed (49%) think that Brexit will have no impact on their business and 20% believe it will have no impact on the general business environment.

Richmond businesses’ perceptions of the impact of Brexit are mirrored in the results gathered in the Wandsworth survey.

Business optimism and Brexit



Q25. Thinking now about the *business environment generally* over the next two years, do you think things will get better, get worse or stay the same?
 Q27. As a result of Brexit, do you think the general business environment will get better, worse, or stay the same?
 Q26. And thinking about how *your own business* will perform over the next two years, do you think things will get better, get worse or stay the same?
 Q28. As a result of Brexit, do you think your business will get better, worse, or stay the same?
 Base: All participating businesses in Richmond - 304

Impacts of Brexit

As highlighted previously, a third of businesses surveyed (34%) identify Brexit as a barrier to growth, placing this in the top 3 most commonly cited barriers after the economy and competition in the market.

Those who felt Brexit would make things worse for their business were asked what negative impacts it might have. The impact is largely felt to be a financial one, with the most common impacts predicted being on turnover (64%), profits (61%), and related to this, their costs (59%). Other frequently cited impacts relate to footfall (41%), recruitment (38%), purchasing from suppliers (36%) and regulation (35%).

⁸ Respondents were first asked about their predications for the next two years (without reference to Brexit), then asked specifically about the change they foresaw as a result of Brexit.

Negative impacts of Brexit



Q20. What are the main barriers, if any, to growing your business?

Base: All participating businesses who think Brexit will make things worse in Richmond - 97

Some of the negative impacts predicted following Brexit are considered opportunities by the 35 participating businesses who think Brexit will have a positive impact. For example, seven think their profits will increase and five think their turnover will increase. For four businesses, regulation changes will make things better.

Preparing for Brexit

A quarter (24%) of participating businesses feel that they are very or extremely prepared to manage their business following Brexit and a further half (46%) consider themselves quite prepared. However, more than one in five (22%) feel unprepared, including 8% who say they are not prepared at all.

In this respect, Richmond businesses appear to be typical of those found across London as a whole. The 2017 London Business Survey suggests that 69% of London businesses have a contingency plan for Brexit, or are planning to make one, in line with the 70% of Richmond businesses surveyed who rate themselves at least “quite prepared” for Brexit. This result also mirrors the finding in Wandsworth.

Participating sole traders are especially likely to say they are unprepared (31%) as are participating businesses who have experienced a decline in their turnover in the last financial year (31%).

Feeling prepared appears to be linked with optimism. A quarter of those who feel prepared for Brexit think things will become better for their business (25%) and nearly three in five think things will at least stay as they are (58%). Those who feel unprepared are more likely to think that Brexit will make things worse for their business, 40% feel things will become a little worse and 19% say things will be *a lot* worse.

When asked about the support that could help their business to manage the impact of Brexit⁹, six out of ten were either unable to answer (21%) or said that they did not need any support/ anything in particular (40%). Further, many of the types of support mentioned actually correspond to areas that are not directly related to Brexit, but that relate to some of the consequences identified, such as the impact on turnover, profits or costs. These suggestions include reducing or getting rid of business rates (7%), financial support, such as loans or grants (4%) or help reducing overheads (3%).

The most common support areas mentioned having more to do with Brexit itself are quite generic in nature, for example more clarity/certainty (7%), general information (4%) and general advice (3%).

This tendency to suggest more holistic or immediately financial business support is also seen in the initial answers given when this question was put to participants in the qualitative part of the study.

“One of the biggest supports would be the availability of investment in small businesses; the ability to borrow money from banks who are still very reluctant to invest in business start-ups or growth opportunities.”

“A lot more guidance for small business as to how to manage it: seminars and information sessions and a lot more connection of small businesses within Richmond as to how you can support each other. And I think they need to bring business rates down.”

“Help support independent business with business rates and relief. We have to pay for a permit to park - I pay £1,400 a year.”

Interviewees went on to highlight uncertainty and lack of information about Brexit, meaning they cannot understand the impact on their business, and therefore do not know where they need the most support.

“The impact it has on employment. Legislation for health and safety. It's all those things that impact on your business that is approved in Europe. Can we employ from outside the UK, does that change? Employment rules and regulations - e.g. maternity pay? We don't import or export, but our suppliers do, so it goes down the chain. Data Protection as well. Every aspect of your business, how does it impact you? How much of the past 50 years is going to change and I don't expect it to happen overnight. Where does that leave us is the million dollar question? I don't know what part of business is affected, so more information of what is or could be is required. We need general information about how it will impact us and how it will impact our customers as well.”

“Clarity on what Brexit means, some serious comments to help us plan for the future better. To ensure that the council are thinking about skill sets in the local population for employment in the borough.”

“Having a clear outline of what it actually means. We do not know yet how things will change. If our clients are based in the EU will we need visa when we travel?”

⁹ In an open unprompted question

As well as a lack of understanding or knowledge about the type of support that may be *needed*, it is likely that businesses may be unaware of the sort of support options that might be available to them. This may therefore be an area where Richmond businesses may not *actively* seek support, but might take this up if advertised and offered to them in a way that communicates how support could help them to navigate areas of uncertainty and succeed in the face of these changes.

Supporting Business

Section Summary

- On average, participating Richmond businesses selected 3 types of business support from a list of 25 that could benefit them a lot and a further 6 types that could benefit them a little.
- “Using IT and digital technologies” is the area of support most likely to be seen as beneficial (identified as beneficial to 46% of participating businesses), followed by business & financial advice (41%), legal compliance & legislation advice (39%) and advice & training for people within the business (33%).
- The specific type of support most likely to be considered beneficial is compliance with legislation (50%), with 49% of respondents highlighting benefits from support related to the General Data Protection Regulation (GDPR).
- Participating businesses are most likely to identify support with business rates as the area that would benefit them “a lot” (identified by 26%). The combined figure (46%) makes business rates the fifth most common area where support would be welcome
- No one method of delivering business support dominates over others in terms of appeal (each of the six formats listed, including seminars/ lectures, online bulletins and one-to-one in person support, is considered appealing by between a third and four in ten respondents), with this likely to be a matter of preference for individual businesses and decision makers. However, three in ten participating businesses do not consider any of the support methods listed appealing.
- Despite their interest in business support, less than half of participating Richmond businesses (42%) say they would be willing to pay for this with 20% not very willing and 32% not at all willing.
- Reducing, abolishing or freezing business rates was the most commonly suggested area of activity for the Council to engage in to support businesses or encourage them to set up in Richmond (mentioned by 23% of those established in Richmond for more than a year and 12% of participating businesses opened more recently). Other key themes include a wish for the Council to generally be more business-minded (identified by 11% of established businesses) and a need for premises (highlighted by 9% of new businesses).

Where businesses need support

The businesses participating in the survey were presented with 25 types of business support, grouped into six theme areas; “Business & financial advice”, “Legal, compliance & legislation advice”, “Advice on finding or growing premises”, “Advice on training for

people within the business” and “Using IT and digital technologies”. They were asked which, if any, types of support would benefit their business a lot or a little¹⁰.

On average, each participating business identified 3 types of support from the 25 available options that would benefit them a lot and a further 6 that would benefit them a little. Participating sole traders appear less likely to feel that the listed areas of support could benefit them with this group selecting fewer areas on average compared with participating businesses with 10 - 49 employees.

Using IT and Digital technologies

Given that participating businesses intend to use technology to improve their business and report a gap in IT skills, it is not surprising that this is an area where many feel they would benefit from support. Nearly half of participating businesses feel they could benefit at least a little from support with IT and digital technology (46%), including making the most of technology (48%) and applying digital approaches in the business (45%). Appetite for support in this area is fairly similar across all types of business in Richmond, although those that have been established for more than 25 years are more likely to feel that the business could benefit a lot from it. Businesses in the retail sector appear slightly more likely than average to welcome support with making the most of technology (54% compared with 48%) but this difference is not statistically significant.

Business and financial advice

Business and financial advice is the second most commonly identified area of beneficial support, highlighted by 41% of respondents. More than a quarter of participating businesses say that support with business rates would benefit their business a lot (26%) - higher than any other area of support, and a further fifth feel support in this area would help them a little (20%). The combined figure (46%) makes business rates the fifth most common area where support would be welcome.

Legal, compliance and legislation

Legal advice and support with legislation is also an area where four in ten participating businesses (39%) welcome support. In light of the General Data Protection Regulation coming in this year it is not surprising that nearly half feel that support with this would be beneficial (49%, 19% would benefit a lot, 30% a little). Help with compliance and legal advice more generally are also considered to be helpful.

In depth interviews with participating businesses found that businesses often look for external support to help them with legal advice, or their staff have an understanding of the legal requirements in their area of business. Some did however cite this as an area that they struggled with, for example, an estate and letting agent commented on the changing legal landscape around property and mentioned that it was difficult to keep up with the various changes.

Advice and training for people

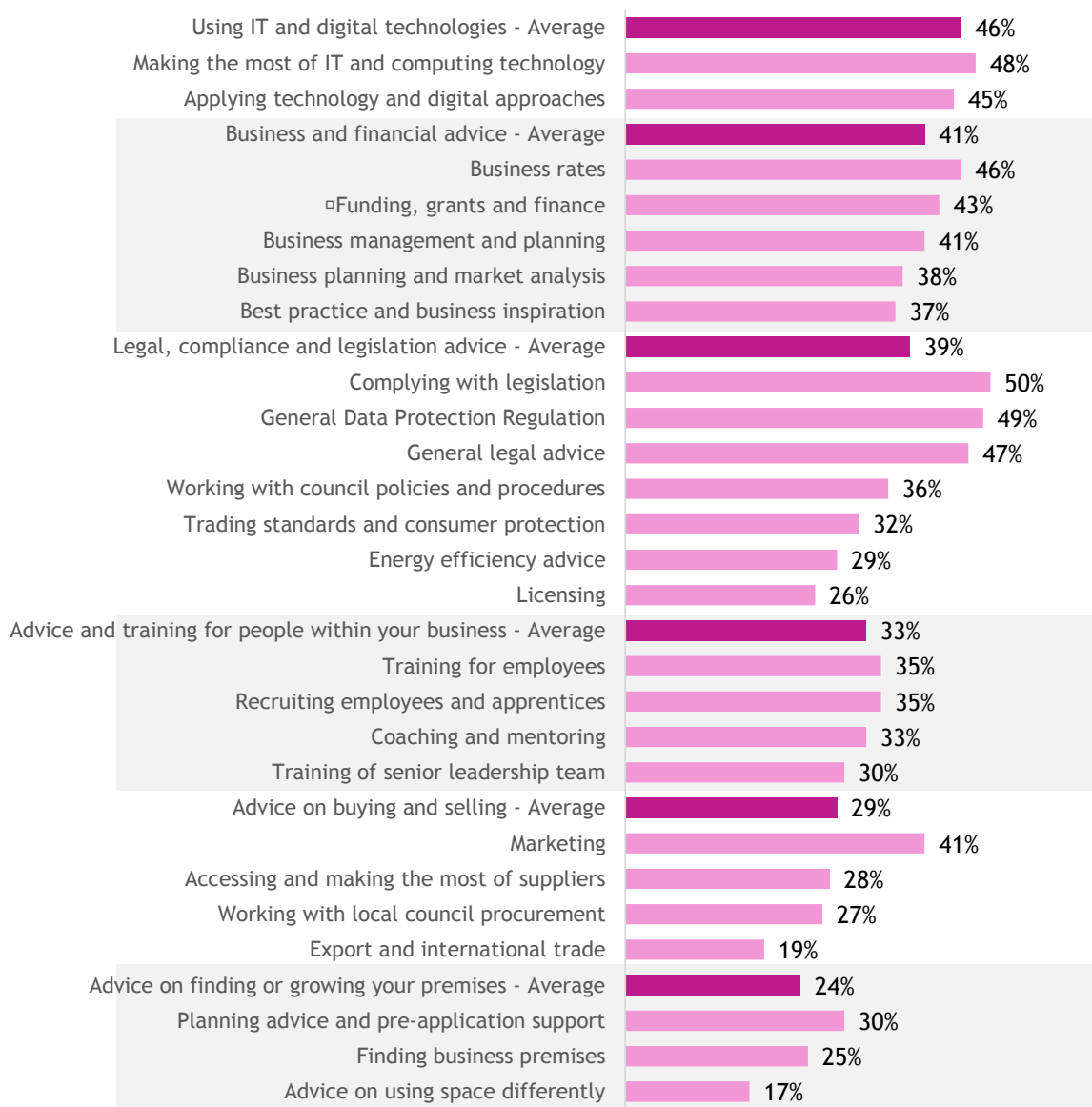
Support related to the people within the business is considered beneficial by a third of participating businesses (33%). Support around recruitment and training for employees are considered the most beneficial strands within this (both 35%). Participating businesses in the education, health & social sectors appear most interested in support related to training for employees (62% see this as beneficial), followed by those in the leisure, sports,

¹⁰ To ensure a fair result, the order of the theme areas was rotated for each interview. See full questionnaire at Annex 1 for more detail.

personal services & catering sector (44%). Participating businesses who are struggling to retain staff are particularly likely to feel support with training would be beneficial (55% compared with 32% of those who have no difficulty retaining or recruiting 32%).

Participating businesses in the leisure, sports, catering & accommodation sector are more likely to feel that support with recruitment of employees and apprentices would be beneficial (51%) as are retail & wholesale businesses (44%). Appetite for this support is lowest when businesses are not struggling with recruitment or retention (28%).

Areas of support beneficial to the business



Q38. To what extent, if at all, would the following benefit your business? - % benefit a lot or a little

Base: All participating businesses in Richmond - 304

Overall, desire for support with buying and selling is lower than other areas, with 29% feeling this area of support would be beneficial. Marketing is however an area that participating businesses would like support with - 41% would benefit from this. Participating businesses with customers primarily based in London are more likely to say they would benefit from marketing support (42%) compared with those with customers outside of the EU (28%).

Other areas where support may help businesses

Some participating businesses made further suggestions about the support they may benefit from including help accessing parking (13 mentions) and availability of business premises (5 mentions) amongst others.

“If one could get a few little write ups and promotions without having to spend a fortune on it, or if the council could write an article that would help a lot. We do not have a big footfall. We drop a lot of leaflets through the door.”

“They need some hot desking and studio space for budding entrepreneurs, there seems a lot of space available doing nothing. They need to help the high street.”

“Better meeting facilities for small businesses, open areas and things we could go to for business meetings. You don't want to go to a cafe all the time.”

“Make it easier to park, there should be a business parking scheme. The council does not understand the needs of small businesses like mine.”

“We just get on with what we do and we don't tend to think too much about what the local council can do for us. We've never really had any help from the council so I've never really looked for it and we're in such a specialised industry that it's difficult to just jump in and find what we do.”

Areas of support that could be helpful to businesses arising in the in-depth interviews include the use of apprentices specifically following the introduction of the apprenticeship levy, and help around the development of a social corporate responsibility programme.

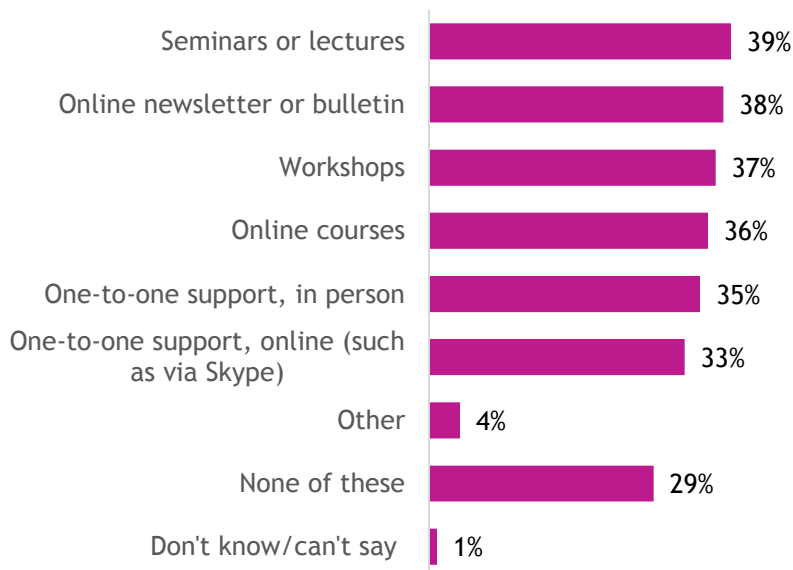
How businesses would like to be supported

When asked about the ideal way to deliver business support, participating Richmond businesses appear to have no clear preference, with all delivery methods tested appealing to between a third and four in ten respondents. However, three in ten businesses do not find any of the listed support methods appealing.

Participating education, health & social sector businesses are particularly likely to be in favour of workshops (65%), but generally tend to be more positive about all delivery methods than other sectors.

Nearly four in ten participating businesses would like support to be delivered in the form of an online bulletin or newsletter (38%). During the survey, businesses were asked if they would like to sign up to receive an e-newsletter containing business support opportunities, with two thirds saying they would like to receive this in the future (66%).

Preferred method of delivering business support



Q40. Which, if any, of the following methods of support appeal to your business?
 Base: Base: All participating businesses in Richmond - 304

Despite an appetite for support, half of participating businesses (52%) state they would not be willing to pay for it (20% not very willing, 32% not at all willing). Participating businesses who have seen their turnover decline are more likely to say they would not like to pay for support (60%) compared to those who have had an increase in their turnover (44%). Participating businesses who have increased their turnover are more likely to say they are quite willing to pay (44%) compared to participating businesses overall (35%). There is a relationship between willingness to pay for support and perception of the benefits of support. The participating businesses that say they would not be willing to pay for support are more likely to say that they would not benefit from the support asked about.

Those who do not find any of the methods of support appealing are least likely to be willing to pay for support (79%). Willingness to pay is highest for those who would be interested in workshops (62% would be at least quite willing to pay) and lowest for those interested in online newsletters and bulletins (52%).

The in-depth interviews found that participating businesses tend to access support from other organisations, some of which *has* been paid for. Some referenced membership with the Federation of Small Businesses and other trade organisations. External support tends to be for legal support, such as contract and property law, accountancy, HR and staff training. Some also seek assistance with recruitment, one mentioned that they usually attempt to recruit themselves using websites, then turn to paid advertising online, such as paying for adverts on Gumtree and finally looking to recruitment agencies as a last resort. Another business also referenced their work with an organisation to introduce apprenticeship roles. They were working with a local organisation in South London in order that they might hire local apprentices and school leavers.

Other ways of helping businesses

Participating businesses that have been established in Richmond for more than a year were asked how the Council could support businesses in Richmond. Whilst nearly half did not name anything (48%), nearly a quarter mentioned reducing or abolishing business rates (23%) and 11% mentioned generally being more business minded.

“Business rates, make them deal with your profit and turnover not size of the premises and to be able to claim our VAT which we are not able to do.”

“Definitely the business rates and we get absolutely nothing, not even the rubbish is collected. We are paying for a bin. We don't have anything tangible to show because we pay quite a lot. We have massive bins around the corner so we do the recycling ourselves but it's not the council who comes to pick up the recycling.”

“Retail shops in the area to reduce business rates to try and get them occupied again even if it is in the short term. There has been a reduction in office space that is causing shortages of offices in the borough.”

“I think they could start with an on-line forum to get information, there needs to be more talking, they should invite people to more forums and to buy local and not to buy for conglomerates we can do it all here.”

Reducing or freezing business rates was also suggested most frequently by participating new businesses to help encourage new businesses to the area and to support those recently opened (12%). The need for premises was also mentioned by some (9%).

“They could arrange for a free advertising site on the council website for local business. This is an opportunity for the council to help. The business that would be able to advertise on the council site should be vetted by references, in other words not a free for all.”

“The business rates are extortionate in the borough which is highlighted by the amount of cloned brands rather than independent retailers. The council can take a longer term view at the town centre rather than a short term financial based return.”

“Start-ups require premises and business centres to hire a room for start-ups would be useful. There is a need for start-ups for new premises. Large room in a building and lots of other businesses in the same building. There are commercial organisations that provide facilities like that but the council could get in on the act and there are premises that can be converted or used.”

“I think things like a reduction in council tax from people working from home, i.e. a home worker. The Whitton business association does not have an email set up, things are set up for retail and not for other business.”

Key Messages

This study suggests four key theme areas of importance to Richmond businesses:

- Recruitment, Retention and Training
- Business Support
- Premises
- Brexit

Recruitment, Retention and Training

Recruitment and retention represent one dimension of the double-edged sword of Richmond's desirability. On one hand, Richmond enjoys benefits from being an attractive area where people want to live and locate their business, and is seen as a convenient base from which to serve valuable customers. However, this also leads to issues around the *affordability* of the borough, impacting on businesses' ability to recruit and retain staff.

The survey highlights how participating Richmond businesses are much more likely to have experienced turnover growth in the past year than staff growth. While the reasons for this are complex and varied, this may reflect to an extent the complexities involved in increasing headcount, which reassurance or advice in this area could help to address.

Recruitment difficulties and skills gaps affect an important core of businesses participating in the study (a quarter have recruitment difficulties, rising to half of medium-sized businesses, and 20% report skills gaps). While retention is only highlighted as an issue by 11% of respondents, this problem appears to exacerbate the challenges faced by those also struggling to recruit. Affordability in Richmond appears to be having a particular impact on retention, with salary competition and the cost of living locally identified as key drivers. In light of this, Richmond businesses may welcome help with encouraging retention through non-financial routes e.g. training or support for managers in establishing and communicating clear progression routes.

Skills gaps and recruitment issues appear to be constraining Richmond businesses in their potential to grow, for example with skills gaps more common among growing businesses and a lack of suitable staff/ skills availability highlighted as a barrier to growth by 26% of respondents. 40% are planning to employ more staff in the next 2-3 years, but this will depend on them being able to find and attract appropriate candidates.

Richmond businesses do appear to have an appetite for solutions and support to address some of these issues, for example 63% plan to increase the skills of their workforce in the medium term and 48% plan to increase the leadership capability of their managers. Around a third feel that business support related to training and recruitment could help them.

The forthcoming impact of Brexit has implications in this area, both through the consequences for those reliant on recruitment from overseas and in terms of a potential need for training, particularly at management level. This includes help around understanding and overcoming the challenges posed by Brexit itself and around maximising capability in areas such as growing and maintaining turnover/profitability and controlling costs in order to compensate for some of the potentially negative consequences of Brexit.

Business Support

There does appear to be an appetite for business support in Richmond, particularly related to IT and digital technologies, an area of identified skills gaps and where two thirds of participating Richmond businesses have ambitions for the future (68% plan to use new technology to improve their business performance). The survey also suggests an appetite for support around current “hot issues” such as Brexit and GDPR.

However, this strong level of interest in support does not always translate into a willingness to pay for this, with around half of those questioned (52%) saying they would not be willing to pay. This suggests a need to highlight the *value* of any relevant paid support on offer, encouraging businesses to see this as a worthwhile investment that could help them to make or save money.

Sole traders appear less enthusiastic about support than larger businesses. However, they may be among those with the greatest need if they are unable to rely upon some of the resources available to other business types (e.g. head office support, dedicated HR or legal departments etc.), suggesting the need to better make the case for support to them. Home based sole traders in particular may benefit from support to help them overcome the disadvantages associated with isolation from opportunities for peer support from others in a similar situation. It may be particularly valuable to try to encourage take up of support among those sole traders who may wish to grow or develop or take on employees but who are constrained by a lack of confidence or knowledge around how best to do this.

The top area where Richmond businesses feel business support could help them “a lot” is business rates, and this is the fifth most welcome area of support in terms of those believing that this could help them at least “a little”. Business rates are also the most common area mentioned by respondents were given the open opportunity name anything they felt the Council could do to help either established or new businesses in the area, with these comments specifically relating to reducing, freezing or abolishing rates.

As business rates are currently set by national government, rather than local councils, this suggests a lack of understanding in this area. Increasing awareness of this could help to ensure that businesses are judging the Council only on those matters that are within its control. Further, forthcoming plans for the Council to join a business rates retention scheme, that would see rates funding Council activities, will mean a change in the role played by rates in the relationship between the Council and local businesses. This gives further impetus to improve education around business rates, how they work and what they fund. It also represents an opportunity to demonstrate the importance of rates as a source of revenue by clearly communicating the link between rates and how they are spent.

Premises

Premises can be seen as another area where Richmond’s desirability may be constraining potential success. Almost a quarter of participating businesses have found it hard to secure the right premises and 10% identify not being able to find the right premises as a barrier to growth that they are currently facing.

This issue can be seen as particularly important from the point of view of encouraging businesses to stay within Richmond, as affordability of premises is the top issue that could make participating businesses consider moving out of the borough. It is also possible that

unmet *latent* demand for premises (e.g. businesses being put off from considering moving to larger accommodation that could allow them to grow because they do not believe suitable premises would be available to them) may be constraining possible business expansion and growth. Premises availability is also particularly pressing in some cases as this may make a difference to the *survival* of some businesses with the need to “downsize” their premises in order to constrain costs and continue trading.

Again, there does appear to be a strong level of interest in support in this area, with a third of participating businesses feeling that this kind of support would be beneficial. Interestingly, the support identified is not restricted to help with finding premises (which may involve better “matching” available space with potentially interested businesses or highlighting the options on offer). It also covers planning advice and advice on using space differently. This may include helping businesses to achieve growth within their existing premises or working with them on creative thinking about the way in which a new space could be adapted or re-designed to meet their needs in a way that is not immediately obvious.

Brexit

Brexit appears to be an area of concern for many Richmond businesses, with half of those surveyed foreseeing a negative impact on the business environment and 31% a negative impact on their own particular business.

The study also suggests strong levels of uncertainty in this area. One in five respondents admit that they do not feel prepared for Brexit and there also appears to be a more widespread level of confusion around what, if any, support could help Richmond businesses to navigate the changes that Brexit will bring.

Businesses actually commonly suggest that the best way to help them to manage the impact of Brexit is through more general business support. Their primary concerns are around the aspects of their business that they think may be negatively affected by Brexit (notably turnover, profitability and costs) and they are therefore keen to receive support that will directly impact on these areas, e.g. reduced business rates or access to grants or loans.

It is likely that more specific support on navigating Brexit (for example dealing with regulatory changes, recruitment implications, supplier relationships etc.) may be of benefit to Richmond businesses. However, this is not necessarily something they will actively seek out, meaning that communications around any support offered will need to penetrate with businesses and help them to identify those areas where they currently lack even the understanding of what it is they do not know, but where further information and support could help them to minimise the risks and maximise the opportunities that Brexit might bring.