



London Business 1000 Survey

This year, for the third time, London Chamber of Commerce and Industry (LCCI) and London Councils have published a survey of 1,000 London businesses¹. This briefing provides a summary of the full report which is available on London Councils' website. As well as supporting London Councils' campaign for further devolution to London government, the results will be used to inform the development and implementation of London Councils' Pledges to Business, that will be launched in early 2020.

Overview

The survey asked business leaders about their views around general business confidence and the key barriers to growth, specific questions about apprenticeships and the apprenticeship levy, as well as businesses views on the quality of services provided by boroughs. As this was the third year of the study it provided some useful insight on trends. The survey also was broken down by key sectors, as well as analysis based on London's four subregional partnership areas.

The results showed that the current apprenticeship system is not working for London businesses, with a decreasing number of firms taking on new apprenticeships and confusion about how the levy applies to their firm. While there was robust support for London boroughs to have a stronger role in supporting skills, firms were often unaware of current borough services in this area.

Firms were generally more satisfied than dissatisfied with borough services, including licensing, trading standards and planning. However, there were also a large number of firms which did not have a view or were unaware of the boroughs' work - for example, their work around supporting work experience for young people and skills and apprenticeship provision.

There was strong support for giving further powers and freedoms to boroughs on a range of issues, including housing, community safety, apprenticeships and skills.

Skills

London's skills needs were identified by London businesses as a key concern, with 42 per cent of firms identifying difficulties in employing people with the right skills as a main barrier to growth. This figure rose to 55 per cent among businesses that were actively recruiting. There was some variation across London's sub-regions, with 49 per cent of firms in East London citing skills shortages as a main barrier to growth, compared to 35 per cent of businesses in Central London.

¹ ComRes interviewed 1000 London business decision-makers by telephone between 14 May and 14 June 2019. Data were weighted to be representative of businesses both in London and in each of the four sub-regions by borough, company size and broad industry sector. Full data tables are available on ComRes website.

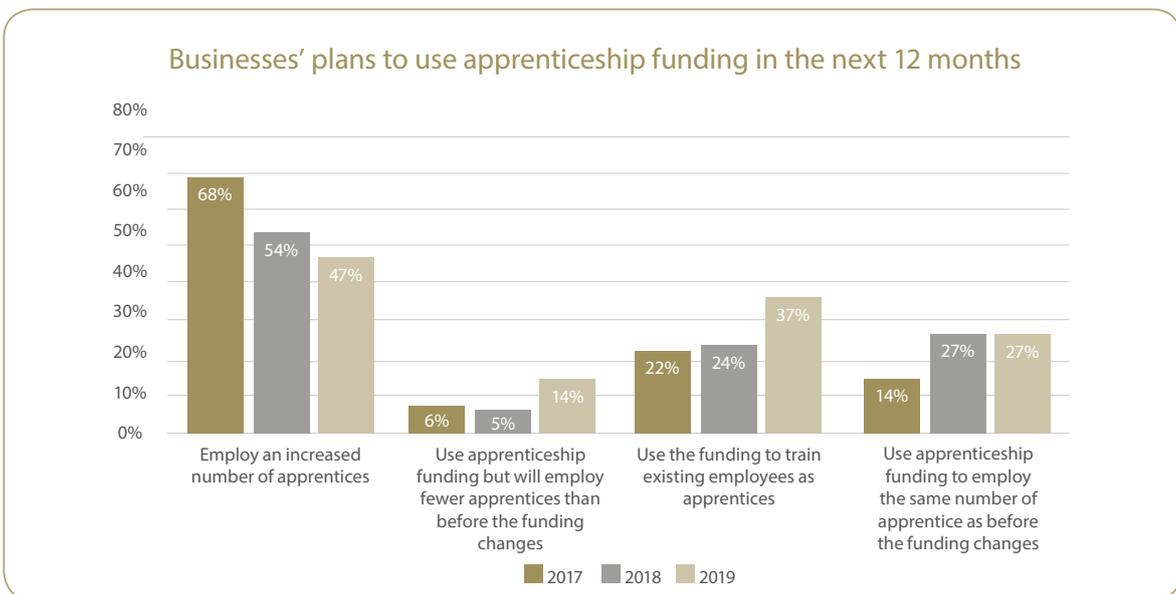
Firms employing apprentices were more likely to identify skills shortages as a challenge to growth, with 53 per cent saying this, compared to 40 per cent of those that do not employ apprentices. Similarly, those who expect to pay the apprenticeship levy were more likely to highlight challenges with finding people with the right skills (50 per cent) than those that do not (38 per cent).

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Apprenticeships

Our first survey in 2017 was undertaken just as the apprenticeship levy was introduced. Results indicated that the percentage of firms employing apprentices doubled in the first year from 8 per cent in 2017 to 17 per cent in 2018. However, this year’s survey reported a worrying drop to 13 per cent. Among businesses that pay the levy, a majority (55 per cent) do not employ any apprentices two years after its introduction. 60 per cent of firms that expect to pay the levy and plan to use their funding anticipate they will use half or less of their levy funds, with only 16 per cent indicating they will use more than a half (a drop from 28 per cent in 2018).

Over the three years of this project there has been a decrease in the number of firms looking to use the levy to employ more apprentices with an increasing focus on training current employees (see below).



Skills and the role of boroughs

The capital’s businesses want a stronger role for London’s boroughs in the skills and employment system. Decision makers overwhelmingly agree that local London councils should have the powers and funding to integrate employment, skills and apprenticeships in their local area (82 per cent). While businesses are more satisfied (28 per cent) than dissatisfied (19 per cent) with boroughs’ services on skills and apprenticeships, more than half of firms either reported being neither satisfied nor dissatisfied (32 per cent) or did not know (21 per cent) about local councils’ guidance and services on this. Firms that currently employ apprentices were more likely to be satisfied than dissatisfied with these services (50 per cent vs. 24 per cent), as were businesses indicating that they will be required to pay the Apprenticeship Levy (49 per cent vs. 24 per cent), and firms using apprenticeship funding (46 per cent vs. 21 per cent).

Support for giving additional powers to boroughs

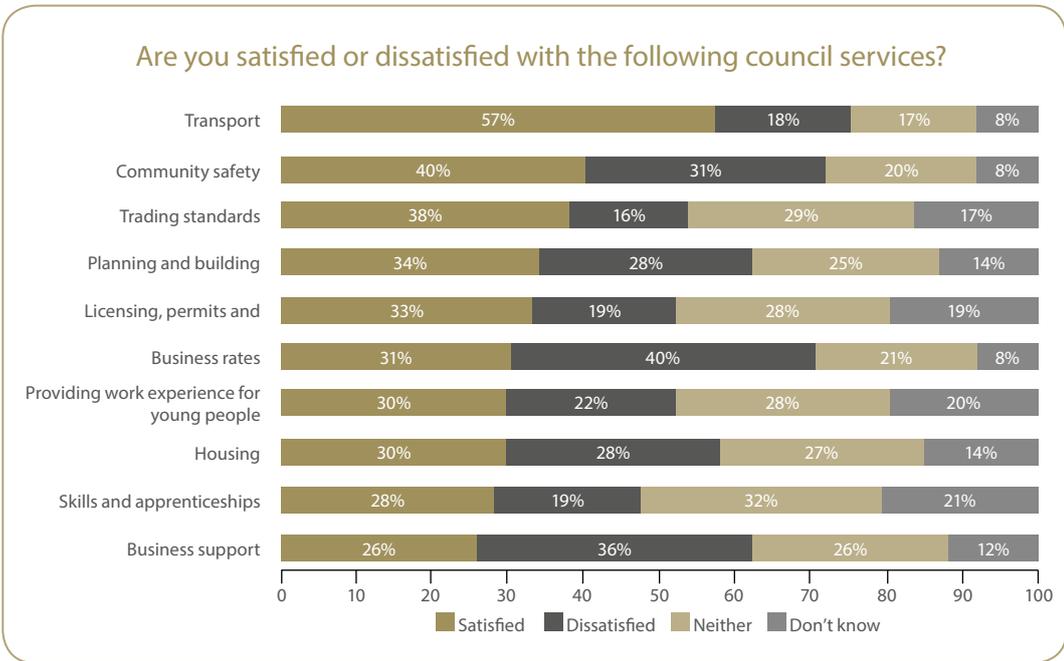
There was strong support from London business leaders for devolution to London’s councils. More than seven in ten agreed with statements about devolving greater powers, freedoms and control across a range of service areas, as shown in the table below.

“There was strong support from London business leaders for devolution to London’s councils”



Borough Services

Overall, business leaders are more likely to be satisfied than dissatisfied with services and guidance in the following areas: transport (57 per cent vs. 18 per cent), community safety (40 per cent vs. 31 per cent) and trading standards (38 per cent vs. 16 per cent). Even in the face of significant funding reductions, the quality of these services is seen by the majority of businesses as having remained consistent over the last 12 months.



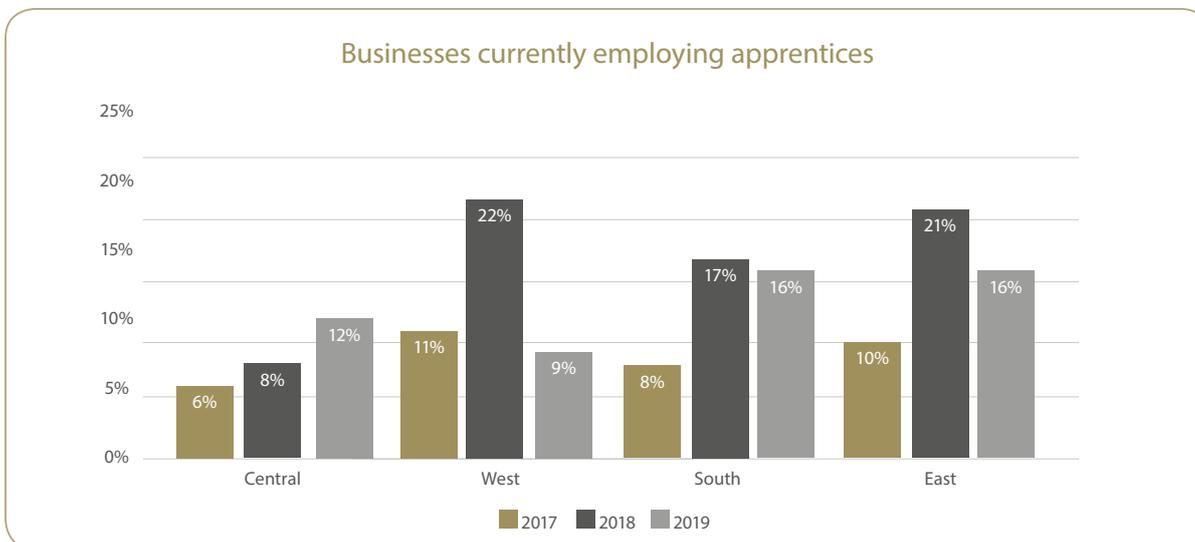
Boroughs have a communications challenge around businesses’ perceptions of overall council activity. Whilst a third of businesses (34 per cent) think boroughs do a fair amount or more to act on the concerns of local businesses, over half of firms (57 per cent) think local councils do not very much or nothing at all.

Subregional variations

While there was consistency across London on many issues in some areas there was significant variations between the four London subregional partnership areas, West London Alliance, South London Partnership, Central London Forward and Local London, which we refer to as East London below².

Recruitment, Apprenticeships and skills

- 57 per cent of Central London firms were looking to recruit in the next year, compared to 49 per cent in other sub-regions.
- Central London business decision makers are significantly less likely than those in other sub-regions to say that skills are among the main barriers to growth (35 per cent in Central vs. 44 per cent in the South, East and West).
- Investment in upskilling London's workforce was more of a priority for East London business leaders, at 65 per cent, compared to Central London (52 per cent).



Property costs

- Central London businesses felt that increased property costs would have the greatest impact on their profitability (21 per cent), compared to only 14 per cent of East London firms.
- Three in ten (30 per cent) Central London business decision makers say that increased business rates would have the most impact on profitability, significantly higher than those in South (20 per cent) and West (24 per cent) London.

Businesses and boroughs

- Only 28 per cent of West London business decision makers are satisfied with planning and building regulations, compared to those in East (39 per cent) and South (36 per cent) London.

² 'Central' includes Lewisham, Southwark, Lambeth, Wandsworth, Kensington & Chelsea, City of Westminster, City of London, Tower Hamlets, Hackney, Islington, Camden, and Haringey; 'Local London' includes Enfield, Waltham Forest, Redbridge, Newham, Greenwich, Bromley, Bexley, Barking & Dagenham, and Havering; 'South' includes Croydon, Sutton, Merton, Kingston upon Thames, and Richmond upon Thames; 'West' includes Hillingdon, Harrow, Ealing, Hounslow, Hammersmith & Fulham, Brent, and Barnet.

Commentary

London Councils will be using this data to continue to press for reforms to the apprenticeship levy and for the devolution of powers to the local level. That skills shortages has been a top concern for businesses for the last three years; the decline in the use of the apprenticeship levy among London businesses shows there is a significant case for reform.

London Councils will continue to make the case to national government to make immediate reforms to the apprenticeship process. With the Mayor of London and supported by a range of business groups, London Councils published the Call for Action in September. It calls for a new devolution and funding deal from government to establish an integrated, properly funded skills and employment system that can meet the city's challenges now and in the future.

That there is strong support for devolution to London boroughs by businesses, across a broad range of services. London Councils will use this to continue to press for devolution, including the support from employers for a more localised tax system.

Businesses views on specific service areas will be used to inform discussions on how boroughs better engage businesses and the implementation of the Pledges to Business London Councils is develop with the boroughs.

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Links:

[Business 1000 full report](#)

[Skills for Londoners: A Call to Action](#)

[London Councils' Pledges to Londoners](#)

This member briefing has been circulated to:

Portfolio holders and those members who requested policy briefings in the following categories: Economic development