

York Business Perceptions Survey – BEIS funded project

Summary

1. This report provides the Executive Member with an update on the findings from City of York Council's York Business Perceptions Survey. Funded by the Office for Product Safety and Standards, part of the Government Department for Business, Energy and Industrial Strategy, a survey was undertaken with city centre retailers, hospitality and tourism businesses to understand their experiences of complying with the Council's regulatory services and issues around general business performance.
2. Complex regulations can be a barrier to productivity and business growth. The aim of the project was to understand if the council needs to intervene in simplifying the way in which regulation is delivered locally. In addition, by focusing on retailers, hospitality and tourism businesses; sectors which are characterised by low wages and low levels of productivity, the business perceptions survey seeks to identify ways in which the council, together with its partners, can support these sectors to be more successful.
3. Delivery of the business perceptions survey resulted in widespread engagement with York's city centre retailers, hospitality and tourism businesses. 127 local businesses were surveyed as part of the project. The vast majority of businesses surveyed were in favour of the council taking formal enforcement action against those who flouted the law or ignored advice. The survey found that city centre businesses in these sectors perceived the council's regulatory services to be approachable and valued their advice, although they could be more proactive in terms of their engagement. Businesses also remarked that there is room to improve the way the council provides 'joined up advice'.

4. Other learnings from the survey include the fact that online is the most used source for information, both for information on business support and for more specific advice on how to comply with regulation. Regulatory support was the most common area in which businesses sought help, and respondents spoke of their desire to receive advice on how to comply through a wide range of sources, including channels to receive information but also ways in which to ask questions.
5. With regards to business performance, the survey found that majority of businesses have a stable or increasing headcount, turnover and overall business performance. However, a significant number of businesses are cautious about the future, with national economic issues such as Brexit the major cause for concern. A smaller number of local issues also exist that are challenging businesses' growth potential. Nevertheless, despite a greater level of uncertainty regarding the business climate looking towards the future, respondents forecasted that business investment across all areas is set to continue at the same or a higher level than the last 12 months.

Recommendations

6. The Executive Member is asked to:
 - 1) Note the findings of the York Business Perceptions survey, as set out in this paper;
 - 2) Note the creation of City of York Council's Business Services e-leaflet as a method of communicating the support offer to local businesses through the council and its strategic partners;
 - 3) Support the creation of a business support providers meeting group made up of intermediaries and business organisations, facilitated by City of York Council and Make it York, to collectively share information on the business landscape in York.

Reason: To further support the business environment in York.

Background

7. The Government's Industrial Strategy (2017) makes reference to the need to support businesses to comply with regulation at a local level and simplify the way regulation is delivered - complex regulations can be a barrier to productivity and business growth. City of York Council provides

a range of regulatory functions delivered through its Public Protection team, including food hygiene, trading standards, licensing and pollution control/air quality, amongst others. Annex A sets out the remit of the Council's Public Protection team and its support offer to local businesses.

8. In December 2018, the council's Economic Growth team made a successful bid to the Office for Product Safety and Standards (OPSS), part of the Government Department for Business, Energy and Industrial Strategy, for £10,000 grant funding to deliver a simplification project in the York area. This was one of two successful bids submitted by the council; the other bid focused on the creation of an Alternative Dispute Resolution scheme for businesses in York and North Yorkshire and was led by the council's Public Protection team. The OPSS's funding programme is designed to support local authorities to consider and pilot ways to simplify regulatory delivery that other services can then learn from or replicate.
9. The simplification project submitted by the council's Economic Growth team centred upon the delivery of a local business perception survey to understand the business experience of complying with regulation in York, identifying where the council needs to intervene in simplifying the way in which regulation is delivered locally. The project focused on retailers, hospitality and tourism businesses, sectors which are characterised by low wages and low levels of productivity but are important for York's economy with over 30% of total employment in these sectors. Given that many of the target businesses in these sectors are located in the city centre, coupled with the fact that the council had a limited amount of funding to deliver the survey, York city centre was chosen as the target geography for the project.

The Project

10. With close to 7 million visitors a year attracted to York contributing £564m to the city's local economy, the continued attractiveness of York's visitor offer is crucial. The council's business perceptions survey with city centre retailers, hospitality and tourism businesses was also an opportunity to understand current levels of business performance amongst these sectors in an effort to identify ways in which the council, together with its partners, can support them to be more successful.
11. Following the award of grant funding, 18 survey questions were developed in close collaboration with the Public Protection team. These

questions sought to understand the business experience of complying with regulation in York and current levels of business performance. The council then advertised a tender in July 2019 seeking organisations to deliver this survey in York city centre, targeting retailers, hospitality and tourism businesses. For the avoidance of doubt, the project specified that target businesses must fall within the following four UK Standard Industry Classifications (SIC):

- G – Wholesale and retail trade, including repair of motor vehicles;
- I – Accommodation and food service activities;
- R – Arts, entertainment and recreation; and,
- S – Other service activities.

Prospective bidders were asked to develop a methodology that identified relevant businesses and ensured the statistical validity of the results. Prospective bidders were also responsible for analysing the survey results and presenting this to the council.

12. Following the completion of the tender process in August 2019, York-based social and market research company QA Research Ltd were awarded the contract to deliver the survey. Using their methodology 480 businesses were identified that met the geographical location and target sectors specified. Of these 480 businesses, 127 phone interviews were undertaken between 9 and 24 September 2019 with a representative spread of businesses by SIC achieved.
13. Following the delivery of the survey, the results were analysed and presented to the council. The results of the York Business Perceptions Survey can be found under Annex B.

Survey Findings – Business Performance

14. The York Business Perceptions Survey focused on two distinct areas. The first half of the survey focused on matters relating to business performance, including business support, investment and growth, with the second half exploring respondents' experiences of accessing the council's regulatory services and how the council can improve them to best meet business need.
15. 127 city centre businesses were interviewed, with a representative spread of business achieved by SIC (as shown by the table below):

SIC	All Businesses in Sample		Businesses Interviewed	
	Number	Percentage	Number	Percentage
G – Wholesale and retail trade; repair of motor vehicles and motorcycles	169	35%	43	34%
I – Accommodation and food service activities	172	36%	50	39%
R – Arts, entertainment and recreation	46	10%	10	8%
S – Other service activities	93	19%	24	19%
Total	480		127	

16. Of the businesses surveyed, the vast majority were either micro or small businesses, with only 16% of businesses surveyed having more than 24 employees. More than half of the businesses surveyed (58%) were micro businesses, employing nine or less people. The businesses surveyed in the Arts, Entertainment and Recreation and Accommodation and Food Services sectors tended to employ more than those who were classified as Other Services or Wholesale/Retail. 84% of the businesses surveyed identified themselves as an independent business.
17. The businesses surveyed were asked at what stage their business was, from start-up (started trading within the last year) or surviving (turning over a profit) to expanding (into new markets, new products, new locations). More than half of the businesses surveyed described themselves as “established”, that is, a thriving business with a place in the market and loyal customers. 18% of businesses identified themselves as surviving - turning over a profit, with another 12% of businesses identifying themselves as “growing”, selling more, increasing customer base and taking on staff. Within these categorisations, businesses in the Arts, Entertainment and Recreation sector were particularly likely to be “established” (75%), with businesses in the Other Services sector most likely to be “growing” (27%). Businesses in the Accommodation and Food sector were most likely to be “surviving” (27%).
18. In terms of business performance, more than half of the businesses surveyed (57%) had seen headcount remain stable over the past 12

months, with another 31% witnessing their headcount increase. Looking towards the next 12 months, 65% of the businesses surveyed expected their headcount to remain the same, with only 7% expecting a decrease. Of the businesses surveyed, bigger businesses (those with 50+ employers) were the most likely to be experiencing and/or expecting a decrease in headcount, although it is important that results here are treated with a degree of caution due to the low base sizes involved.

19. In addition to the above, close to half of all businesses surveyed (46%) were experiencing growth in turnover, with a third (34%) seeing a period of stability. Looking ahead to the next 12 months, half of all businesses surveyed are expecting growth in turnover with fewer businesses forecasting a decrease in turnover (8%, down from 17% relating to the past 12 months). This variation was driven by Accommodation and Food Services businesses with 22% experiencing a decrease in turnover over the past 12 months, but only 8% are expecting a decrease in the next 12 months.
20. Similar to the trend in turnover, close to half (45%) of the businesses surveyed felt that in the past 12 months overall business performance has improved, with another 39% feeling that it remained stable. 15% of the businesses surveyed felt that business performance had got worse in the past 12 months – this was made up of micro (14%) and small businesses (20%). Tellingly, a greater number of businesses (30%) felt that the business climate in which they will operate would worsen in the next 12 months than those who felt it would improve (25%). The timing of this survey shortly before the UK's Brexit deadline of 31 October 2019 was likely to be a contributing factor to this negativity surrounding the future. For completion purposes, 35% of the businesses surveyed felt that the business climate will remain stable within the next 12 months. A similar trend was apparent across all business sizes and sectors. Despite businesses' concerns regarding the current economic climate, respondents indicated that business investment is set to continue at the same or a higher level across all areas of their business.
21. The businesses surveyed were also asked to comment on the three main barriers that might prevent them from growing over the next three years. The biggest challenges to growth identified by respondents were economic; 38% of businesses surveyed highlighted Brexit as a major concern, with 20% mentioning the general state of the economy, and 18% citing increased competition. 13% of businesses mentioned business rates. Other issues such as a lack of footfall (7%), the high cost of parking (6%) and the "death of the high street" (4%) were also cited by

respondents but these did not receive a large number of mentions, contrary to recent media depictions of the economic health of York city centre. While Brexit was viewed as a major challenge to business growth by respondents, this was even more acute amongst businesses in the Wholesale/Retail sector with 59% of respondents citing it as one of their main barriers to growth.

Survey Findings – Business Support

22. Three-quarters (74%) of the businesses surveyed through the York Business Perceptions survey had sought information, support or advice in last 12 months. Regulatory support was identified as the most common area in which help was sought with 44% of respondents seeking support with this area. This increased to 59% for businesses in the Accommodation and Food Services sector. Other areas of support that were commonly cited by businesses were reducing energy, material, water and waste costs (28%), recruitment/job creation (25%), workforce skills and training (25%) and digital services and digital technology (24%). Interestingly, support for accessing finance/grants (14%) and leadership and management advice (6%) was less sought after. 26% of the business surveyed had not sought any information, support or advice in the last 12 months, with Arts, Entertainment and Recreation businesses (42%) and those in the Wholesale/Retail sector (36%) most likely not to have sought support.
23. While these results show that the majority of city centre retailers, hospitality and tourism businesses in York require, and are in receipt of, support in a range of areas, it is important to note that many of these businesses are excluded from the business support offer available through the Growth Hubs, led by the Local Enterprise Partnership (LEP). Whilst York is part of two LEPs – Leeds City Region and York, North Yorkshire and East Riding LEP, businesses in the sectors surveyed are often not able to access this support due to eligibility criteria imposed by the funding source (e.g. a focus on certain sectors and B2B transactions over B2C). Therefore if City of York Council wish to support these sectors to be more successful through its business support offer, the council needs to think holistically about the support it can provide through its range of services, as well as encourage the LEPs to think alternatively about how they can use their business support programmes to more effectively support businesses in York and the wider region.
24. The York Business Perceptions Survey found that online was the most used source for information, support or advice, with 65% of businesses

using online search engines in the last 12 months for information and support. 31% of businesses surveyed used national regulator or Government department websites, and 31% accessed the council's website or fire service website for information, support or advice. The survey found that businesses use a wide range of sources for information, support and advice, with 31% of businesses surveyed using an external environmental health, trading standards or food safety consultant, 28% using an accountant, 24% using a council or fire service officer and 23% using their bank. Only 9% of business surveyed mentioned the LEP as a source for information, support or advice, perhaps reflecting the challenge that business support providers face when seeking to engage with a large number of businesses across a wide geography, as well as their target sectors not being the sectors surveyed through our project in York.

25. 57% of businesses surveyed mentioned City of York Council in one form or another when asked about where they have accessed information, support or advice. This ranges from more than half of business surveyed who are in the Arts, Entertainment and Recreation (58%) and Accommodation and Food Services (53%) sectors, to under a third of business surveyed in Wholesale/Retail, which suggests that the council's business-facing services have room for improvement in engaging with the city's business community, especially with targeted information, support and advice.

Survey Findings – Accessing the Council's Regulatory Services

26. In assessing businesses' experiences of accessing the council's regulatory services, businesses were asked how far they agreed or disagreed with a series of statements. The majority of businesses surveyed (82%) were in favour of the council taking formal enforcement action against those who flouted the law or ignored advice. Businesses also felt that they could approach the council's regulatory services without fear (only 10% disagreed) and that they knew how to get in touch with the council for advice on how to comply should they need it (14% disagreed). Within the latter, there was a little variation by sector and business size. Overall, 64% of businesses surveyed knew how to get in touch with the council for advice on how to comply, Arts, Entertainment and Recreation businesses were more positive (92% agreed) and so too medium and large employers (89% agreed).

27. Interestingly, 52% of businesses surveyed agreed that they trust their local regulators, although only 16% actively disagreed. Businesses also expressed their desire for the council's regulatory services to be more proactive in engaging with them, with a greater proportion of businesses disagreeing when asked whether the council encourages them to seek their regulatory advice, whether they feel that their views are "heard" and acted upon, and whether the council's regulatory services actively seek their views and feedback. The results of the survey suggests that more proactive engagement with York businesses is one way in which the council can improve the delivery of local regulation, although this would have service implications for staff resources.
28. Businesses were asked where they currently go, or would go, for advice on how to comply. Again, online was the most used source for advice, with 69% of businesses surveyed using national regulator or Government department websites, and 63% using council or fire service websites. However, direct contacts were also a popular choice with 59% of business noting that they go, or would go, to their council or fire service officer, and 43% indicating that they use, or would use, external environmental health, trading standards or food safety consultants. 80% of businesses mentioned City of York Council in one way or another, with businesses in the Arts, Entertainment and Recreation (100%) and Other Service Activities (86%) sectors more likely to approach the council for advice on how to comply than Accommodation and Food (76%) and Wholesale/Retail businesses (75%). Finally, 39% of businesses surveyed mentioned that they go, or would go, to a trade or business association for advice on how to comply, which reaffirms that sector and business membership organisations are an important medium through which to share information with businesses on how to comply with regulation.
29. In assessing the quality of advice and support provided by the council's regulatory services, businesses were again asked how far they agreed or disagreed with a series of statements. Businesses were positive about the value, clarity and ease of accessing advice. One area which was identified by the survey as needing improvement was the council's approach to providing advice, with a greater proportion of businesses disagreeing (34% disagreed and 32% agreed) when ask if the council's approach to providing advice is "joined up". The need to better co-ordinate business support across City of York Council had been recognised prior to the delivery of this project, with working ongoing to ensure that the council has a business-friendly approach. An internal working group of officers from the council's business-facing services

meet regularly to share information and better co-ordinate business support activity both internally, but also with partners e.g. Make it York, the Federation of Small Businesses, the Chamber of Commerce, the LEPs etc. This internal working group was instrumental in the creation of City of York Council's Business Services leaflet which communicates the support offer available to local businesses through the council and its strategic partners (this is included under Annex C). This group will consider the results of the survey with a view to improving the way the council joins up advice to businesses.

30. Business surveyed were also asked how they would like to receive information on how to comply from the council. A notification service (87%) was most popular, as well as other proactive methods of seeking advice such as emailing an officer (74%), phoning a regulator directly (67%) and a newsletter (62%). Given the survey's findings that online is the most used source for business support and advice on how to comply, receiving advice from a regulator's website was also a popular method amongst businesses surveyed (73%). What the survey found was that businesses want a variety of options to not only receive information, but to also ask questions – training events (46%), drop-in advice sessions (43%) and a live online chat facility (41%) were just some of the communication methods that received interest from respondents. On average, respondents specified 6.76 different methods of communicating with the council's regulatory services, and there was little variation by sector.
31. Out of the communication methods not currently offered by the council's regulatory services, a newsletter was most popular (62%), followed by training events (including webinars) (46%), drop-in advice session (43%), live online chat facility (41%) and social media such as Facebook or Twitter (34%).

Next Steps

32. The findings of the York Business Perceptions Survey has provided the council with valuable information on how it can improve the delivery of regulation locally, and how it can support retailers, hospitality and tourism businesses in York to be more successful.
33. With regards to improving the delivery of regulation locally, the council will continue to embed its business-friendly approach throughout the organisation so that the support on offer through the council's Public Protection team is better understood by business-facing services and

partners. By encouraging more effective sign posting and cross-referrals, we hope that this will enable the council's business support offer to be better joined up. Furthermore, by sharing information on business-focused events and networking opportunities, it presents further opportunities for the council's regulatory services to engage with local businesses.

34. A sizeable amount of business surveyed (62%) spoke of their interest in receiving a newsletter from the council sharing advice on how to comply with regulation. Taking this idea and expanding it further, the council intends to create a regular e-newsletter for businesses in York to update them on a range of areas including progress with council projects, procurement opportunities, regulatory changes and advice on how to comply, and business support programmes that are available in York, amongst others. This work will be led by the council's Economic Growth team but will require contributions from service areas across the council. The intention is for this content to be approved by the council, and therefore recipient businesses can be assured of the quality of its content. We suggest that the council takes the opportunity through the forthcoming engagement exercise planned for the council's new Economic Strategy to ask local businesses whether they wish to subscribe to such a communication from the council.
35. With regards to specifically supporting retailers, hospitality and tourism businesses to be more successful, it is clear from the results of the survey that businesses in these sectors require support in wide a range of areas, from regulation and resource efficiency, to workforce skills and training and digital services and technology support, amongst others. The business support landscape for these sectors is often confusing, with businesses regularly excluded from the support offer available through the Growth Hubs due to the criteria associated with the funding (target sectors and a focus on businesses trading B2B). One way of addressing this is for the council to centrally collate the range of support that is available to retailers, hospitality and tourism businesses through the council and its partners and share this with relevant businesses. This information can be made available both in physical and electronic form.
36. Finally, the survey emphasised that York businesses use a wide range of sources for information, support and advice, including accountants, banks, solicitors and trade or business associations. Given the myriad of organisations providing business support in the city, there are merits in the creation of a business support providers meeting group, facilitated by the council and Make it York, that meets on a semi-regular basis to share

non-confidential information regarding the business landscape in York with the aim of improving the business environment locally.

Consultation

37. 127 phone interviews took place with York city centre retailers, hospitality and tourism businesses in delivering the York Business Perceptions Survey. The results of the survey have been shared with OPSS, as specified by the grant criteria, and the council's Economic Growth Manager was invited to present the completed project to Better Business For All's Shared Learning Day in London on 26 November, 2019.
38. Since the completion of the business perceptions survey, several local authorities from across the country have been in touch with the council to find out more about the project, its findings and advice on delivering a similar project in their respective area.

Council Plan

39. The City of York Council Plan is structured around eight core outcomes, which reflect the key components of a good quality of life for the council's residents, and York as a successful location where local businesses can thrive. This focus on outcomes enables the council and its partners to work better together. The York Business Perceptions Survey aims to understand city centre retailers, hospitality and tourism businesses' experiences of complying with the council's regulatory services and issues around general business performance in an effort to support these sectors to be more successful. In doing so, the project address the following outcomes:

- Good health and wellbeing;
- Well-paid jobs and an inclusive economy;
- Safe communities and culture for all; and,
- An open and effective council.

Implications

- **Financial** – no financial commitments. Grant funding was received from the OPSS to deliver the project;
- **Human Resources (HR)** – no implications;
- **One Planet Council / Equalities** – no implications;

- **Legal** – no implications;
- **Crime and Disorder** – no implications;
- **Information Technology (IT)** – no implications;
- **Property** – no implications.

Risk Management

There are no specific risks identified in respect of the recommendations.

Contact Details

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Chief Officer's name: Neil Ferris
Title: Corporate Director, Economy and Place

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Wards Affected: List wards or tick box to indicate all

All

- Bishopthorpe;
- Fishergate;
- Guildhall; and,
- Micklegate.

For further information please contact the author of the report

Background Papers:

None

Appendices

Annex A – City of York Council's Public Protection services
Annex B – York Business Perceptions Survey 2019 – Report
Annex C – City of York Council's Business Services leaflet

List of Abbreviations Used in this Report

B2B – Business to business

B2C – Business to the consumer

LEP – Local Enterprise Partnership

OPSS – Office for Product Safety and Standards

SIC – Standard Industry Classification