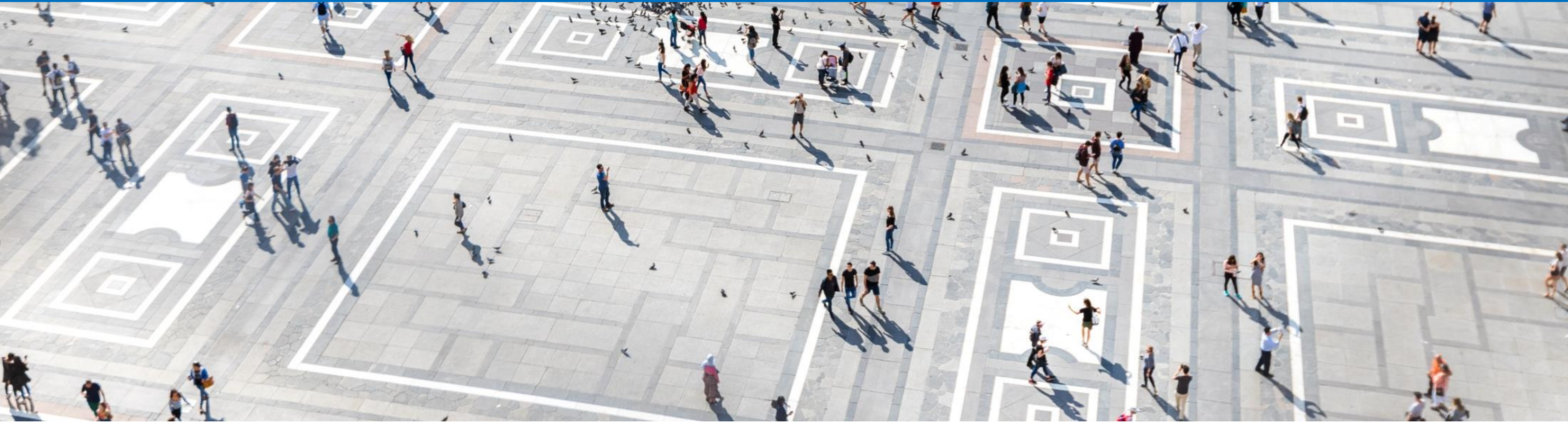
Annex B

City of York Council

Business Perceptions Survey 2019 - Report



Karen Muir

Qa Research

21st October 2019

Mill House, North Street, York ,YO1 6JD

01904 632039 www.qaresearch.co.uk

Background and Methodology

Background & aims

- **Background:**
  - Government Industrial Strategy references supporting business to comply with regulation at a local level
  - Complex regulations can be a barrier to productivity and business growth
  - Given this emphasis, placed focus on sectors characterised by low wages and productivity (but high employment) e.g. retail, food, accommodation and tourism
  - With more understanding CYC and partners can support these sectors to be more productive and successful

- **Research aims:**
  - Understand more about business performance of in scope businesses
  - Identify who businesses are currently going to for business support and advice
  - Measure how CYC's regulatory service is currently perceived
  - Identify how CYC can improve regulatory services to best meet business need

Methodology

- **Method:**
  - Telephone interviews conducted with city centre based businesses within SIC:
    - G - Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles
    - I - Accommodation and Food Service Activities
    - R - Arts, Entertainment and Recreation
    - S - Other Service Activities (hairdressers, beauticians, printers, repair shops etc)
  - Sample provided by D&B (YO1 postcodes plus others manually added as deemed to be in scope e.g. Gillygate, Bishy Road, Blossom Street) and desk research to add an additional 150 businesses.
  - Total sample = 480 businesses
  - No firm quotas were set due to limited sample database – monitored to ensure broad representation
  - Senior interviewees sought and if referred to a head office it was made clear that the individual should be able to speak about the York city centre site and engagement with CYC

Who did we interview?

- 127 interviews undertaken between 9th and 24th September 2019
- Representative spread of businesses by SIC

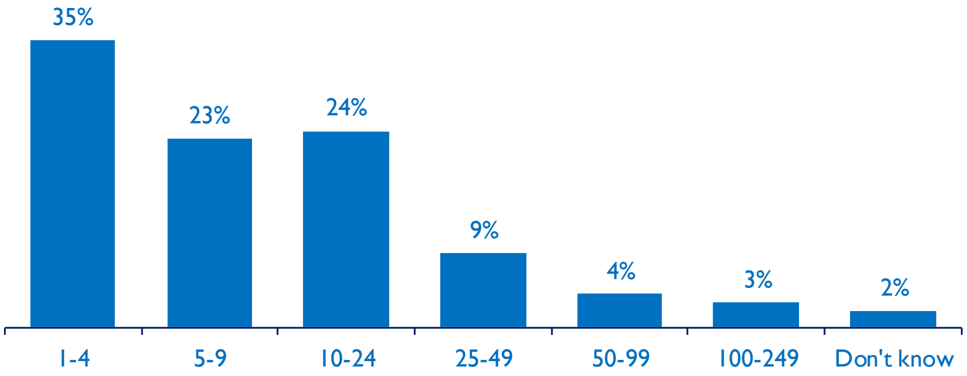
SIC	All Businesses in Sample		Achieved Sample	
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	169	35%	43	34%
I - Accommodation and food service activities	172	36%	50	39%
R - Arts, entertainment and recreation	46	10%	10	8%
S - Other service activities	93	19%	24	19%
Base	**480**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

- No weighting applied to data

Profile of City Centre Businesses

Many businesses are SMEs

- Primarily micro (1-9) and small (10-49) companies. A third (35%) have 1-4 employees, with just 7% having 50 or more.

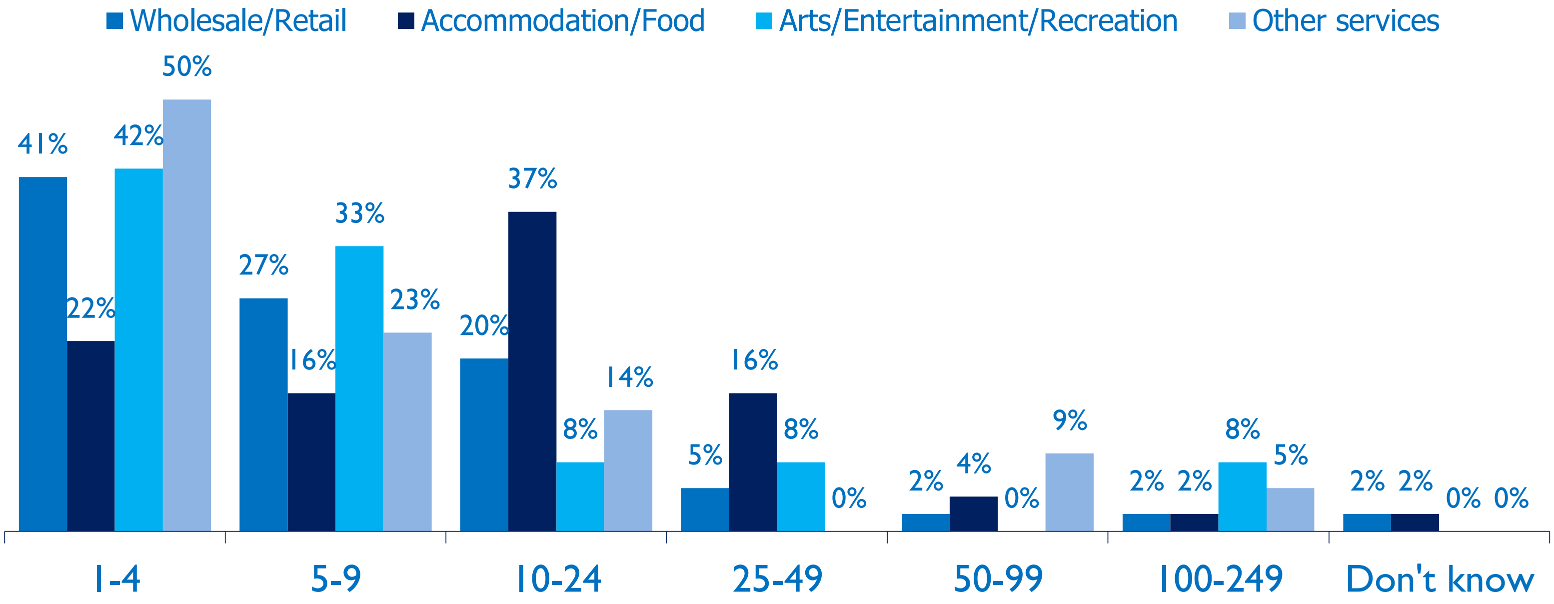


S7. Including yourself, how many people does the organisation employ in York? Base 127

- 5% of branches have 1-4 employees (in fact just one of the businesses with 1-4 employees was a branch), compared to 41% of businesses that are not a branch (independently owned).

RESEARCH

Fewer micro businesses in the Accommodation/Food sector; biggest employers primarily Arts/Entertainment/Recreation and Other services



- Also variation in mean business size, with the Arts, Entertainment and Recreation (21.08) and Accommodation/Food (20.73) sectors tending to be larger than the Other services (15.95) and Wholesale/Retail (13.37) sectors.

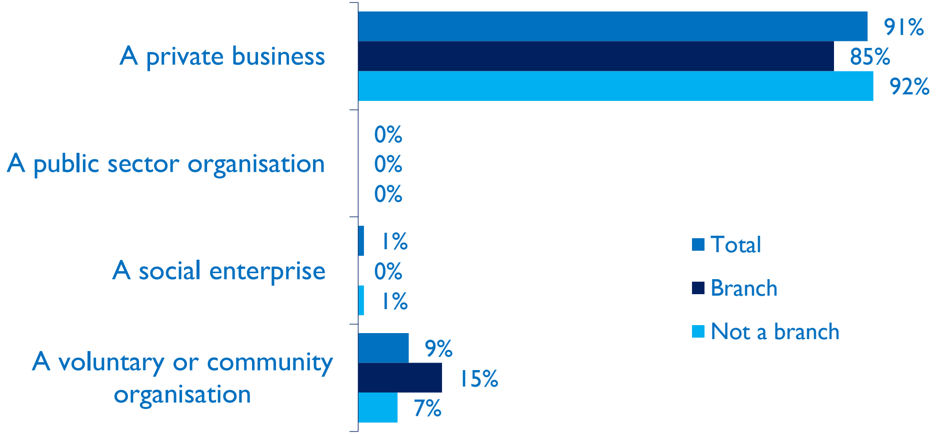
S7. Including yourself, how many people does the organisation employ in York? Wholesale/Retail (44); Accommodation/Food (49); Arts, Entertainment and Recreation (12); Other Services (22)

RESEARCH

Most city centre businesses are privately owned and independently run

- Virtually all businesses interviewed are private businesses (91%).
  - A further 9% were voluntary/community organisations and 1% social enterprises.

- In total 16% of all businesses are branches, with the remaining 84% therefore not being branches and hence independent businesses. Some of the branches were still private businesses.



S4. Can I just check, are you a private business, a public sector organisation, a social enterprise or a voluntary/community organisation? All (127); Branch (20); Not a branch (107)

Most city centre businesses are well established

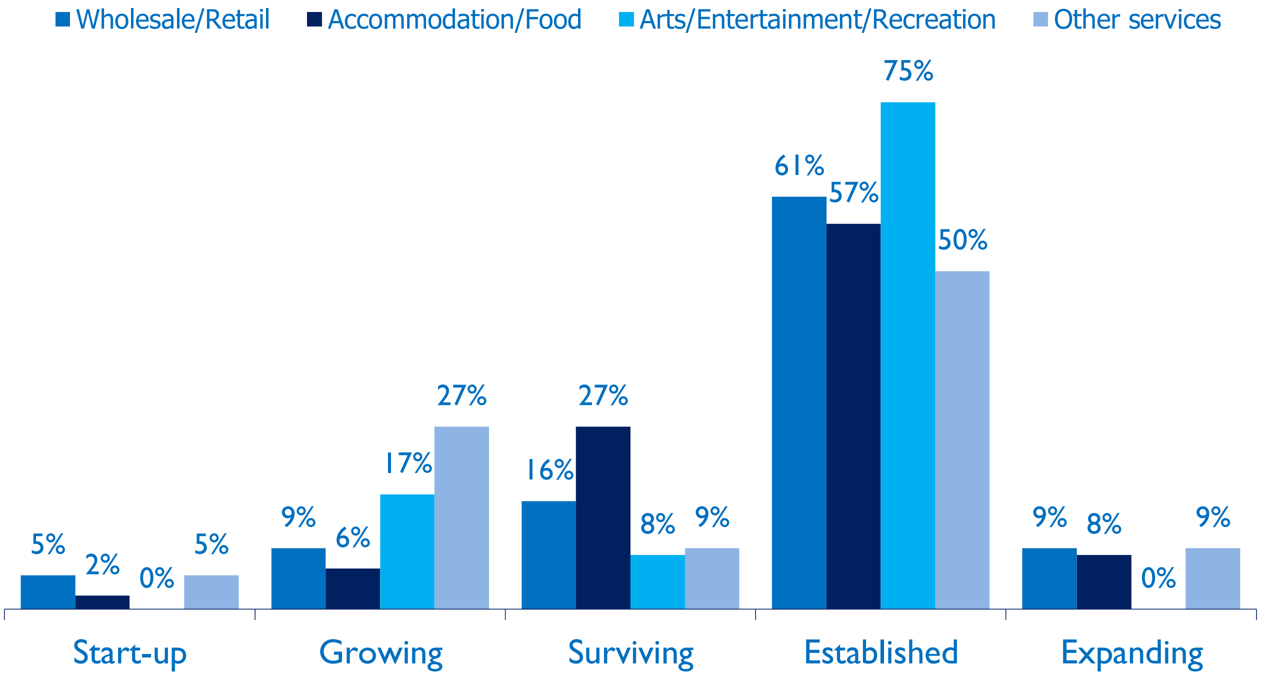
- Six in ten (59%) are established businesses, with around one in five (18%) 'surviving'. A minority are start-ups (3%).
  - Branches (75%) are more likely than independent businesses (56%) to be established

S8. Which of the following best describes the stage your business is at. Base 127

RESEARCH

Arts, Entertainment and Recreation businesses most likely to be established

- Arts, Entertainment and Recreation businesses particularly likely to be established (75%).
- Businesses in the Other Services sector (27%) most likely to be 'growing'; and those in the Accommodation/Food sector (27%) most likely to be 'surviving'



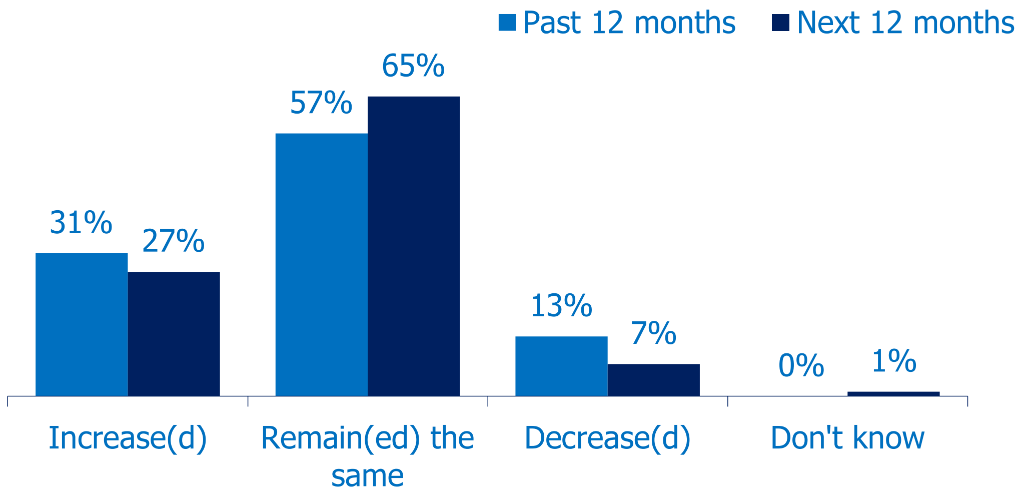
S8 Which of the following best describes the stage your business is at. Wholesale/Retail (44); Accommodation/Food (49); Arts, Entertainment and Recreation (12); Other Services (22)

RESEARCH

Business Performance, Investment and Growth

Majority not experiencing headcount change; more growing than shrinking.

- A majority of businesses are experiencing stability in headcount, with three in ten having experienced or expecting an increase. Just one in ten have seen a decrease in the past 12 months (13%) or expect a decrease in the next 12 months (7%).
- This is a more positive picture than that provided in the Leeds City Region Business Survey 2019 (NB this survey covered all business sectors so comparisons should be made with caution), in which 18% of businesses had increased their headcount in the past 12 months and 21% expected to in the next 12 months.



Q10. Over the past 12 months has the number of people employed in your business…? Base 127
Q11. Over the next12 months do you expect the number of people employed in your business to…? Base 127

Bigger businesses are more likely to be experiencing a decrease in headcount, and all have sought support, advice or guidance

- The biggest businesses interviewed (with 50+ employees) are the most likely to be experiencing and/or expecting a decrease in headcount (although numbers should be treated with caution due to the low base sizes involved).

Past 12 months	Size of business		
	1-9	10-49	50+
Increased	23%	45%	22%
Remained the same	68%	39%	56%
Decreased	9%	16%	22%
Don't know	-	-	-
Base	**74**	**44**	**9**

Next 12 months	Size of business		
	1-9	10-49	50+
Increase	28%	25%	22%
Remain the same	66%	66%	56%
Decrease	4%	9%	22%
Don't know	1%	-	-
Base	**74**	**44**	**9**

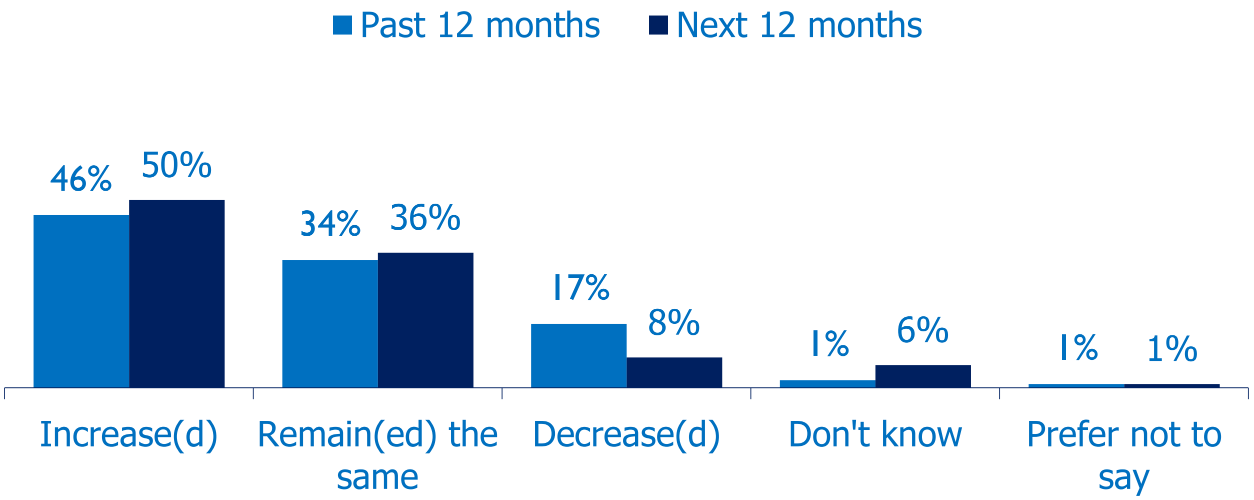
- Businesses describing themselves as 'growing' or 'expanding' are both more likely than average to be experiencing and/or expecting an increase in headcount (although numbers should be treated with caution due to the low base sizes involved).

- All businesses expecting a decrease in headcount in the next 12 months have sought information, support or advice in the last 12 months (although we do not know whether this specifically links to any difficulties faced).

Q10. Over the past 12 months has the number of people employed in your business…?
Q11. Over the next12 months do you expect the number of people employed in your business to…?

Half experiencing an increased turnover, with a minority seeing a decrease

- Half of all businesses are experiencing growth in turnover, with a further third seeing a period of stability. It is possible that some of the businesses experiencing and/or expecting a decrease in turnover may not actually view this as a negative outcome e.g. through the closure of an outlet to increase productivity overall.
- Fewer businesses are expecting a decrease in the next 12 months (8%) compared to the past 12 months (17%). This is largely driven by Accommodation/Food businesses (of whom 22% have seen a decrease, and 8% are expecting one)



Q12. Over the past 12 months has the turnover of your business…? Base 127
Q13. Over the next12 months do you expect your business turnover to…? Base 127

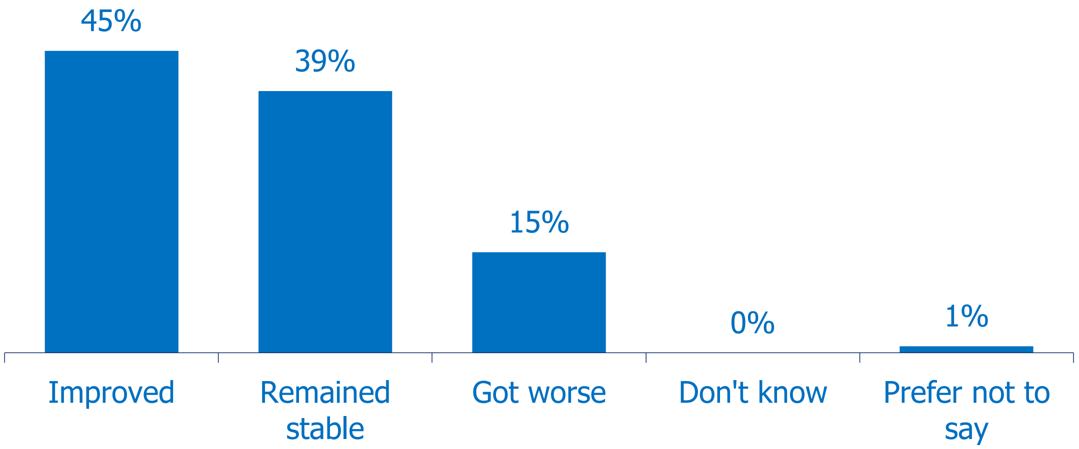
RESEARCH

York based businesses relatively optimistic about turnover; with 'growing' and 'expanding' businesses virtually all experiencing increased turnover

- The overall picture in terms of turnover is just slightly more positive than that provided in the Leeds City Region Business Survey 2019 (NB this survey covered all business sectors so comparisons should be made with caution), in which 40% of businesses had seen an increase in turnover in the past 12 months and 41% expected an increase in the next 12 months (compared to 46% and 50% respectively in this survey).
- There were little or no differences by business size or sector.
- Virtually all businesses describing themselves as 'growing' or 'expanding' are experiencing and/or expecting an increase in turnover (although numbers should be treated with caution due to the low base sizes involved).
- All businesses expecting a decrease in turnover in the next 12 months have sought information, support or advice in the last 12 months (although we do not know whether this specifically links to any difficulties faced).

Minority, especially medium businesses, feel business performance has got worse

- This closely mirrors the trend in turnover over past 12 months (46% of businesses said that their turnover had increased in this period).
- 15% of businesses felt that business performance has got worse, however those in the Other Services sector (5%) were less likely to feel this way.
- This is a more positive picture than that provided in the Leeds City Region Business Survey 2019 (NB this survey covered all business sectors so comparisons should be made with caution), in which 37% of businesses felt that business performance had increased; 46% that it had remained stable; and 17% that it had got worse.



Q14. Would you say that overall, your business performance in the past 12 months has…? Base 127

RESEARCH

Only micro and small businesses feel that business performance has got worse

- Only micro (14%) and small businesses with between 10 and 49 employees (20%) feel that business performance has got worse in the past 12 months. If the bands shown in the below table are collapsed further it is evident that those with between 5 and 24 employees are the most likely to have faced difficulties (26%).

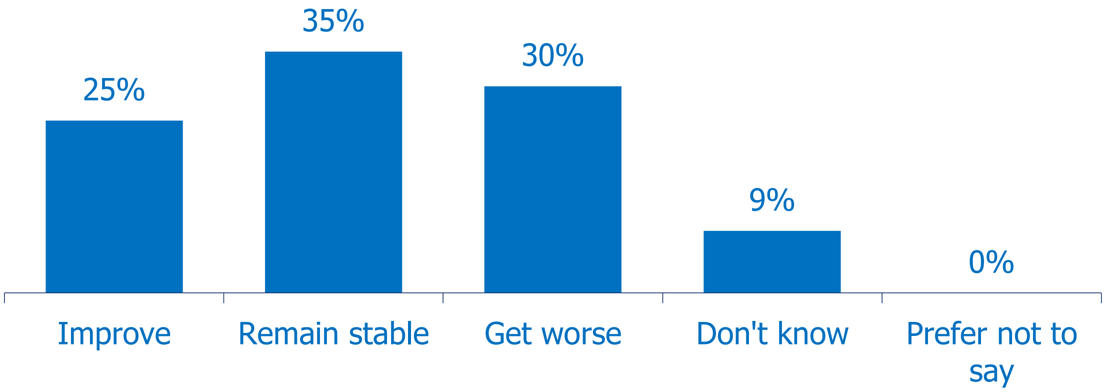
	Size of business		
	1-9	10-49	50+
Increased	46%	43%	44%
Remained the same	39%	36%	56%
Decreased	14%	20%	-
Prefer not to say	1%	-	-
Base	**74**	**44**	**9**

- 15% of businesses that had sought information, guidance or advice in the past 12 months stated that their business performance had got worse during this period, this is the same proportion (15%) as amongst those who had *not* sought information, guidance or advice in the past 12 months.

Q14. Would you say that overall, your business performance in the past 12 months has…? Base 127

Greater level of uncertainty regarding business climate in the next 12 months

- 30% of businesses feel that the business climate in which they operate will get worse in the next 12 months, which represents the highest level of negativity surrounding the future when compared to other measures. The timing of the survey shortly before Brexit is likely to be a contributing factor.
- This is a more negative picture than that provided in the Leeds City Region Business Survey 2019 (NB this survey covered all business sectors so comparisons should be made with caution), in which 29% of businesses felt that the business climate would improve; 50% that it would remained stable; and 21% that it would get worse. The proximity of this survey to Brexit is likely to be a factor in this difference.



Q15. Over the next12 months do you expect the climate in which your business operates to…? Base 127

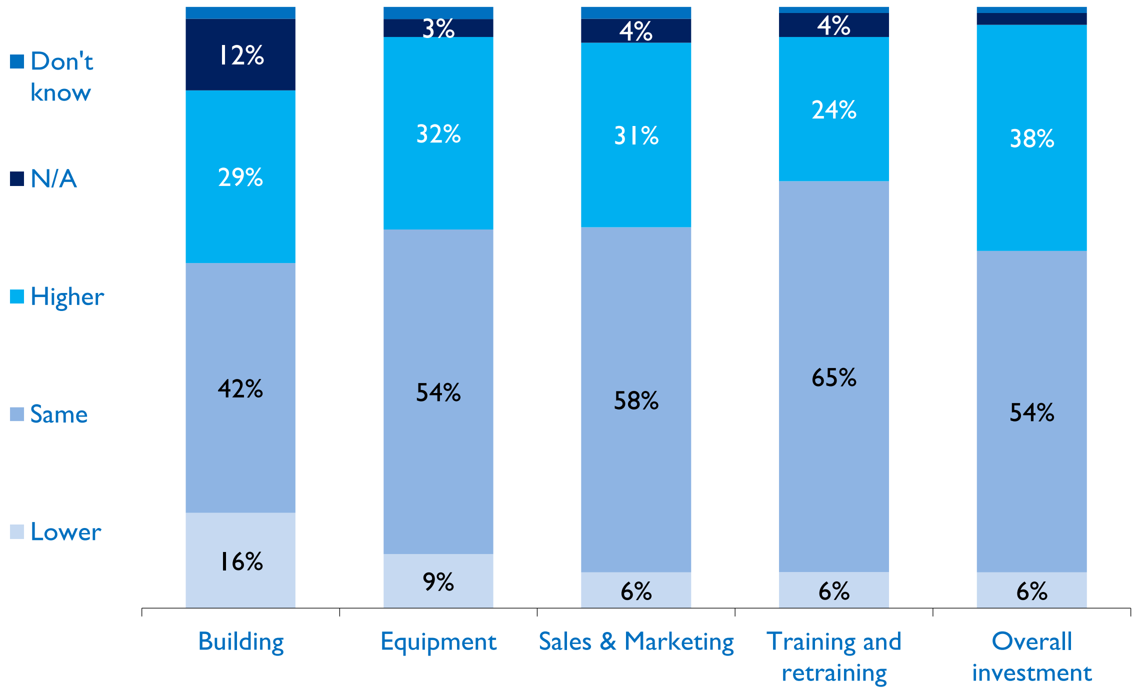
RESEARCH

Only micro and small businesses feel that business performance has got worse

- A very similar trend was apparent across all business sizes and sectors, although the Arts, Entertainment and Recreation sector (42%) was the most likely to say that the business climate would get worse in the next 12 months.
- Those who feel their business performance has got worse in last 12 months most likely to fear for the future (53% saying '*get worse*')
- 15% of businesses that had sought information, guidance or advice in the past 12 months stated that their business performance had got worse during this period, this is the same proportion (15%) as amongst those who had *not* sought information, guidance or advice in the past 12 months.

Q14. Would you say that overall, your business performance in the past 12 months has…? Base 127

Regardless of views on business climate change, business investment will continue

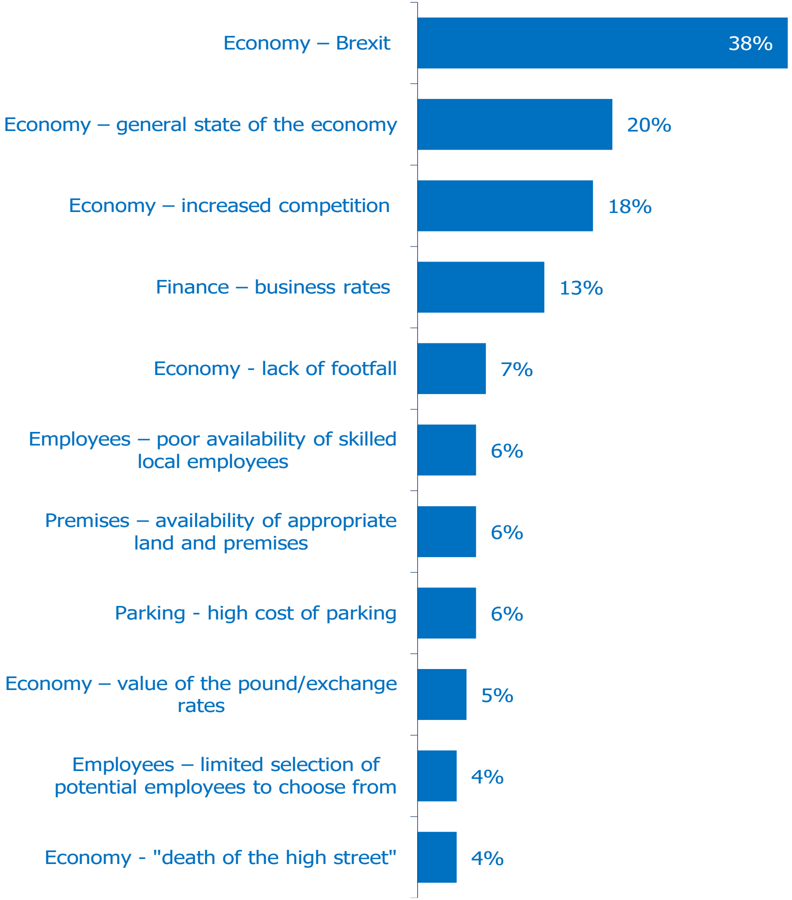


- Across all areas business investment is set to continue at the same or a higher level.
- Future investment is proportionate to business size with smaller businesses (32% 1-9) less likely than larger businesses (67% 50+) to expect a higher level of investment overall

Q16. During the next12 months would you expect investment in the following areas to be lower, the same as, or higher than during the last 12 months? Base 127

RESEARCH

Biggest challenges to growth are economic and financial



- The economy is the single biggest barrier to growth, alongside other economic factors
  - NET: Economy 69%
  - NET: Finance 19%
  - NET: Employees 11%
  - NET: Parking 8%
  - NET: Transport 6%
  - NET: Premises 6%

- Brexit a big challenge to 38% of businesses
  - Particularly Wholesale/Retail (59%)
  - Affects businesses of all sizes

Q17. What do you think are the THREE main barriers that might prevent your business from growing over the next 3 years? Base 127

RESEARCH

Businesses are passionate about the barriers that are challenging their growth

"The city authority needs to move into the 21st century. They need to recognise we are a tourist city and support businesses allied to this industry. The city needs to move forward and not remain static."

"The council should do more to support businesses in the city in terms of tax breaks, business rates and commercial waste costs. Also speak to local businesses, support them more and give them more help."

"The council have no long term plan for York city centre. They also need to look at lowering business rates and rents in the city."

"The city centre is dying because of the cost of parking favouring online and out of town retail. More money should be invested in raising footfall by lowering parking costs rather than just sprucing up empty buildings. They should organise a programme of business relief to fill some of the unsightly empty shops."

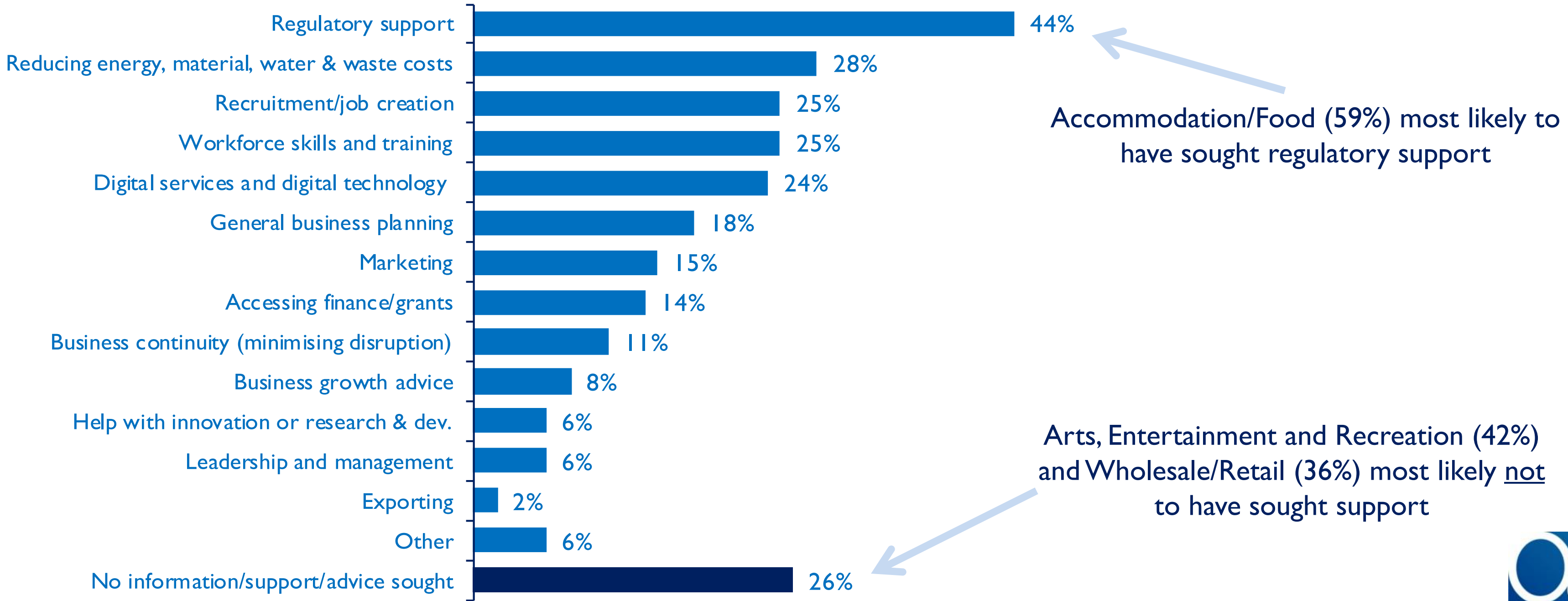
"The city this year has seen a reduction in tourists which has impacted on business, also the issues around Brexit have slowed down business."

Q18. Do you have any other comments that you'd like to make about the issues we've talked about today?

Business Support and Regulation

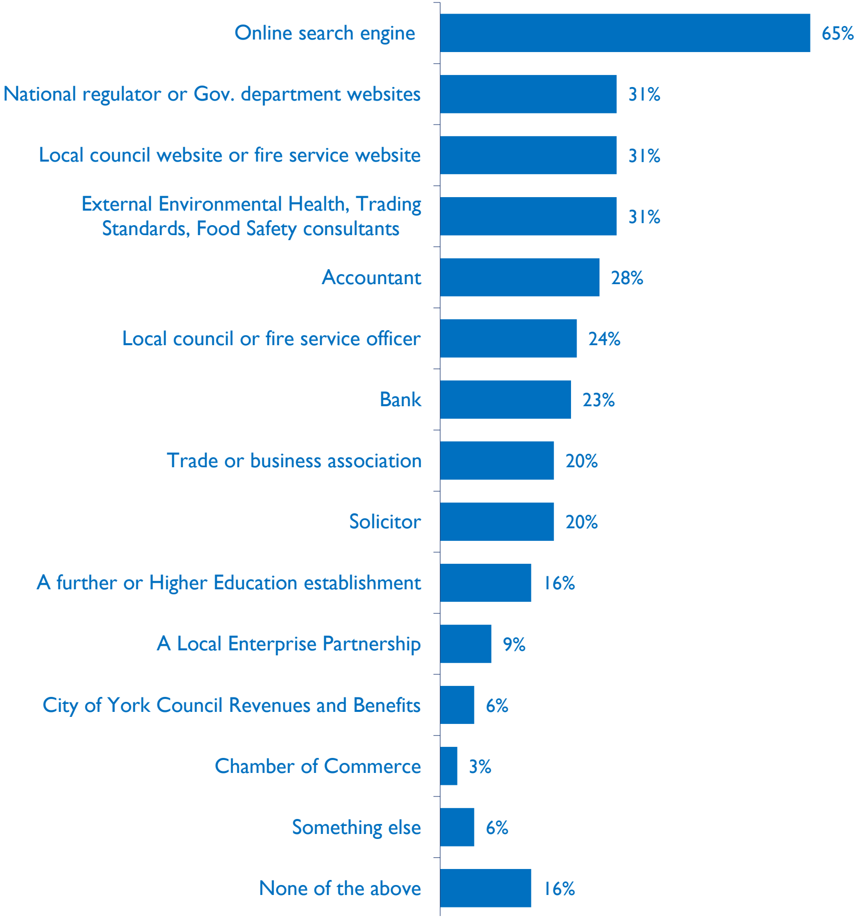
Businesses have sought support with regulation more than any other area

- Three-quarters (74%) of businesses have sought information, support or advice in last 12 months.
- Regulatory support was the most common area in which help was sought



Q1. In the last 12 months, have you sought information, support or advice for your business, in any of the following areas? Base 127

York businesses use a wide range of sources for information, support and advice



- Online (search engines and websites) is the most used source
- <u>Any</u> mention of local government (57%)
  - Arts, Entertainment and Recreation (58%)
  - Accommodation/Food (53%)
  - Other Service Activities (45%)
  - Wholesale/Retail (32%)

Q2. In the last 12 months, have you sought information, support or advice for your business, from any of the following? Base 127

RESEARCH

Nine in ten (91%) covered by at least one area of regulation

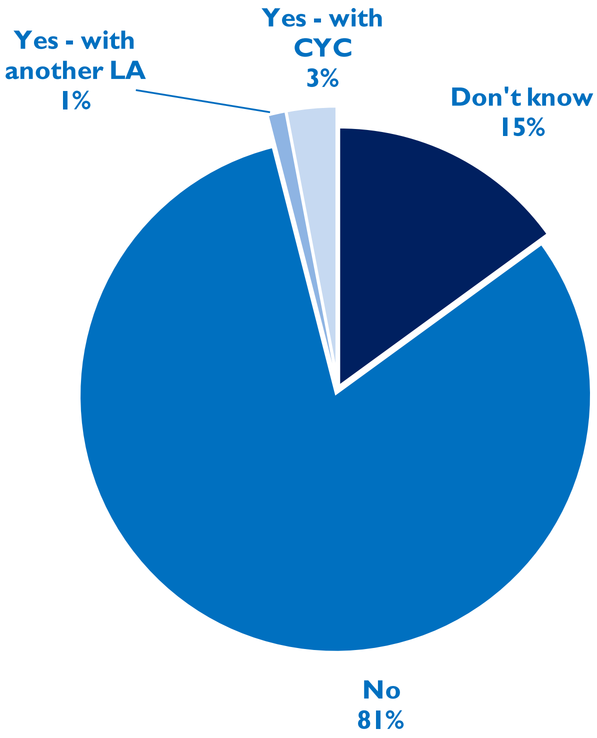
- All Accommodation/Food and Arts, Entertainment and Recreation businesses covered by regulation
- Some businesses in Other Service Activities (23%) and Wholesale/Retail (14%) did not think they were covered by regulation
- Smaller businesses (1-9 employees) the only ones to say that they are not covered by regulation (15%)

Q3. Which of the following areas of regulation apply to your business? Base 127

RESEARCH

Local regulators

Only a small minority are members of the Primary Authority Scheme



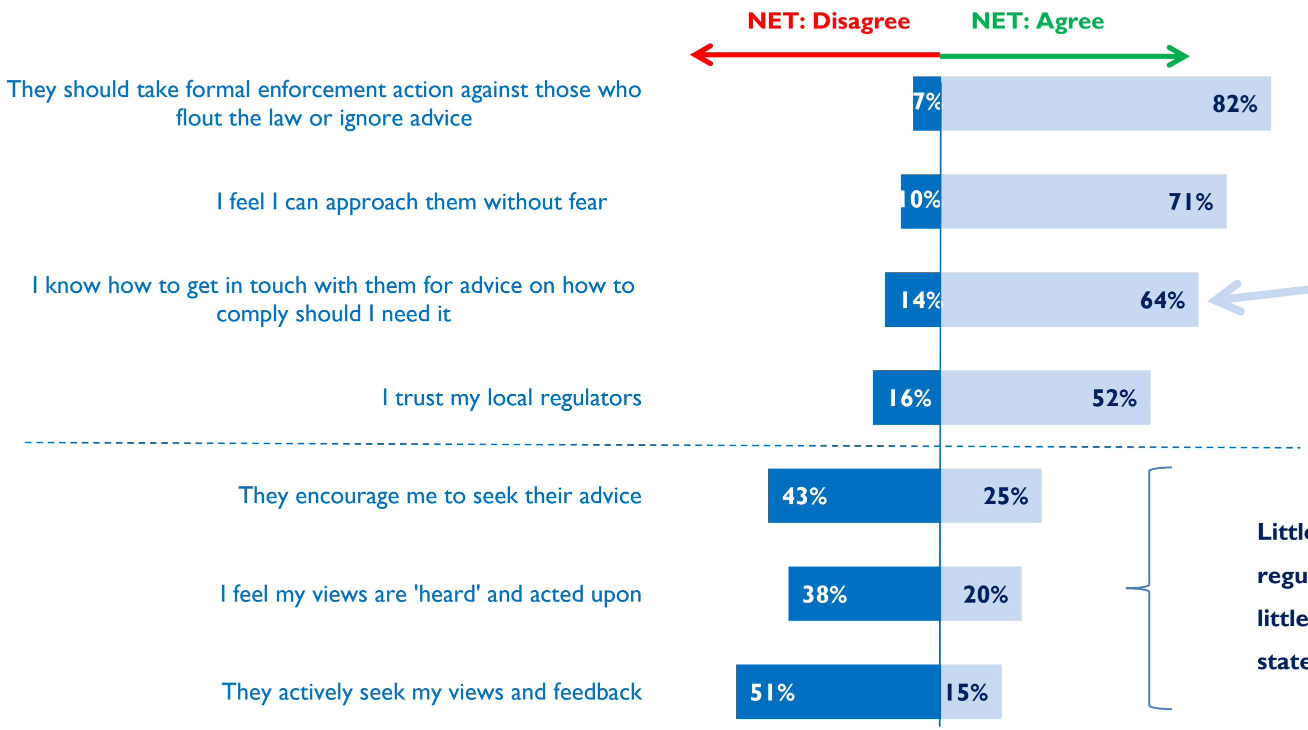
Primary Authority Scheme members all from Accommodation/Food or Other Service Activities sectors

Q3. Is your business a member of the Primary Authority Scheme? Base 127

RESEARCH

CYC regulatory services are approachable, however, they could be more proactive

- DK and NA responses have been excluded – slightly higher for bottom 3 statements.
- Little difference between those actually using CYC for advice v those not



Arts, Entertainment and Recreation businesses tend to be more positive (92%)

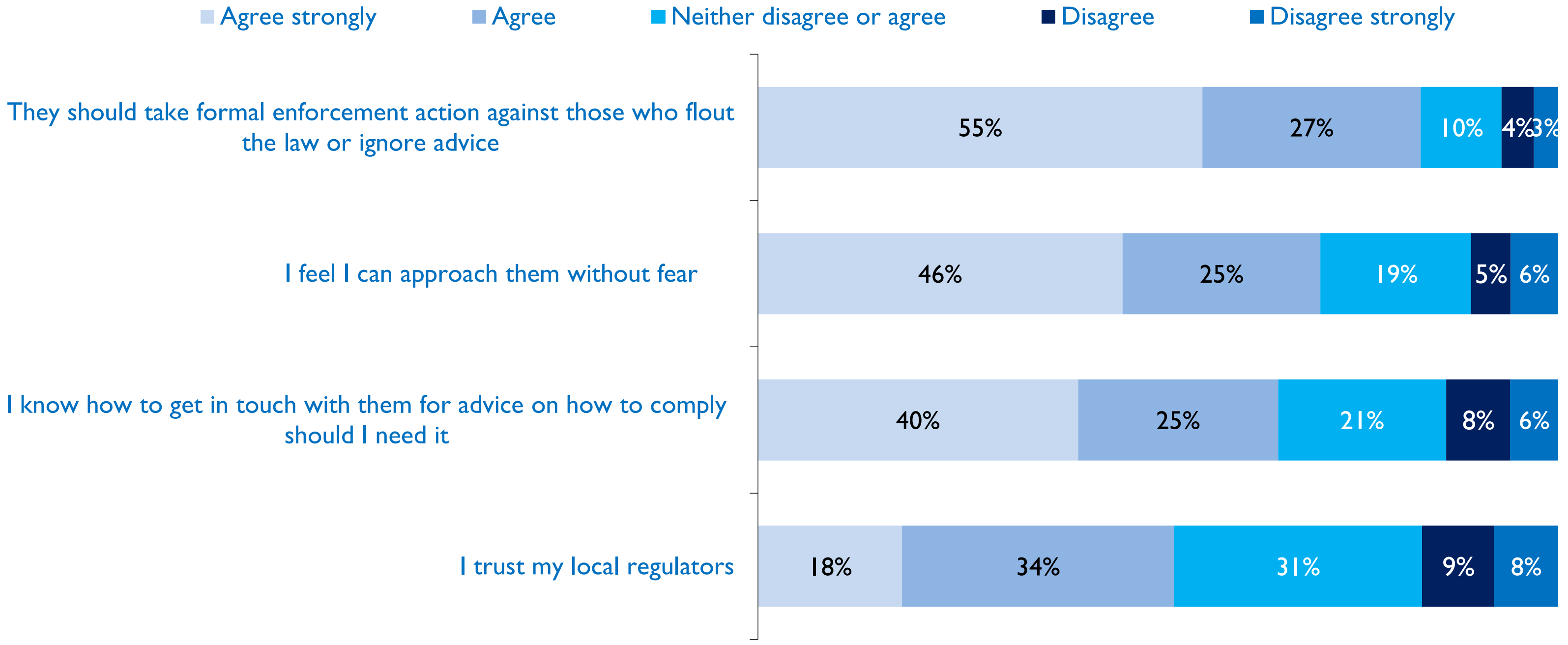
So are large employers with 50+ employees (89%)

Little sub-group variation. Those regulated by 'Building Control' are a little more likely to agree with each statement (43%; 30%; 27%)

Q5. I am going to read some statements about the City of York Council's regulatory services. For each one, please tell me how far you agree or disagree giving your answer on a scale of 1-5, where 1 means you disagree strongly and 5 means you agree strongly. Base varies from 109 to 118 due to exclusion of DK and NA.

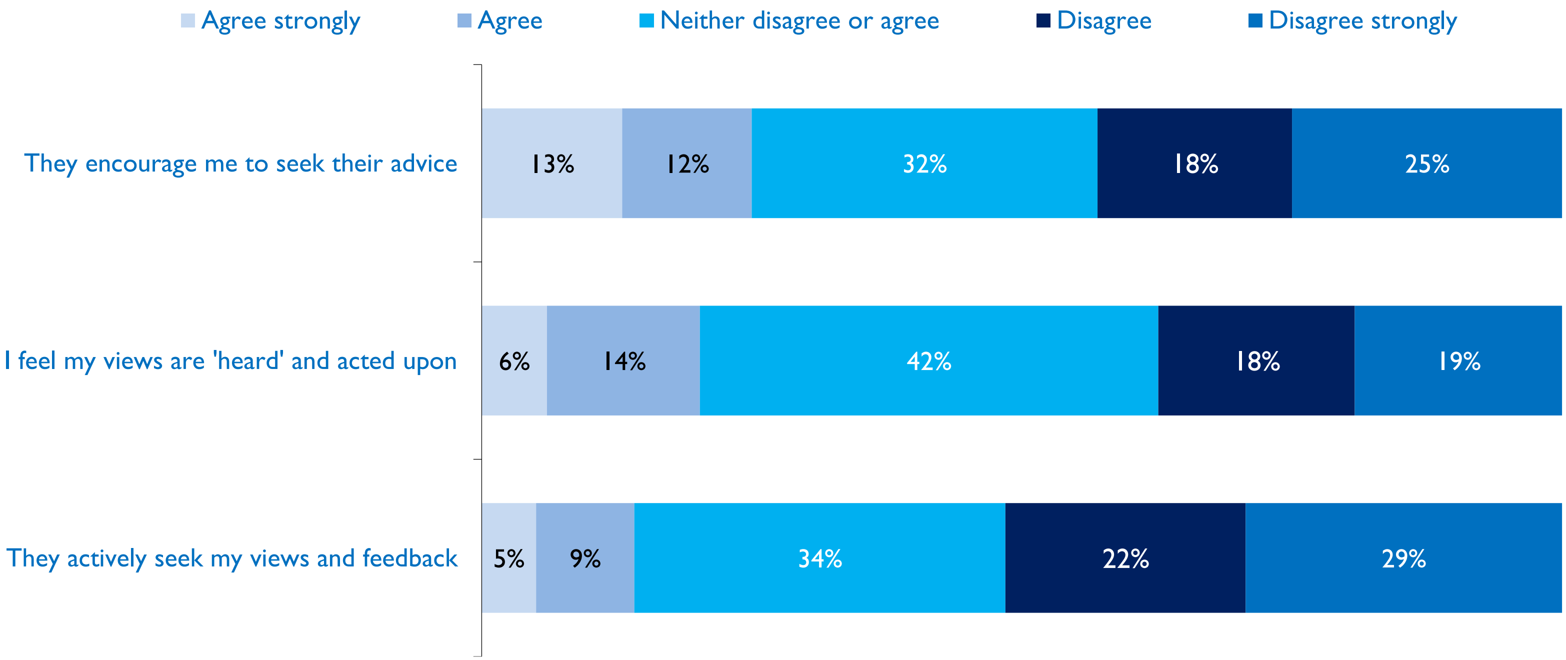
RESEARCH

Businesses are aware of the CYC regulatory services role



Q5. I am going to read some statements about the City of York Council's regulatory services. For each one, please tell me how far you agree or disagree giving your answer on a scale of 1-5, where 1 means you disagree strongly and 5 means you agree strongly. Base varies from 109 to 118 due to exclusion of DK and NA.

CYC could improve on regulatory services by being more proactive

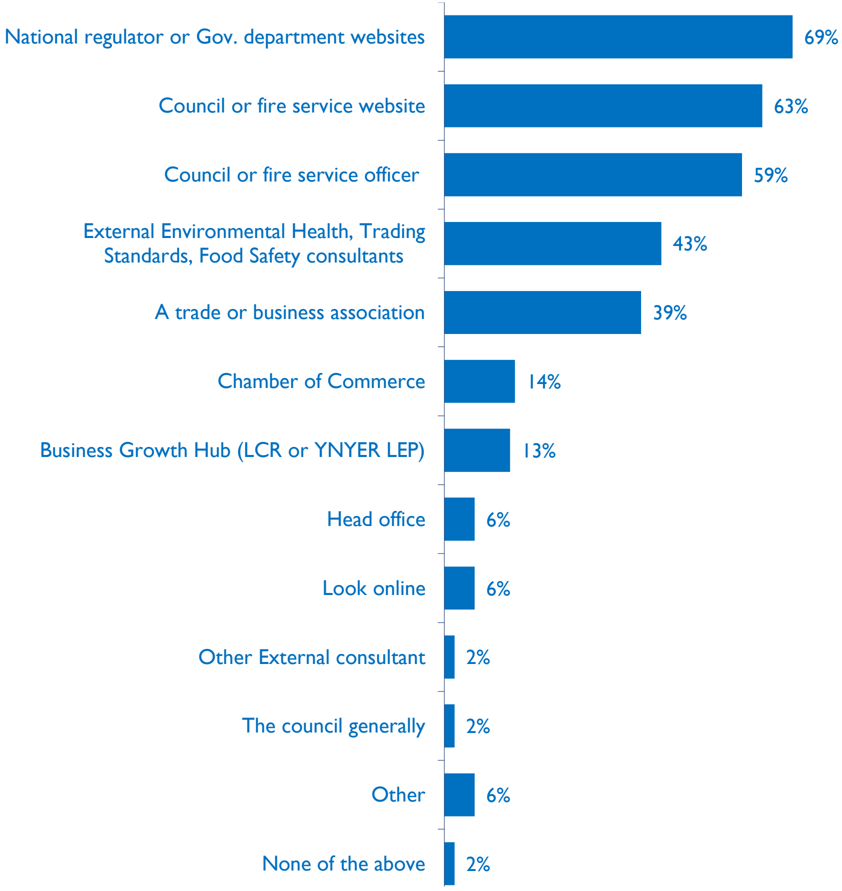


Q5. I am going to read some statements about the City of York Council's regulatory services. For each one, please tell me how far you agree or disagree giving your answer on a scale of 1-5, where 1 means you disagree strongly and 5 means you agree strongly. Base varies from 109 to 118 due to exclusion of DK and NA.

QA RESEARCH

Advice and Support from CYC

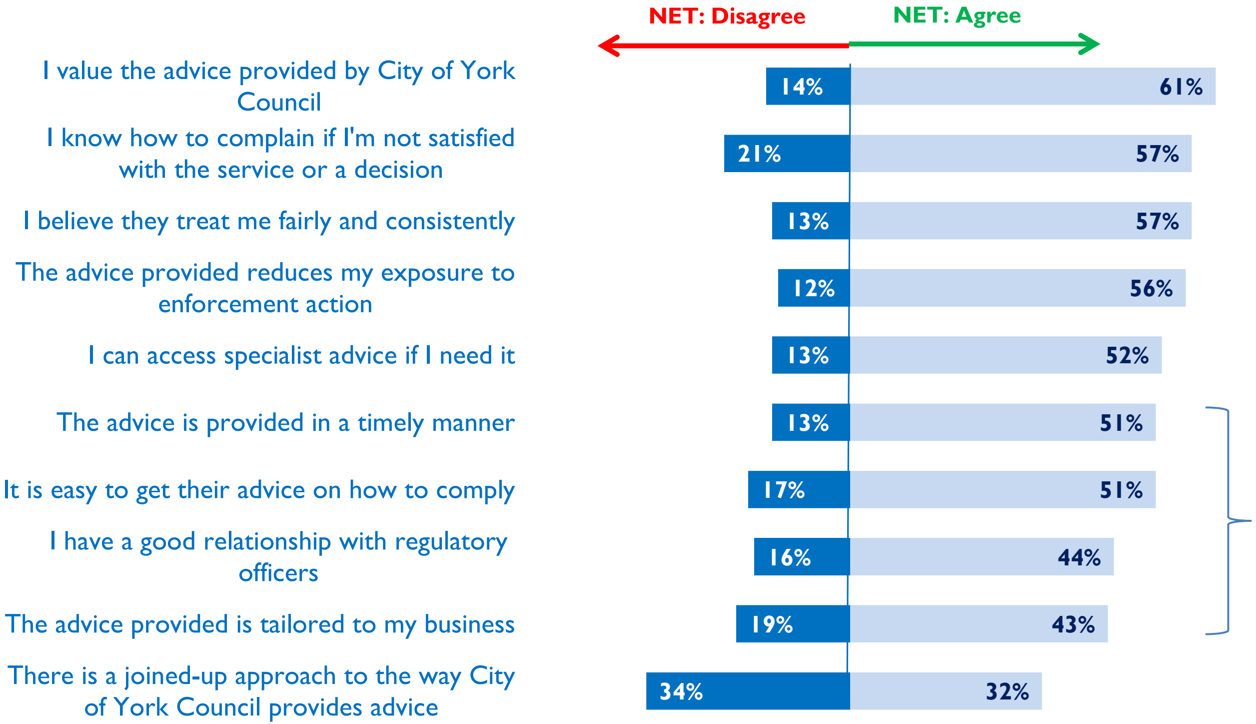
York businesses use a wide range of sources for information, support and advice



- Online again the most used source
- Any mention of local government (80%)
  - Arts, Entertainment and Recreation (100%)
  - Other Service Activities (86%)
  - Accommodation/Food (76%)
  - Wholesale/Retail (75%)

Q6. Where do you currently go, or would you go, for advice on how to comply? Base 127

Businesses positive about value, clarity and ease of accessing advice.



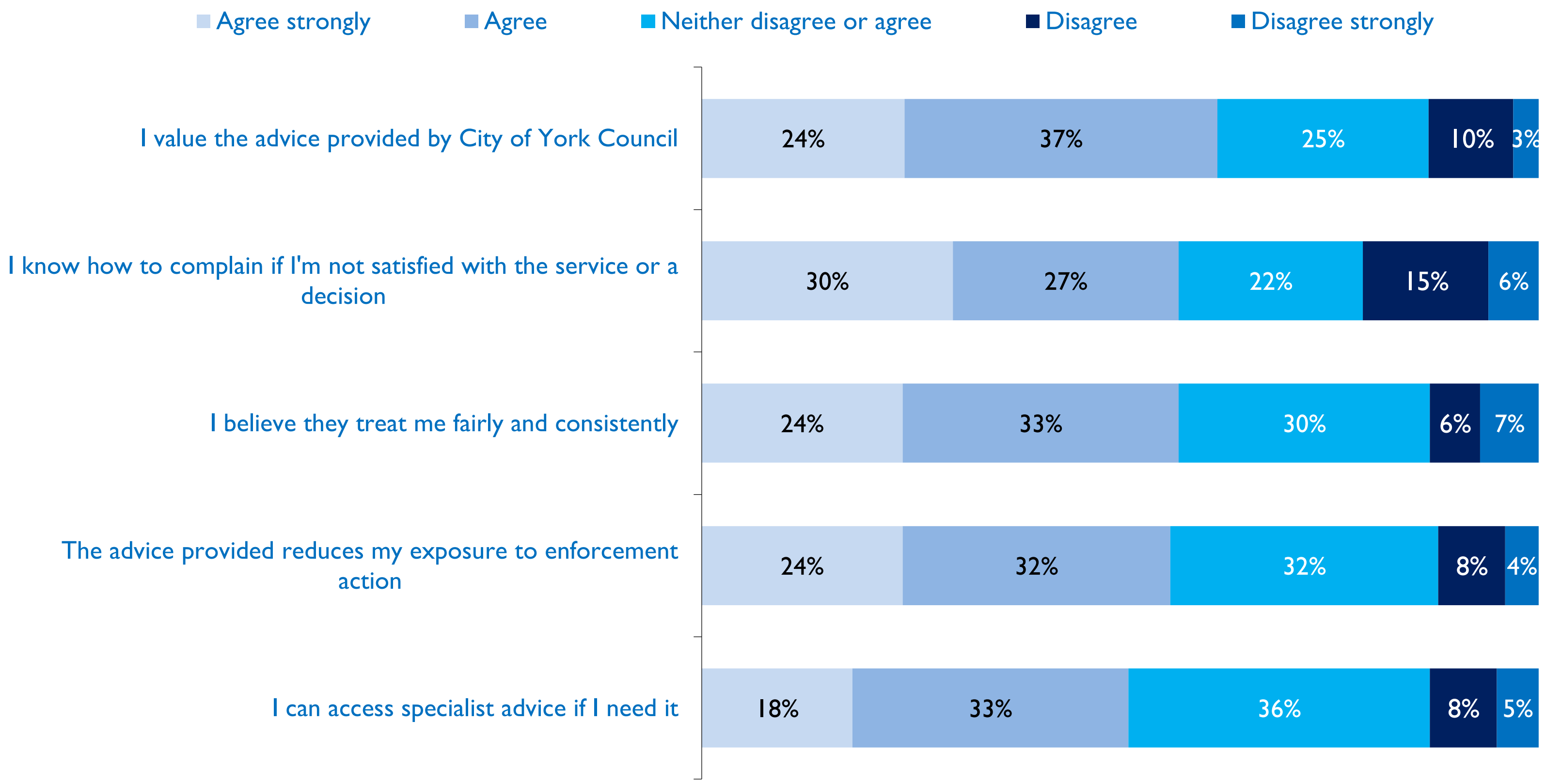
Businesses covered by licensing and pollution control/air quality more likely to agree with many statements.

Accommodation/Food businesses more likely to agree with these statements (67% *the advice is provided in a timely manner*)

Q7. I am going to read some statements about the advice and support you receive from City of York Council's regulatory services.
Base: All using CYC for advice - varies from 73 to 96 due to exclusion of DK and NA.

RESEARCH

Businesses generally positive about value, clarity and ease of accessing advice



Q7. I am going to read some statements about the advice and support you receive from City of York Council's regulatory services.
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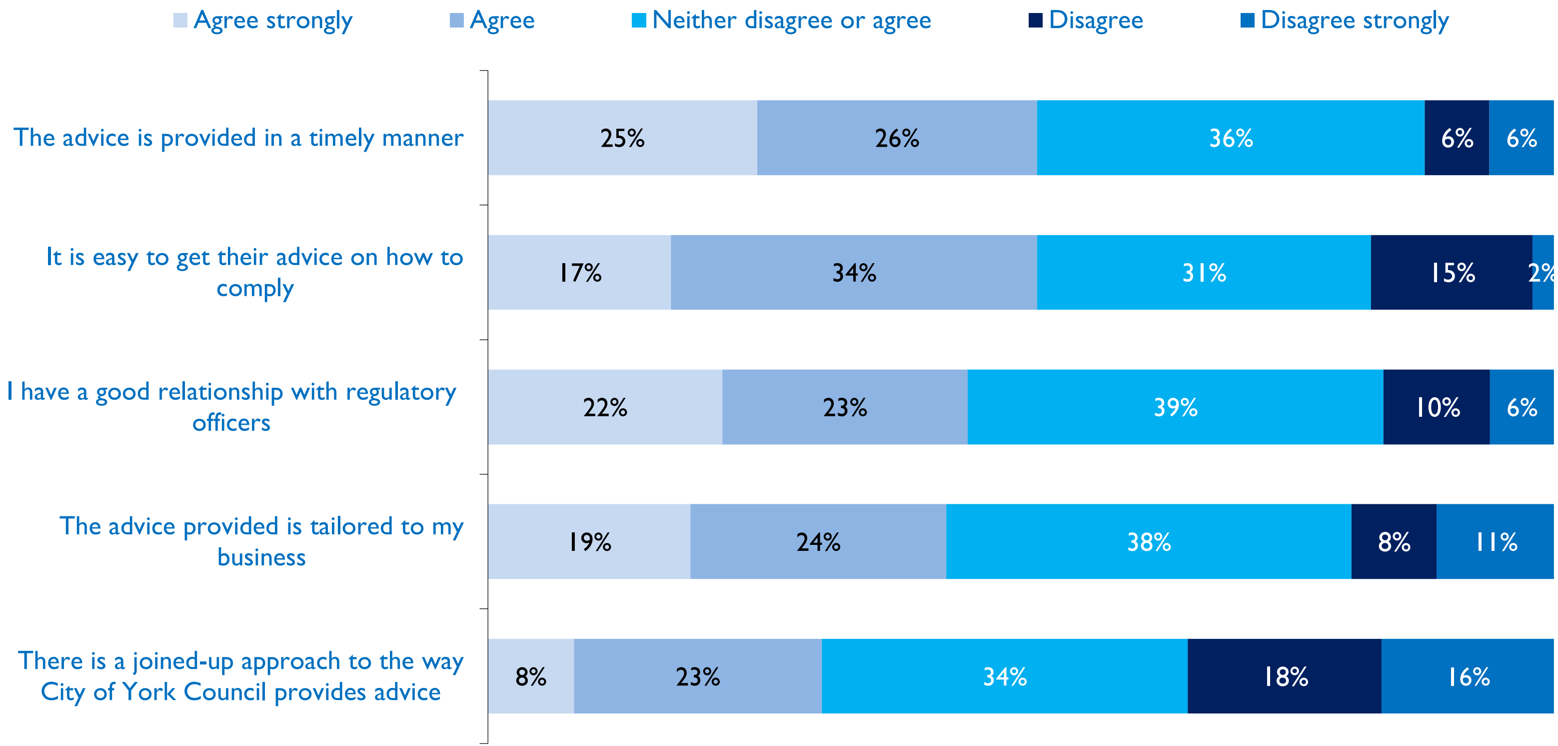
RESEARCH

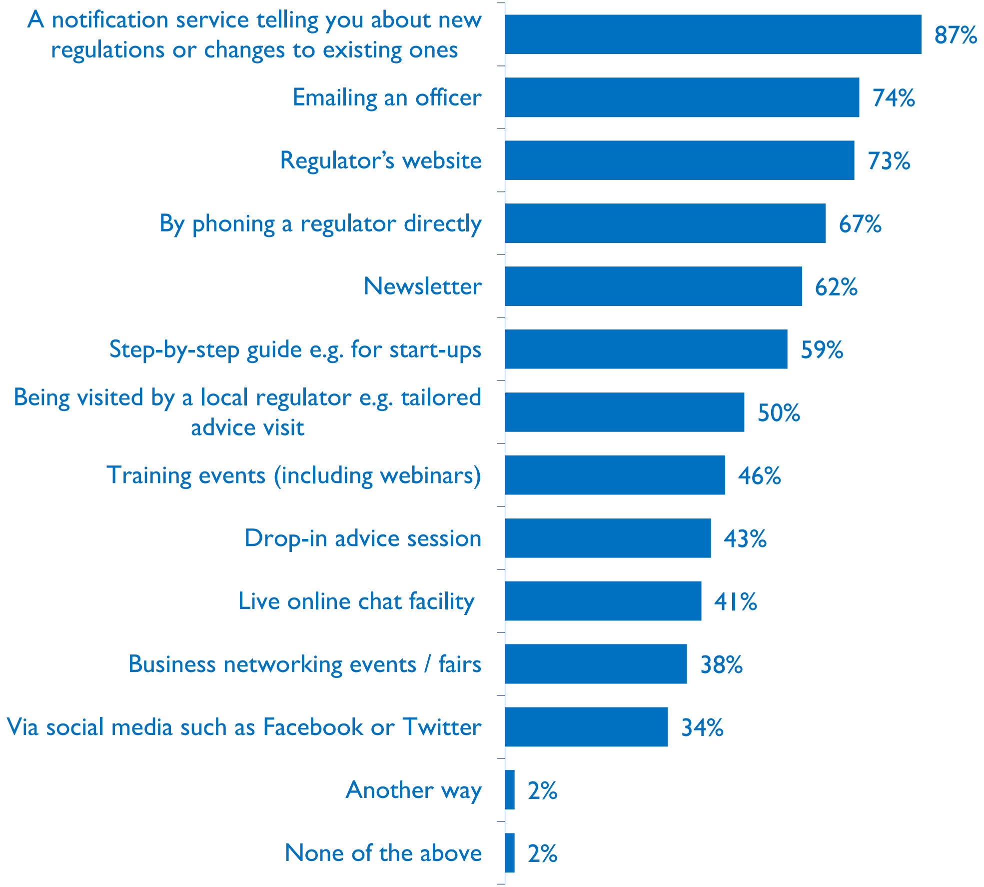
CYC could improve on regulatory services by being more proactive



Q7. I am going to read some statements about the advice and support you receive from City of York Council's regulatory services.
Base: All using CYC for advice - varies from 73 to 96 due to exclusion of DK and NA.

RESEARCH

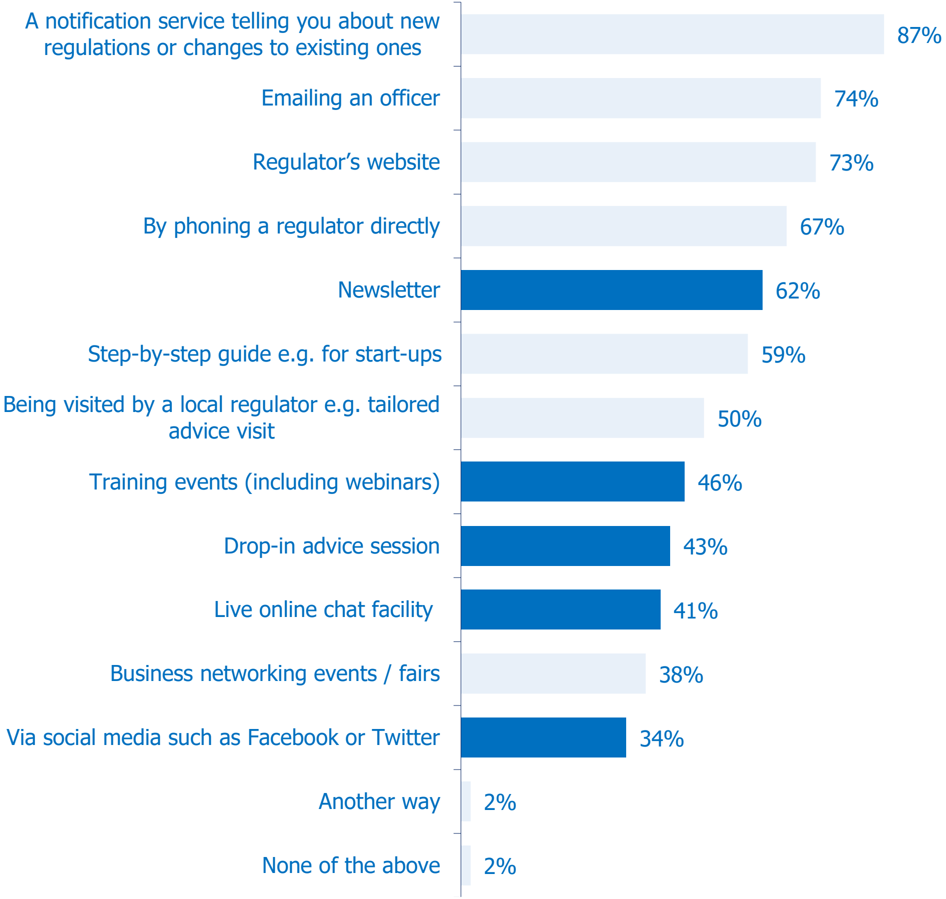
Businesses want to be told, but also want channels to ask too



Q8. Would you be interested in receiving advice on how to comply from City of York Council through the following methods? Base 127

- Notification service and other 'proactive' methods of seeking advice most popular
- Want a variety of options – average number is 6.76
- High interest (96%) amongst those who do not currently use CYC for advice. Less so the proactive options.
  - 77% notification service
  - 54% newsletter
- Little variation by sector

Of those methods not offered already, more newsletters would be the most popular



Q8. Would you be interested in receiving advice on how to comply from City of York Council through the following methods? Base 127

- In terms of improving the offer, there is interest amongst businesses for more newsletters (including those not currently using CYC)
- No online chat facility at moment… given variety of sources interested in is 41% enough to build a business case to offer this?

QA RESEARCH

To improve the service businesses would like more proactivity and clarity

- Businesses were asked to provide ideas about improving the regulatory service
- Similar responses from different sectors and type of regulation

Q9. How could City of York Council regulatory services improve the way they work with businesses? Base 127

RESEARCH

A variety of ideas show value in listening to businesses

- **Being more proactive and providing information would be beneficial**

"They could make themselves known to businesses in the area. This is the first time I have heard of them."

"Visiting the business and making themselves known and possibly giving us some insight as to what they can offer. Reach out. Proactive approach."

- **Importance of profile raising and information via newsletters/events**

"By newsletter and being more accessible even if it's just a chart of important phone numbers for our wall"

"Have a networking event in the morning before shop hours offering a free breakfast. I would go to that."

"Hold regular events to catch up on regulations would interest us. Perhaps a yearly step by step guide to regulations and updates."

- **Clearer information on points of contact will ease frustration and improve understanding of a joined up approach**

"They need to improve the way they communicate with each other. Talking to people either on the phone or face to face is the best way to get help "

"Need clearer information about who to speak to about different things so you don't get passed around unnecessarily. People handling enquiries need to take ownership and make sure they get to the right person."

RESEARCH

Conclusions

Conclusions (1)

- York city centre is home to a variety of businesses; many of whom are privately owned and well established

- Majority of businesses have a stable or improving headcount, turnover and overall business performance. Though, understandably in the current economic climate, some uncertainty for the future exists.

- Tend to reference national issues, mainly economic in nature, when identifying potential barriers to growth, though a small number of local issues exist which businesses feel strongly about.

- A range of sources are used to access business support and regulation advice specifically - internet is the most readily used channel

Conclusions (2)

- CYC regulatory services feel approachable, but evidence suggests they could be more proactive

- The majority of businesses (82%) agree that "CYC should take formal enforcement action against those who flout the law or ignore advice"

- Appetite for receiving information via a variety of sources. Businesses want to be given important information but also need clear channels when they need additional advice.

- Businesses want proactivity, clarity and business friendly content from CYC regulatory services

This research will be carried out in compliance with
ISO 20252, (the International Standard for Market and Social research),
The Market Research Society's Code of Conduct & UK Data Protection law.

Qa Research, Mill House, North Street, York ,YO1 6JD
01904 632039
info@qaresearch.co.uk

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