

London Thames Gateway

Business Survey 2008

Gateway to London Executive Summary



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G A T E W A Y

Gateway to London

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Executive Summary

Introduction

The London Thames Gateway Business Survey is designed to identify what businesses think of their region, what they consider to be the advantages of locating in the area, and what their priorities are for the development of the region. The survey was undertaken through a self-completion postal questionnaire mailed to a random sample of 6,000 businesses operating in the region. The sample was designed to be representative of the number of businesses that operate in the region.

The survey also forms part of Gateway to London's (GtL's) regular intelligence and information gathering processes and is an annual tool which can be used to track the perceived progress of the region amongst its companies. This will also enable GtL to clearly see the work that needs to be done to continue improving the London Thames Gateway offer for business.

The 2008 survey was split into the same broad sections about businesses and their views on key issues as the 2007 edition, so that answers could be benchmarked and compared. In total, 574 firms responded, a three-fold increase to the response from the previous year which gave a much better spread of firms from all parts of the region. This was divided into the following five postcode areas:

SE	Lewisham, Greenwich
DA	Bexley
RM	Havering, Dagenham
IG	Redbridge, Barking
E	Tower Hamlets, Newham, Hackney

London Thames Gateway Businesses

Of the 574 businesses that completed the survey, there was a particularly strong response from companies in the legal accounting and financial services sector (27 per cent), indicating the key role it plays in supporting the regional economy. The second highest response was 'other' which covered a wide range of businesses including garage services, leisure firms and companies providing training services. As with last year's survey, this again shows the wide variety of firms that operate in London Thames Gateway. This is a strong selling point for the region and makes it attractive to many different business sectors and companies that are looking to relocate. This indicates a repeat of a key theme from 2007 – diversity – with a varied range of businesses in the region in relation to turnover, size, length of time in the area and number of employees.

The responses did also reveal that nearly three quarters of firms (73 per cent) had set up in the region, demonstrating that London Thames Gateway is a business location where companies can grow and thrive. Meanwhile, 21 per cent had relocated from other parts of London, a clear sign that companies are looking for cost effective properties with London postcodes, which enjoy good connections to the centre of the capital.

Property availability was once again the main driver for relocation, over four in 10 cited this, however, close behind was access to customers (42 per cent of responses). This perhaps demonstrates the strength of the regional economy and how a location that is close to clients is important to firms. Transport connections were unsurprisingly also important (34 per cent of respondents stating this), particularly in the RM and SE postcode areas.

Tenure of property reveals perhaps the biggest change from the last survey, with responses this year showing a big shift away from freehold. This reflects the changes in the market in the last 12 months, with businesses in London Thames Gateway taking up attractive leasehold offers in light of the low availability of freehold premises. It was interesting to see that whilst only five per cent have serviced offices, among firms set up in the last one to three years this figure is 10%, demonstrating the popularity of this tenure for new companies.

On accommodation, it was encouraging to see that 72 per cent of firms said that their current premises suit their needs, but perhaps a concern that one in four felt that their premises didn't suit their business needs. Of these, 33 per cent intend to move within London Thames Gateway rather than move to another part of the country. This clearly shows that the region has an established and rounded economy, and that firms are reluctant to move away from their customers and suppliers. Many of these companies have requested GtL's assistance in relocating within London Thames Gateway and work has commenced on providing bespoke support to these firms.

The postcode with the highest number of firms that are happy with their premises was DA (80 per cent), however, interestingly this was also the post code that was least happy with its location (69 per cent).

The Business Perspective

The second section of the survey explored business views on the region. Again, an encouraging response was given, with 79 per cent saying they were either satisfied or very satisfied with their location. In terms of a net satisfaction rating, this was also high and was fairly consistent across the postcode districts – (76 per cent for RM, 73 per cent for SE, 72 per cent for IG, 71 per cent for E and 63 per cent for DA).

These figures are a notable increase on the 2007 figures, and show how the region is meeting the needs of business. Of the different post code areas, RM included the most businesses satisfied with the location (82 per cent of companies located there).

The responses as to whether the region had improved were more varied. The average score out of 10 for rating the location was 6.74, with similar responses from all five parts of the region. Forty six per cent of respondents said that the region had stayed the same over the past year. This perhaps represents the length of time it takes for change within an area of this size to become evident. In addition, the sheer scale of the projects underway in the area, dictate longer timescales for completion. This could, therefore, despite a significant amount of progress being made, be a factor in the perception that change has not yet been achieved. Also, it could simply be that the developments have not yet had an effect on those surveyed.

Of the remaining 44 per cent, 24 per cent of respondents said that it had got better and 20 per cent said it had got worse. In terms of responses from the five postcode areas, it was interesting to note the differences; whilst businesses in the E area, for example, gave the highest

percentage for 'getting better' (31 per cent), firms in DA gave the lowest score with 16 per cent. This is arguably a reflection of the speed of change in these two regions, with the E postcode area, which includes Tower Hamlets and Newham, seeing the ongoing delivery of several major infrastructure projects over the past year (notably Stratford City and the Olympics), while the DA area (Bexley) has witnessed projects of a smaller scale.

GtL will be interested to see how these responses change in future surveys as the different areas undergo varying speeds and types of change. In terms of a comparison to the 2007 survey, there was little difference overall in the results. This perhaps shows that there has been little evident change in the region over the past year to alter people's perceptions of improvement. This also ties in with a much lower proportion of respondents choosing 'delivering an overall vision for the region' as an issue for Government to address.

Business Issues

In terms of particular issues, we asked respondents to say whether transport had got better or worse. Again, the top answer by some distance (48 per cent) was 'stayed the same', while there were mixed messages on whether it had got better or worse. There is a fall in the proportion of respondents stating things had improved, which is being matched by a combination of both a fall in the number saying they had got worse, and a rise in the proportion saying they had stayed the same. In terms of specific answers, many people had highlighted new/better infrastructure as a reason for transport getting better but looked at issues such as traffic and parking as reasons for it getting worse.

Improving transport links was also marked as the most important issue for the region, followed by cutting crime and increasing the level of skills available to employers. Crime was an interesting trend throughout this survey and demonstrated the difference in the responses from respondents on the one hand answering as an individual, and on the other as someone representing their businesses. Whilst crime was highlighted as the second most important issue for the Government to address (as opposed to third in 2007), it had not increased its share of responses in terms of an issue for businesses. This shows that, whilst crime is a key issue that respondents want the Government to act on, they do not see it as a top priority for business.

In terms of industry, all business sectors marked transport as the top issue both for importance to business and the issue for Government to address. This demonstrates unanimity across the board on the need for better transport and a stronger commitment from the Government, and reiterates the strong theme of transport from the 2007 survey.

On Government issues, the second most popular response after transport, by sector area was fairly consistent with all but one industry sector marking 'cutting crime and more policing' as the next most important priority. The exception was manufacturing and engineering companies which scored 'developing education and skills' as second (46 per cent), demonstrating that these firms are keen to see more skilled labour in this area. Given that construction on the Olympic site is now well underway and that there are a large number of major projects being delivered across London Thames Gateway, it is hardly surprising that there is greater demand for engineering skills. None the less, this is a key issue for the region and a clear sign that there is a perceived lack of skills training and supply in this sector.

In terms of specific transport schemes, the Thames Gateway Bridge (48 per cent) and Docklands Light Railway extensions (47 per cent) were seen as the most important proposed

projects for businesses. The Thames Gateway Bridge retains its title from the 2007 survey, while the DLR moves up from third to second, replacing Crossrail which is now fourth.

The former is awaiting a further inquiry into the project, whilst the DLR is progressing with a near complete extension to Woolwich Arsenal and plans moving ahead quickly for the Dagenham Dock and Stratford City lines. It is an important message to Government that so many firms still view this as a vital project.

In terms of the post code areas, the DA, RM and IG regions had the Thames Gateway Bridge as the top answer, reflecting the need of a number of firms in these areas for a cross river connection, whilst SE said DLR extensions, showing how important the Woolwich extensions will be to businesses here when it opens next year. This also perhaps demonstrates that a high number of businesses have had a positive experience of using the existing DLR connection to nearby Lewisham.

Interestingly, businesses in the E region had selected the London City Airport expansion as being the most important transport project, a reflection of the nature of business in the Canary Wharf financial district, needing fast access to the continent. Crossrail was the fourth most important proposed transport scheme as opposed to second last year. This clearly shows that with the Government having now approved the scheme, and more certainty that it is going ahead, businesses are now demonstrating support for other projects.

In terms of other schemes (nine per cent of responses) that were highlighted, such as the improvements to the A13, this showed that several firms were concerned about resolving local transport issues. These would arguably have a more direct positive impact on their business rather than larger strategic regional transport schemes where immediate benefits are often harder to define.

Keeping it Local

This year's survey also included a new question on suppliers and how many businesses used local companies. GtL was interested to see that over eight in 10 businesses use local suppliers to some extent with one third stating that these suppliers make up 25 per cent of their supply chain. RM was the region which most utilised local firms (87 per cent), while computer and related activities, research and development and manufacturing were the business areas with the highest proportion of local supplies. This is good news for the region and the environment, with companies clearly making the most of things they can source nearby.

Green Business

GtL also included new questions on the environment in this year's survey, an issue that has grown hugely in importance for businesses over the last few years. Overall the responses to questions on what 'green activities' were undertaken (e.g. recycling, using local companies, reducing energy consumption) revealed strong evidence to suggest that businesses are very much engaged with the green agenda. Sixty three per cent are actively trying to reduce their consumption of gas and electricity, 80 per cent recycle waste and 55 per cent use local companies to help them recycle waste. In terms of postcode areas, SE is the district where firms are best at actively recycling materials (86 per cent), while IG was the lowest at 72 per cent.

Postcode Highlights

As highlighted earlier, in this year's survey there was a stronger focus on the component parts of London Thames Gateway. The key points for each of these five postcode areas are shown below, further details are displayed in Appendix A of the main report.

DA

- Eighty per cent of firms said that their current premises met their needs, the second highest of all the postcode districts.
- DA businesses gave transport infrastructure the lowest marks (5.11 out of 10).
- Convenient location for staff was the primary concern for firms in this area (63 per cent).

E

- Firms in this area have more leasehold (54 per cent) property, than any other area.
- Thirty one per cent said the region had got better in the last 12 months, the highest score of all postcode districts.
- Property availability (47 per cent) and access to customers (47 per cent) were the most common reasons for being located in the E district.

IG

- The IG area has the lowest proportion of businesses that have been in the area for less than three years (3 per cent).
- Companies here are most happy with their premises (81 per cent).
- Property availability was the top reason for being located in this district (56 per cent).

RM

- Companies in this district are the most satisfied with their location out of all five postcode areas (82 per cent).
- Just 13 per cent of firms thought the region had got better in the last 12 months, the lowest response across the region.
- RM businesses are the best for using local suppliers (87 per cent) out of all the districts.

SE

- This area included the highest number of new businesses (less than three years old) in London Thames Gateway (15 per cent) as well as the most number of firms set up in this specific area (83 per cent).
- Access to customers was highlighted as the most important reason for being located in this district (50 per cent).
- SE is the postcode district where companies are most actively recycling materials (86 per cent).

For further information on this survey and Gateway to London please contact us on 020 7540 5560 or info@gtlon.co.uk.