



The Business of Brexit

The Voice of Business in Wandsworth & Merton



Contents

Introduction	4
Survey setup and promotion	5
Sectors	6
Preparation for Brexit and anticipated recovery	6
Specific challenges	7
Actions that can help	8
Detailed case studies	9
Hospitality	9
Retail	10
Consultancy	11
Travel	12
Anecdotal experiences	13
Overall assessment of Brexit	14
Conclusions and proposals	15
Appendix A - List of questions	17
Appendix B - Anecdotal remarks	18

Photographers: Ben Austin, Barbara Callender, Helen Rennie-Smith, Johanna Rindforth, Shutterstock
and private photos kindly provided by Shamir Gudka

This report was produced in 2021 by the European Movement in Wandsworth & Merton, www.wandsworth.eu
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Introduction

Is Brexit done? Is it all over now? As industry sectors across the country grapple with problems of staff shortages, supply chains, customs charges and form filling, it would seem that Brexit is far from done.

The members of the European Movement Wandsworth & Merton have an overall impression that leaving the EU has not brought any great improvements to the local businesses. In an attempt to get hard facts rather than feelings on the subject, we decided to conduct a survey, following up on our Brexit Audit a few years ago.

In 2018, we reached out to local businesses and organisations operating in Wandsworth. Owners and managers were invited to take a short survey online and answer questions relating to how their businesses were faring in the run up to Brexit. The results were published in a report called “No Magic Wand for Wandsworth”, which created a blueprint for other local EM groups to follow. Scan QR code to read “No Magic Wand”.



In the summer of 2021 European Movement UK launched a project called 'Building Bridges', which supports community-based campaigning of local EM branches. They invited applications for funding, which was extremely fortuitous for us.

Having been successful in our funding application we were able to follow up the 2018 survey to find out how local businesses are managing after Brexit.

The voices of Wandsworth and Merton confirm our fears and give an overwhelming verdict on Brexit. We now have the hard facts to support the argument when we continue our campaigns to maintain and rebuild Britain's relations with the EU.





South London Press, page 5, 3 September 2021

Survey setup and promotion

Once we had secured the funding from European Movement's Building Bridges Fund, we wanted to promote the survey as widely as possible to get the maximum number of responses.

We designed an advert for the survey with a QR code allowing direct access, and The South London Press published it with an accompanying article on September 3rd 2021. We designed and had printed business cards with details of the survey and the QR code, and assembled a team of 13 volunteers to help distribute them to selected retail and business areas in Merton and Wandsworth. Business owners were mainly positive about having the opportunity to note their Brexit experiences.

We also emailed details of the survey to our supporter base of over 2000 people, backed up with our Facebook and Twitter accounts. Local MPs Fleur Anderson, Marsha de Cordova, Stephen Hammond and Siobhain McDonagh retweeted or commented on our efforts.

For a local initiative we had a very good response with 119 businesses responding to our survey.

News of our activities reached Riverside Radio, a community radio station broadcasting to the boroughs of Richmond, Wandsworth, Merton and Lambeth. On October 22nd they featured an interview about the survey with Barbara Callender, Chair of European Movement Wandsworth & Merton.



European Movement United Kingdom

In 2018 the European Movement in Wandsworth & Merton conducted a Brexit survey among local businesses, organisations and other employers to assess the situation two years after the referendum.

Brexit is now a reality and it is time for a follow-up. We're calling on retail managers, business owners and leaders of organisations and institutions in all sectors in Wandsworth and Merton to take our survey.

This is your chance to have a say

and paint a realistic picture of our local community post Brexit.

www.wandsworth.eu/feedback2021



ADVERTISEMENT FEATURE

Local group gets funding for post-Brexit survey

Is Brexit done? Is it all over now? As industry sectors across the country grapple with problems of staff shortages, supply chains, Customs charges and farm filling, it would seem not.

"As we emerge, thinking from the darkness of Covid, the effects of leaving the EU on many of us is coming sharply into focus," says Barbara Callender, chair person of European Movement in Wandsworth & Merton.

In 2018, they conducted an online survey amongst local businesses and organisations operating in Wandsworth. Owners and managers were invited to answer questions on how their businesses were faring in the run up to Brexit.

Volunteers called on local offices, shops, bars and restaurants inviting them to participate in the survey. For this reason, the greater part of respondents were the public-facing businesses that we all encounter daily in our community. The sectors covered included hospitality, retail, services and others including education, media, construction and social care.

The results were published in a report that created a business for all.

This new survey will examine issues such as new limitations on the rights to work for EU nationals who do not have Settled Status and new procedures for the import and export of goods. It is hoped to use the research to build bridges between different businesses in our community such as creating a network between survey respondents to share business ideas and ways to make the best of the diverse communities in Wandsworth and Merton.

If you want to know more about the European Movement, do visit the local branch at www.wandsworth.eu



Scan QR Code to listen to Riverside Radio



Business sectors

The first question in the survey was a 'write-in' description of business type - we then classified the responses into broader categories. The bubble chart depicts the proportion of each business type surveyed as a function of circle size.

Wandsworth and Merton are noted for their service industries, yet this graphic demonstrates, even in a small sample, the overall diversity of the range of business and professions, with retail the most frequently occurring in our responses.

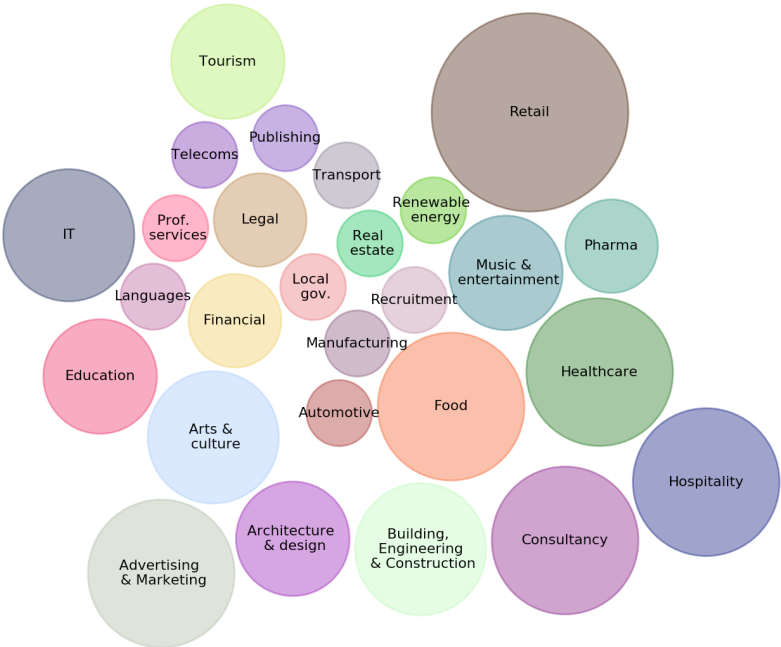


Figure 1 - bubble chart of business categories across our survey responses

Business preparation for Brexit and anticipated recovery

Prior to the UK leaving the structures of the EU at the end of 2020, there was much speculation and concern that businesses would not be prepared for the significant shift in trading rules, especially as the terms for the future relationship were only finalised just before Christmas of that year, leaving just seven days to get ready. This question sought to assess if the preparation provided by the UK Government was adequate. The response shows that 65% of businesses in our survey - almost two thirds, were not prepared.

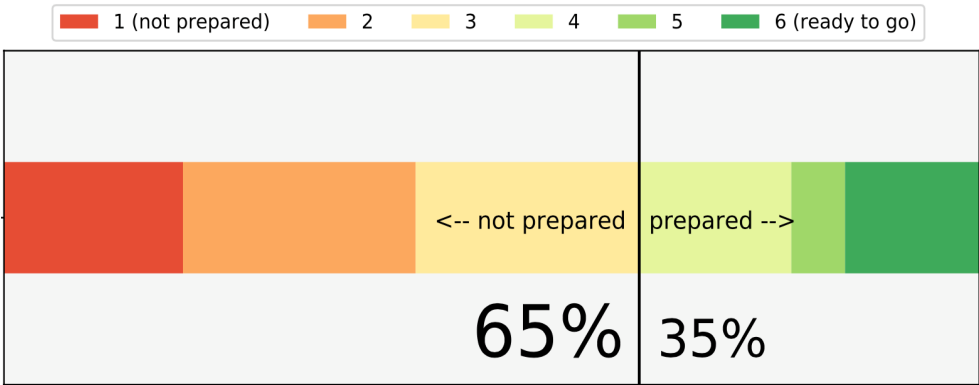


Figure 2 - responses to "In hindsight - on a scale of between 1 (not at all prepared) and 6 (ready to go), how well prepared was your business for the end of the EU transition period on 31 December 2020?"

Throughout the first six months of 2020 the Government had the legal option to delay the UK departure from EU structures by prolonging the transition period to the end of 2021 or 2022. Instead they chose to compound the potential for economic instability from leaving the Single Market with that from the pandemic. As the two issues are now conflated, this question uses the pre-pandemic and pre-Brexit level of trading as a reference point. We found that 68% of our respondents - more than two thirds, did not anticipate a return to pre-2020 trading levels by the end of 2021, with more than a third saying that such a scenario was 'not at all likely'.

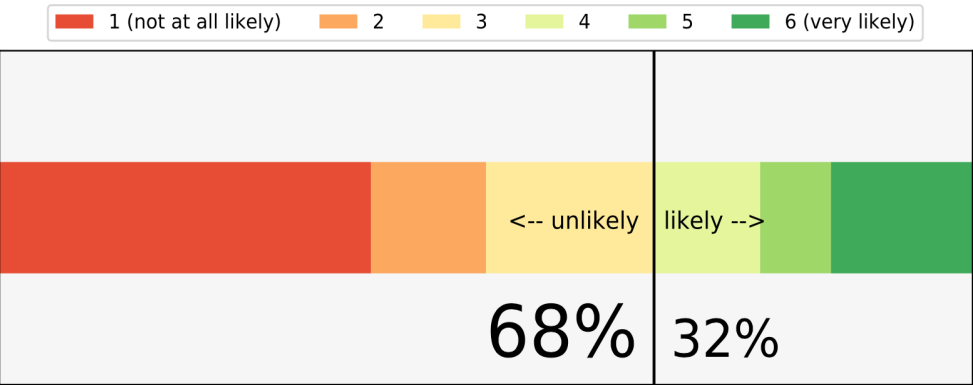


Figure 3 - responses to "By the end of 2021, how likely is it that your business will be back trading to pre-pandemic levels?"

Specific challenges to local businesses following Brexit

We wanted to identify which aspects of the new trading rules were posing the greater problems for local businesses. The question identified the four issues most commonly cited in the media and provided a 'write-in' option for respondents to highlight further aspects.

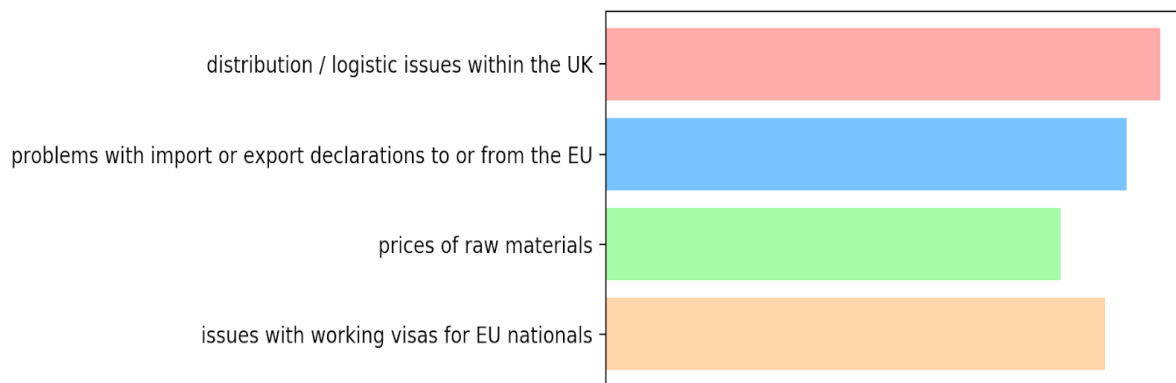


Figure 4 - responses to 'Have any specific aspects of the new rules made running your business harder?' (prompted responses)

A total of 100 people replied to this question and most respondents provided more than one answer. Some respondents also provided their own answer to the option 'other' and most of these raised issues with visas for UK nationals to work in the EU.

Visa requirements for every musician in each individual EU country, plus charges for certificates and extra insurance for every instrument has made touring prohibitive. Many freelance musicians can't make a living in the UK only, and have always depended on touring all over the EU

English was England's biggest import of students coming here and export of English language teaching education, teachers and materials globally, but it's being destroyed by the policies now

Certain products now completely uncompetitive to sell outside of the UK

My business offered services within Italy, this became illegal once we had left the EU so I had to close the company in 2020

Actions that can help support businesses from the damage of Brexit

We wanted to identify the levels of support for practical steps local or national Government can take to support businesses - we therefore presented four options and a 'write in' box for further responses. We limited the prompted options to 'realistic' policy proposals that even a Government administration ideologically committed to 'hard Brexit' might support - more help with visa procedures for EU nationals not covered by Settled Status, support for businesses in dealing with new import/export regulations, more action on resolving internal logistics issues and the status quo option of 'no change'.

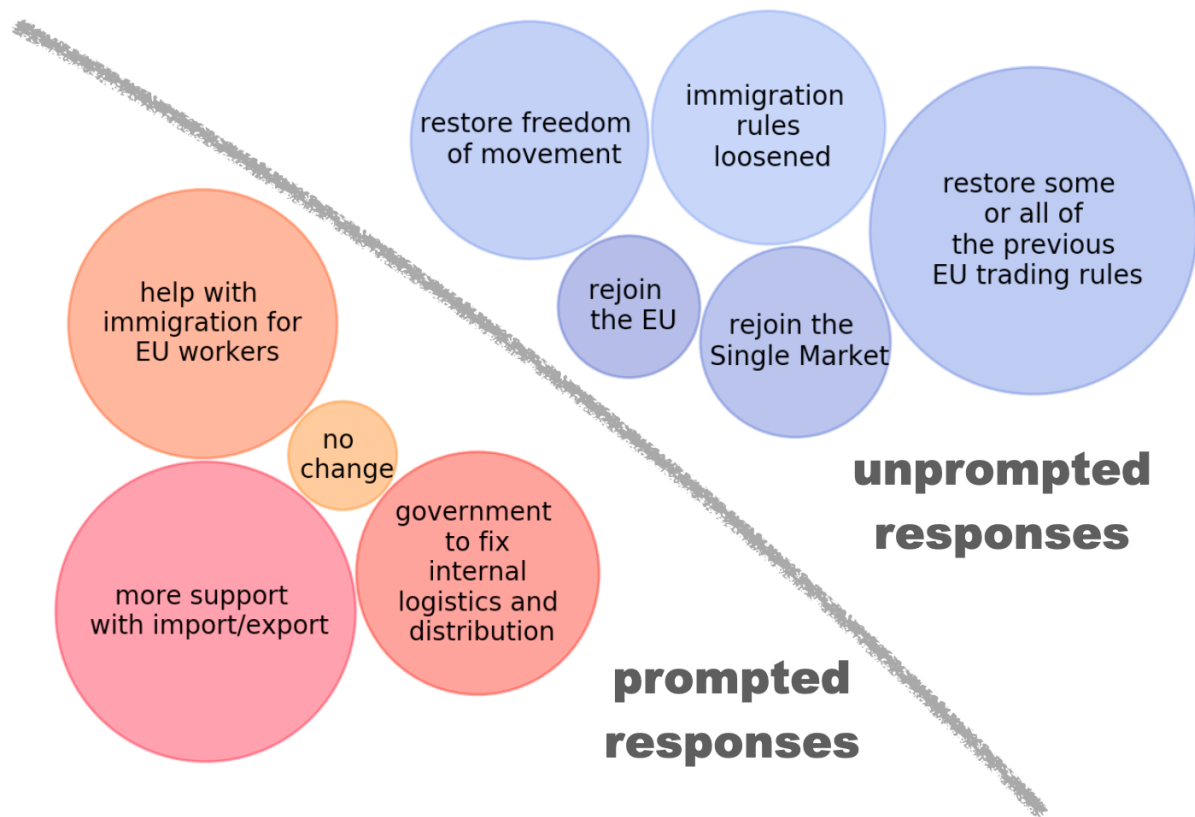


Figure 5 - bubble chart to illustrate responses to 'Is there a specific issue of the new trading arrangements that you think should be changed to make things easier?' / size of bubble denotes frequency of response against all answers

Businesses across the two boroughs are clear that the new trading arrangements need radical change, with more than 50% of respondents wanting government support for imports and exports, half wanting help with EU workers and 40% saying that help was needed with internal logistics and distributions.

The unprompted options (shown in blue in the bubble chart below) are unlikely to be supported by a Government committed to 'hard Brexit'. However, the theme of these suggestions made by the respondents was clear, with restoration of the Single Market (sometimes expressed in responses as restoration of the former trading rules) and Freedom of Movement (or some form of loosening of immigration rules) being the most popular.

Either way, it seems clear that the Government's trade deal does not appear fit for purpose.



Detailed case studies

To assess the distribution of respondents we asked businesses surveyed to provide the first half of their postcode. Figure 6 shows that most businesses that responded to the survey are located within the boroughs of Wandsworth and Merton (postcode areas do not match borough boundaries). Some respondents answered on behalf of enterprises elsewhere in South or West London, but we consider these to still fall within the catchment of businesses accessible to and used by residents of the two boroughs.

Figure 6 - this heat map depicts the distribution of our responses by postcode district, and the location of our three detailed case studies for consultancy, hospitality and retail

Hospitality

Mario manages the **Osteria Antica Bologna** in Northcote Road, Battersea. He has been in the hotel and hospitality business for years.

"Everyone I know is very worried," he says. "The main issue for me is I can't find the staff. There is a huge demand, and I could open my restaurant every day, all day. But I can't do that because I don't have the staff to work here."

Some people have returned to their home countries and people who want to come to the UK now can't work here because they don't have the right to do so.

"It is a very bad time to start up a new business in hospitality because no one can find the staff."



SCANITO JEANS

72

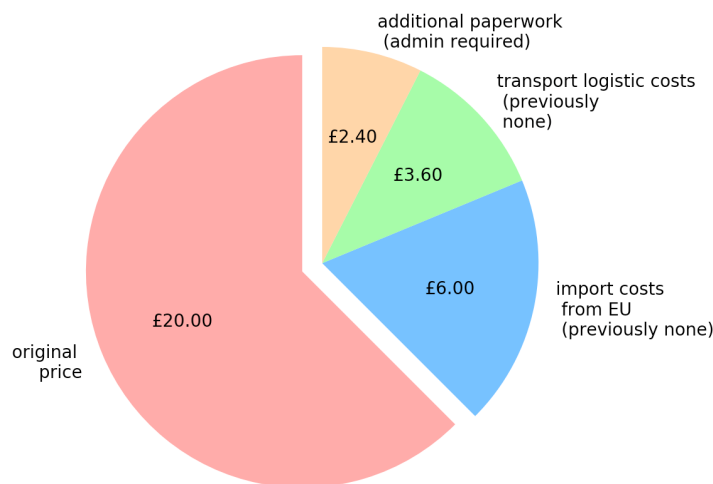
www.scanito-jeans.co.uk.



Retail

Scanito Jeans is a clothing retailer in Tooting that has been in business for 42 years. **Shamir Gudka** voted Leave in the 2016 Referendum, but now says 'I would reverse my decision'.

Shamir has noticed a significant drop in footfall. Before Brexit his shop catered for many customers from across the EU, including Eastern European workers. Many of them have returned to their native country, leaving because of the lockdown imposed by Covid-19 but deciding not to return as the UK no longer is welcoming them.



Supplies from the EU are also an issue. Figure 7 illustrates an example from Shamir that illustrates the effect of the new trading rules on real prices in shops.

Shamir and many of his local friends and colleagues voted to leave the EU because they were concerned about immigration levels.

Figure 7 - pie chart illustrating Shamir's example as to how an imported shirt in his shop that retailed for £20 in his shop pre-Brexit would now be priced at £32 if he wishes to stock it

"When Angela Merkel agreed for 1 million refugees from Syria to come to Germany, I thought that many of them would want to make their way to the UK rather than stay in other EU countries," Shamir explains.

He and others he knew felt that would put too much of a strain on housing, healthcare, education and other infrastructure issues.





KALMAR ÖLAND AIRPORT

Consultancy

Christopher Rennie-Smith runs a **consultancy business** advising clients from all over the world on European patent law and procedure. Prior to the UK's withdrawal from the EU he told Justine Greening, his (then) MP that, if withdrawal took place, he would have to relocate his business to another EU country.

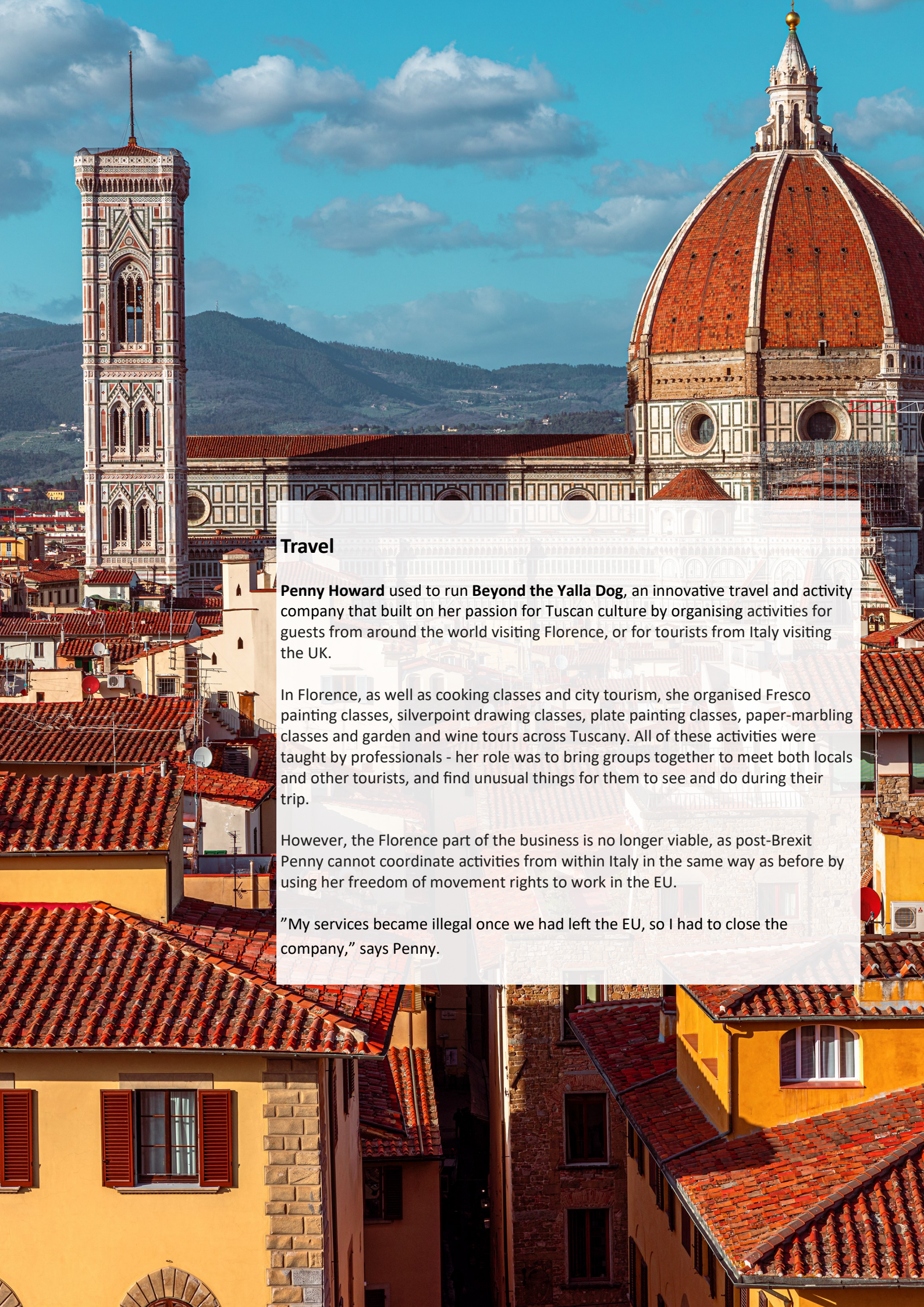
"My experience of the government's so-called preparation of UK business for Brexit was laughable – all I received were emails advising me about import of goods whereas my business is the export of services."

Christopher's clients expect him to be in the EU and free movement is essential. His clients outside Europe now perceive the UK simply as having "problems" which are best avoided by dealing with EU-based businesses. In short, it is now impractical to conduct a business relating to Europe from the UK and Christopher has relocated his firm.

"My business has not suffered any downturn as a result of the move, on the contrary, activity has increased which may be the result of being seen as unquestionably European. Of course, the tax on my business income previously paid to HMRC is now paid elsewhere."

Christopher emphasises the fact that this is a reality for many small businesses and laments the development.

"Having studied, resided and worked in four other EU countries for several decades of my life, I feel aggrieved that my own government has, on the dubious basis of a minority vote in an advisory referendum, removed my EU citizenship."



Travel

Penny Howard used to run **Beyond the Yalla Dog**, an innovative travel and activity company that built on her passion for Tuscan culture by organising activities for guests from around the world visiting Florence, or for tourists from Italy visiting the UK.

In Florence, as well as cooking classes and city tourism, she organised Fresco painting classes, silverpoint drawing classes, plate painting classes, paper-marbling classes and garden and wine tours across Tuscany. All of these activities were taught by professionals - her role was to bring groups together to meet both locals and other tourists, and find unusual things for them to see and do during their trip.

However, the Florence part of the business is no longer viable, as post-Brexit Penny cannot coordinate activities from within Italy in the same way as before by using her freedom of movement rights to work in the EU.

"My services became illegal once we had left the EU, so I had to close the company," says Penny.

Anecdotal experiences

We wanted to field anecdotal responses from the businesses surveyed based on their experience of Brexit overall, which would differ significantly between the nature of each business, hence the free form of this question.

47 respondents chose to reply to the question. Their replies have been valued from 1-6, where 1 is very bad and 6 is very good. That makes an average of 1.32.

Figure 8 - cloud graphic drawing out the most commonly used words in the write-in response to 'Do you have any further observations that you would like us to include in our report?'

The topics most mentioned were

- damages to “free trade” at 21%,
- the Government’s and Leave Campaign’s “lies” at near enough 15%, and
- the loss of “freedom of movement” and “shortage of EU staff”, each at 12%.

Three respondents mentioned Covid, of which one was certain that the current problems are exclusively Covid related and not due to Brexit. The other two stated that it is impossible to say at this point to which degree the problems are caused by Brexit or Covid.

The respondents who mentioned “students” didn’t focus exclusively on the benefits of the Erasmus programme, but also commented on the importance of EU students to the local economy.

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The 'Brexit benefits' for local business - overall assessment

Whilst extrapolating the full range of positive and negative effects of Brexit is impossible for a survey of this scope, we wanted to gauge an overall impression from our respondents. Fully 91% of respondents (excluding 'too early to tell') said that the effects of Brexit overall had been negative for their business.

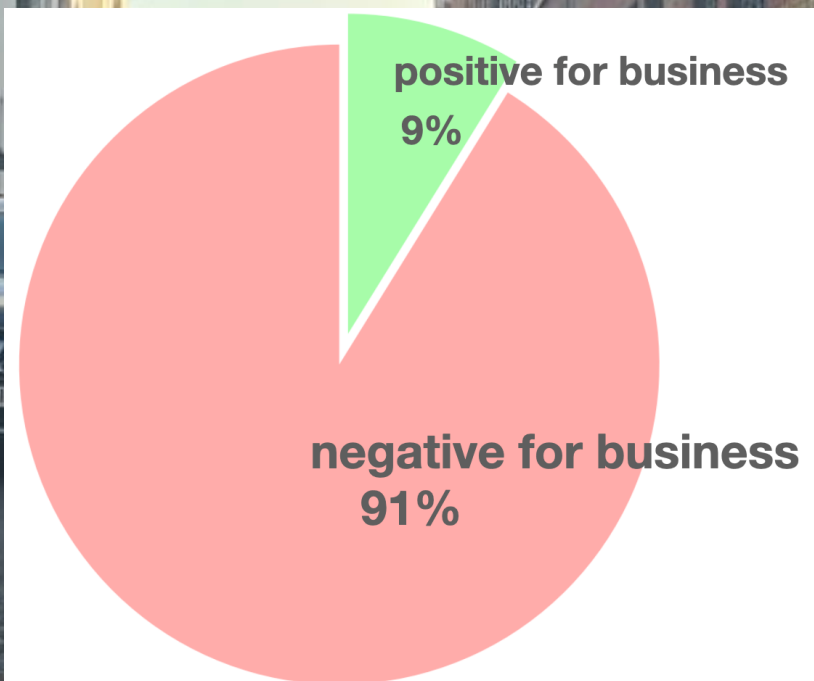


Figure 9 - responses to the question 'Overall, do you think leaving the EU has been positive or negative for your business?' (excluding respondents choosing 'too early to tell' of 4%)

Conclusions and proposals for further stakeholder actions

We decided to carry out a follow up study to our 2018 Brexit audit of businesses in order to obtain some hard facts about the actual impact of leaving the EU on the business communities in Wandsworth and Merton.

Our 2018 survey highlighted people's fears and uncertainty as to how Brexit would impact their business. Three years on, and with Brexit 'done', this latest audit spells out just how difficult Brexit has proved for the vast majority of the organisations we surveyed.

- Businesses were surveyed across a broad range of sectors
- Roughly two thirds of businesses who responded told us they were not well prepared for the big changes in trading conditions at the start of 2021, and a similar proportion also anticipate that they will not be trading at normal levels by the end of the year.
- Respondents typically cited problems with staff shortages, supply chain issues, customs administration and charges.
- Above and beyond practical steps the Government can take to address some of these issues within the confines of 'hard Brexit' a large proportion of respondents suggested, without prompting, to revert to the old trading rules, or to rejoin the Single Market.
- Fully 91% of respondents who expressed an opinion either way stated that the new Brexit regulations have had a negative effect on their business.

The respondents highlighted many of the same issues whatever their area of operations: increased costs, bureaucracy, staffing problems, Customs declarations and visa issues.

We propose the following recommendations to support this piece of research:

1. We invite the Chambers of Commerce in Merton and Wandsworth to build on our findings and conduct a more detailed analysis on the effects of Brexit with their members. If they wish to do so we would be delighted to assist in whichever ways possible.
2. There are several Business Improvement Districts across the boroughs, and in our view they too could help support local businesses with the issues they face.
3. We also invite local councillors in both boroughs to read this report and consider how they can support businesses negatively impacted by Brexit.
4. We are ready to work and share our experiences with other European Movement groups across the country if they wish to conduct similar surveys in their business districts.



The authors would like to thank all participants in the study. We would also like to thank members of the European Movement for Wandsworth & Merton for giving their time and energy in helping us to promote the survey as widely as possible. We are grateful to the European Movement for the grant which helped us kickstart this work.

Appendix A: List of Questions

1. In which sector does your organisation or business operate?

[write-in]

2. By the end of 2021, how likely is it that your business will be back trading to pre-pandemic levels?

Mark only one oval.

☐ 1 (not at all likely) ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 (very likely)

3. In hindsight - on a scale of between 1 (not at all prepared) and 6 (ready to go), how well prepared was your business for the end of the EU transition period on 31 December 2020?

Mark only one oval.

☐ 1 (not at all prepared) ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 (ready to go)

4. Have any specific aspects of the new rules have made running your business harder?

Tick all that apply.

- ☐ distribution / logistic issues within the UK
- ☐ problems with import or export declarations to or from the EU
- ☐ prices of raw materials
- ☐ issues with working visas for EU nationals
- ☐ other: [write-in]

5. Overall, do you think leaving the EU has been positive or negative for your business?

Mark only one oval.

☐ positive ☐ negative ☐ hard to tell so far

6. Is there a specific issue of the new trading arrangements that you think should be changed to make things easier?

Tick all that apply.

- ☐ Government action to address distribution and logistics within the UK
- ☐ support for dealing with import and export
- ☐ support to help apply for working visas for EU nationals who do not have Settled Status
- ☐ nothing
- ☐ other: [write-in]....

7. Do you have any further observations that you would like us to include in our report?

[write-in]....

8. Roughly, what is the size of your workforce, including contractors?

Mark only one oval.

☐ 1-10 ☐ 11-50 ☐ 51-100 ☐ more than 100

9. To help our analysis, please provide the first half of your postcode (e.g. SW17, CR4 etc.)

[write-in]....

10. Would you be interested in a new business network in Wandsworth and Merton to share ideas and to find new ways to make the most of European friends in our community?

Mark only one oval.

☐ yes (if so don't forget to leave your email in the following question) ☐ no

11. If you would you be willing to take part in any follow up to this survey with European Movement Wandsworth & Merton, please provide your preferred contact email address below (this will only be used by the European Movement and only for this purpose)

Appendix B: Anecdotal remarks

At the end of the survey respondents had the option to leave further comments, which are listed below without editing. A significant number responded and nearly all expressed negative opinions of Brexit. Many of these comments were very detailed and the emotions expressed are hard to ignore.

Negative views of Brexit

- As someone who voted leave (Only to give David Cameron a better negotiating position with Brussels) I'm thoroughly disgusted with the Boris Johnson deal. On every level it's a complete failure. It's a huge backwards step, I would have never implemented such idiotic measures with our largest business partner. We have lost £200k with this deal to date and I envisage losing a lot more.
- In entertainment industry EU used to source expertise and goods from UK. This has stopped.
- Brexit is bullshit from start to finish. The country was duped and is now in the hands of disaster capitalists and asset strippers.
- There have been no benefits at all to Brexit. We need a realistic and objective conversation about its realities.
- My business could not have prepared for this. It is outside my control. EU citizens will choose one of the 31+ neighbouring destinations that do not require a passport.
- The loss of Freedom of Movement of EU businesses in the UK is not proportionate to the burden of admin now on UK businesses operating in 30 EEA countries or Switzerland.
- We have decided to close the business as it's no longer viable out of the EU.
- I have never experienced such chronic supply issues, it's a complete mess.
- Brexit has been a shambles, no clear preparation or thought given to a shoddy plan. If I ran my business like that I'd not be in business. Our Government is unable to plan and simply knee jerk reacts causing chaos. Coupled with the third rate Covid response it's impacted so many so badly and will continue to do so. On top of this we are now to pay more tax as, apparently, the £350 million a week for the NHS is not enough.
- Before Brexit, EU free trade allowed me to sell my higher priced products to EU countries. Now, thanks to Brexit, these same products are completely uncompetitive to sell anywhere outside of the UK. Also, I often have to import materials from abroad. Before I could always obtain them from other countries without having to pay import taxes. Now, no matter where in the world I buy these materials, I have to pay import taxes, these extra costs have to be passed on to my UK customers. Brexiter talk of opening up trade opportunities with more countries was utter nonsense. All Brexit has done is cut my UK business off from the rest of the world.
- Music has no borders. There has always been a free exchange of music students, players, groups, choirs, orchestras, pop groups, rock festivals, and many more, with the EU which, because of Brexit, has been almost completely broken. This is a huge, multi-million industry in which the performers are only the tip of the iceberg. The loss of so much work has had a devastating knock-on impact on technicians, costume makers, producers, designers, stage managers, admin, fixers, librarians, programme makers, recording engineers, lighting teams, coach drivers, airlines, hotels, restaurants etc. And the loss for the wider community is incalculable.
- The whole departure is a bodged process. Europe doesn't want to trade with us
- Problems with food/fuel supplies, lack of staff in hotels and restaurants, no drivers for coaches etc - group travel will be hard to both promote and organise
- We used to avail ourselves of newly graduate interns through the Erasmus Placement scheme. The exit of the U.K. from the scheme is devastating for us.
- There remains a loss of confidence among our clients about their financial security following Brexit, that affects our business badly and there is a sustained negative impact.
- Key issues are with goods arriving into the UK late due to supply chain issues. Shipping goods to the EU is now much harder and has meant our main delivery partner cannot do this with the new IOSS programme.

- We lost a lot of EU Citizenship Holders, now suggest UK government to support a small businesses.
- All problems were so predictable and it's been an absolute shambles from those at the top.
- Should never of left the EU.
- Brexit is the most stupid thing a country can do to itself. No benefits whatsoever and tons of problem.
- The music industry is worth considerably more than fishing and others, yet has been consummately thrown under a bus through Brexit.
- Despite the rhetoric we don't have a free trade agreement. There are costly barriers at every stage.
- Inflation and demand has become a hindrance as our prices have gone up including passport photos. Gathering stock has become harder to obtain as there is either high demand or there is a large back order due to limited amount.
- Brexit has polarised people, created huge need by pushing up prices and causing anxiety.
- I think the whole process has been handled very badly - there has been a lack of clear policy, instructions and support - a complete shambles.
- Media needs to fact check government statements and hold politicians to account for lying and fraud.
- The Government doesn't appear to have addressed the services industry...even the financial services negotiations didn't start until after we had left the EU...?
- EU staff reluctant to work in UK.
- Each student that does not come costs economy about £900 for 3 weeks. I was putting £160,000 into local economy per year, and my business is tiny
- We will suffer for long time with staff shortages.
- No, or difficult to find guidance from the Gov for ecommerce businesses and on providing (digital) services to the EU. I ve told them many times, but they keep reverting to reducing Brexit to a customs issue for bulk exporters/importers. This doesn't help my clients.
- There needs to be more attention paid to small and micro businesses, not just large corporations who can afford to open up EU headquarters to get around it!
- The damage is self inflicted; it is the worst of all possible worlds.
- Lack of common sense and idiotic laws that's should never went through as we all knew the consequences that would happen and are happening right now.
- Brexit is not and will never be a good thing.
- We need to rejoin the single market
- Just lies - that's what we hear.

Positive View of Brexit

- People just need to focus on what they do and do it well, then to stop looking for a reason why they cannot do things. If you keep looking backward you will fall over. I've learnt that if you look for a reason not to do something, it will never get done. We have left the EU to plough our own furrow, some countries/people will admire that, others will think we have made the wrong decision. I personally think we will be better off, as I have never doubted our ability to adapt to changes.