



# The impact of Brexit on UK small & mid-caps

Quoted Companies Alliance  
Small & Mid-cap Sentiment Index

July 2019



# Executive summary

**The last three years of preparing for Brexit has negatively impacted small and mid-sized quoted companies:**

- 59% of small and mid-caps say preparing for Brexit has distracted from running their business (and 95% of advisors believe it has distracted companies)
- 16% have invested less in the UK because of Brexit (although for the majority it has had no impact)
- 31% say that recruiting EU nationals has got harder since the 2016 referendum.
- 43% say that preparing for Brexit has had a negative impact on their company's growth.

**The information that the UK Government has provided to help prepare for Brexit has been inadequate:**

- Only 24% of small & mid-caps believe the government has provided adequate information to companies to help them prepare for Brexit.

**Small and mid-caps are taking action to prepare for no deal:**

- More than half of companies have taken steps to prepare for a no deal scenario.
- Stockpiling goods and moving operations outside of the UK are two of the most popular actions.

**Small & mid-caps are most likely to favour remaining in the EU:**

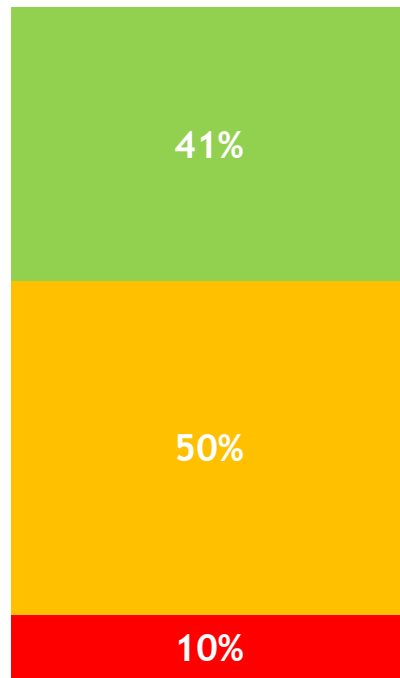
- 47% of small and mid-caps say it would be best for their company if the UK remained in the EU under its current terms.

# Impact of Brexit on company priorities

How much time, if any, has preparing for the possibility of Brexit since 2016 taken away from other priorities for your business / small and mid-cap UK quoted companies?

## Small & Mid-cap companies

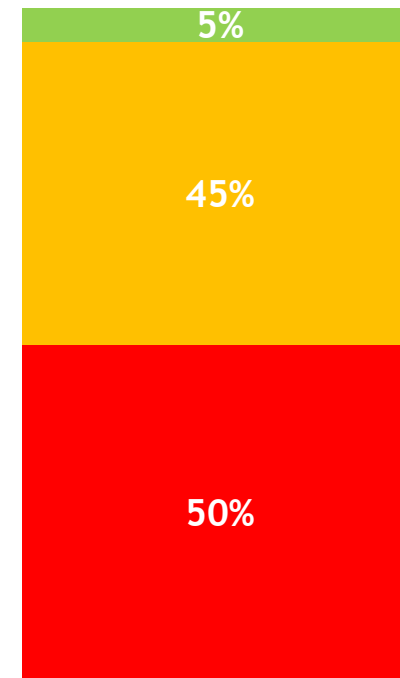
A lot + A little = 59%



■ A lot ■ A little ■ Almost none ■ Don't Know

## Advisers

A lot + A little = 95%

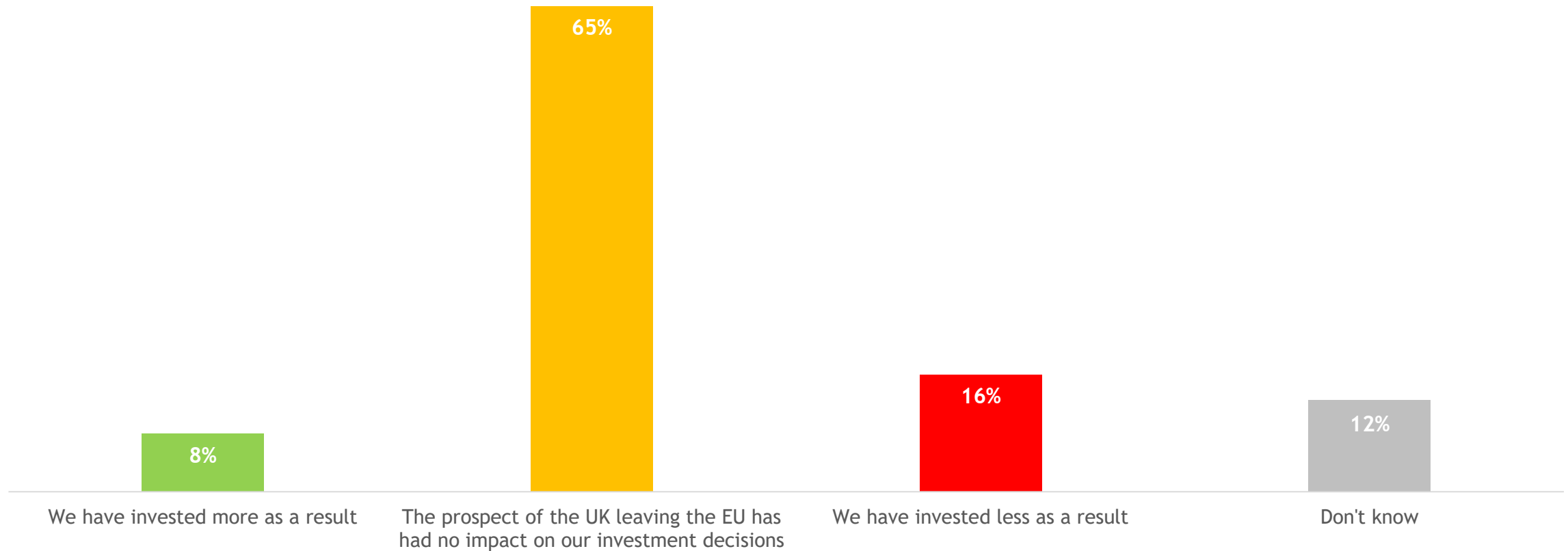


■ A lot ■ A little ■ Almost none ■ Don't Know

Advisers think impact is greater than the companies themselves

# Impact of Brexit on investment decisions

How, if at all, has the possibility of the UK leaving the European Union impacted your company's investment decisions in the UK?

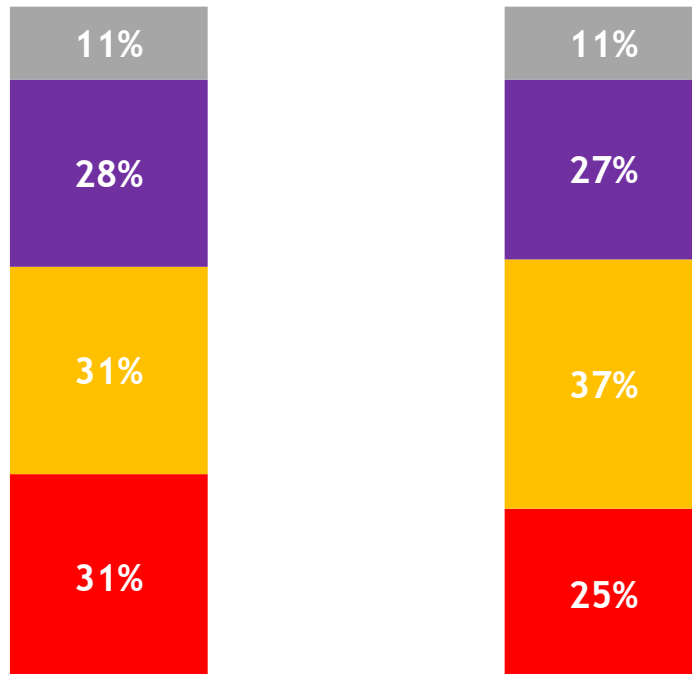


# Impact of Brexit on recruitment and retention

Since the referendum on the UK's membership of the European Union, have you found / do you think small and mid-cap UK quoted companies have found... (not including UK citizens)

## Small & Mid-cap companies

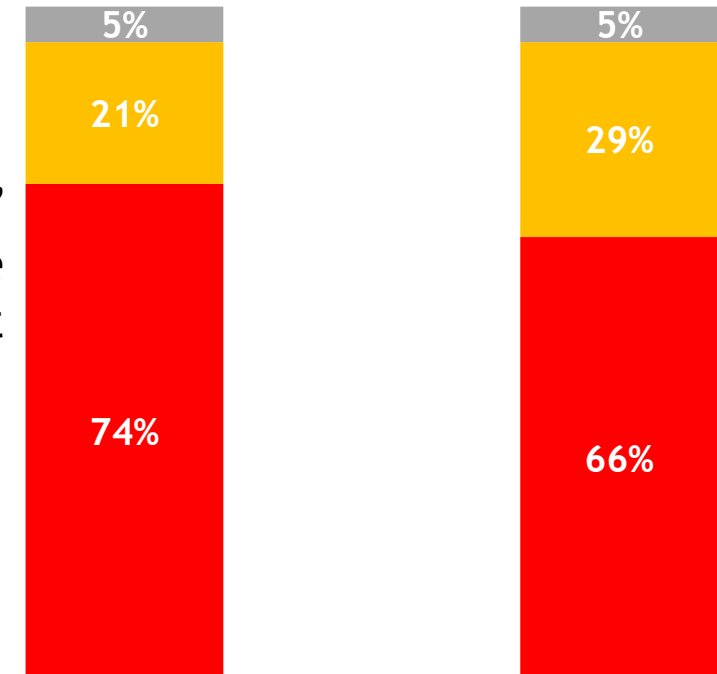
■ Harder ■ The same ■ Easier ■ Not applicable ■ Don't know



Attracting EU nationals to work for you... Retaining EU nationals that work for you...

## Advisers

■ Harder ■ The same ■ Easier ■ Not applicable ■ Don't know

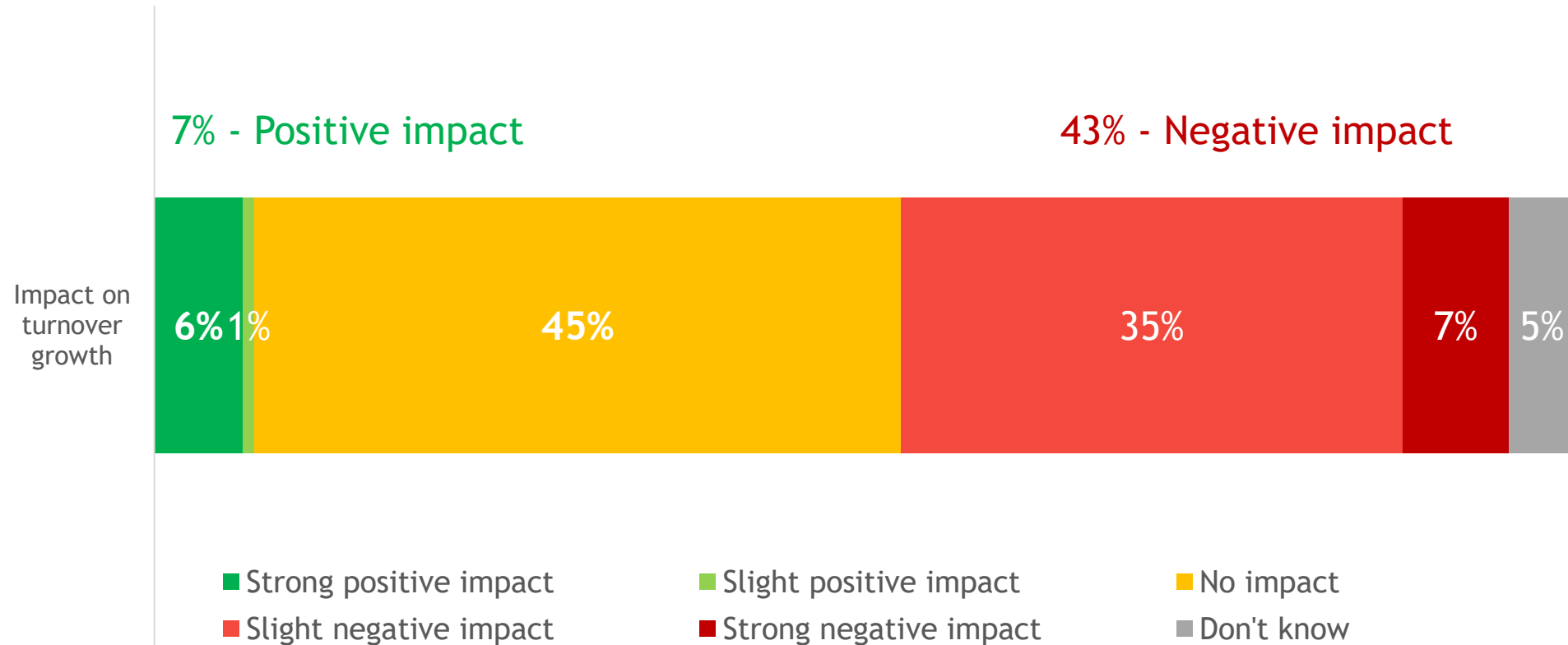


Attracting EU nationals to work for you... Retaining EU nationals that work for you...

Again, advisers' perceptions are at odds to what the companies say themselves

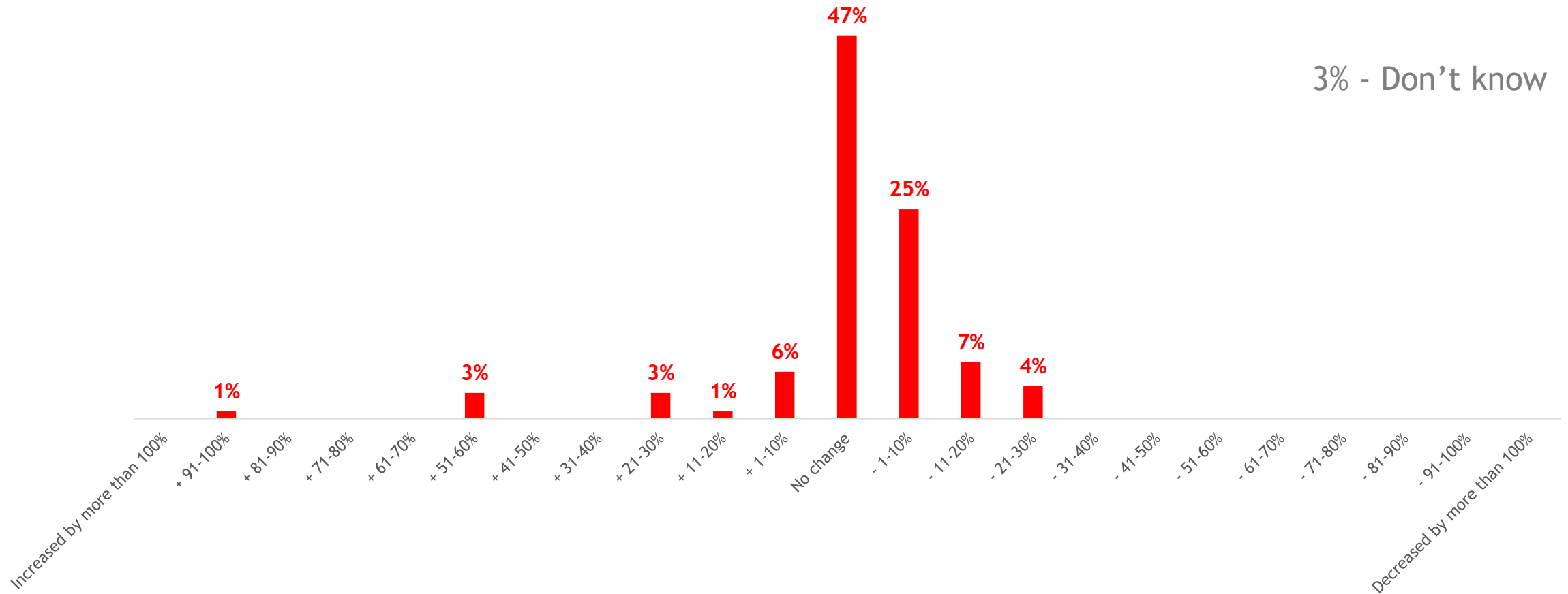
# Impact of Brexit on turnover growth

What impact, if any, has the possibility of the UK leaving the European Union had on your company's turnover growth?



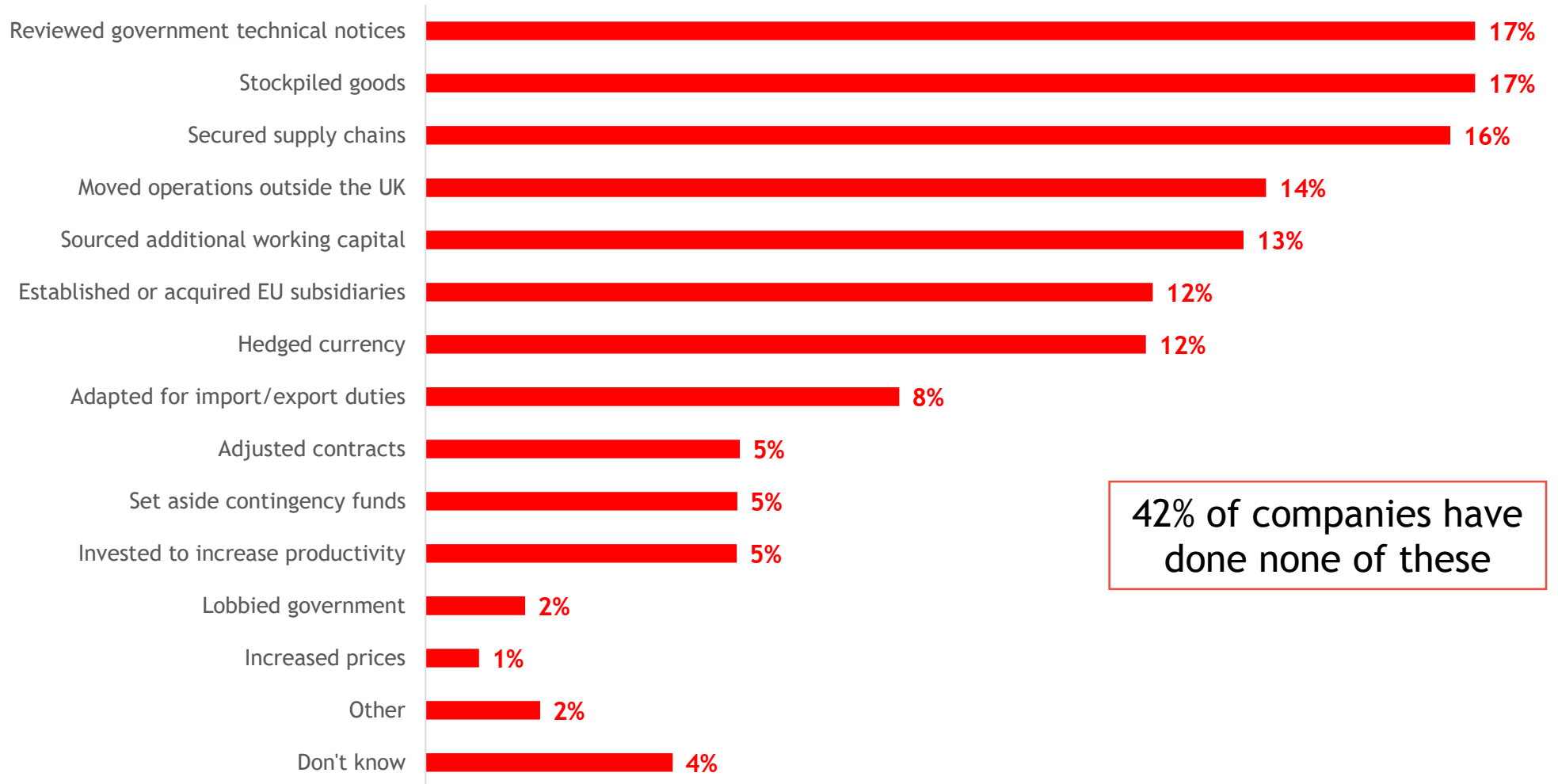
# Estimated impact of Brexit on turnover growth since 2016

By how much, if at all, do you estimate the impact of the possibility of the UK leaving the European Union to have had on your company's turnover growth since 2016?



# Actions taken to prepare for 'no deal' scenario

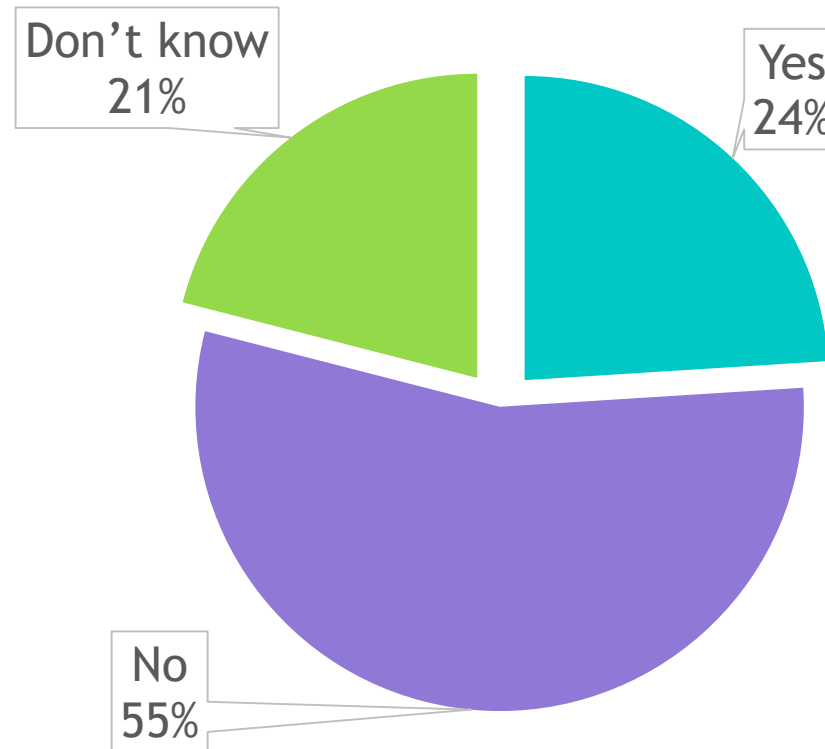
What actions, if any, has your company taken in order to prepare for a 'no deal' scenario?





# Has the Government provided adequate help to prepare for Brexit?

Companies: Do you believe that the Government has provided adequate information to help your company prepare for the UK leaving the European Union?



# Companies' views on information provided to businesses to help them prepare for Brexit

“There are still too many open questions where decisions haven't been made, making it very difficult to plan - e.g. regulatory impact on medical devices.”

“Too little, too late. EU information was available on a more timely basis.”

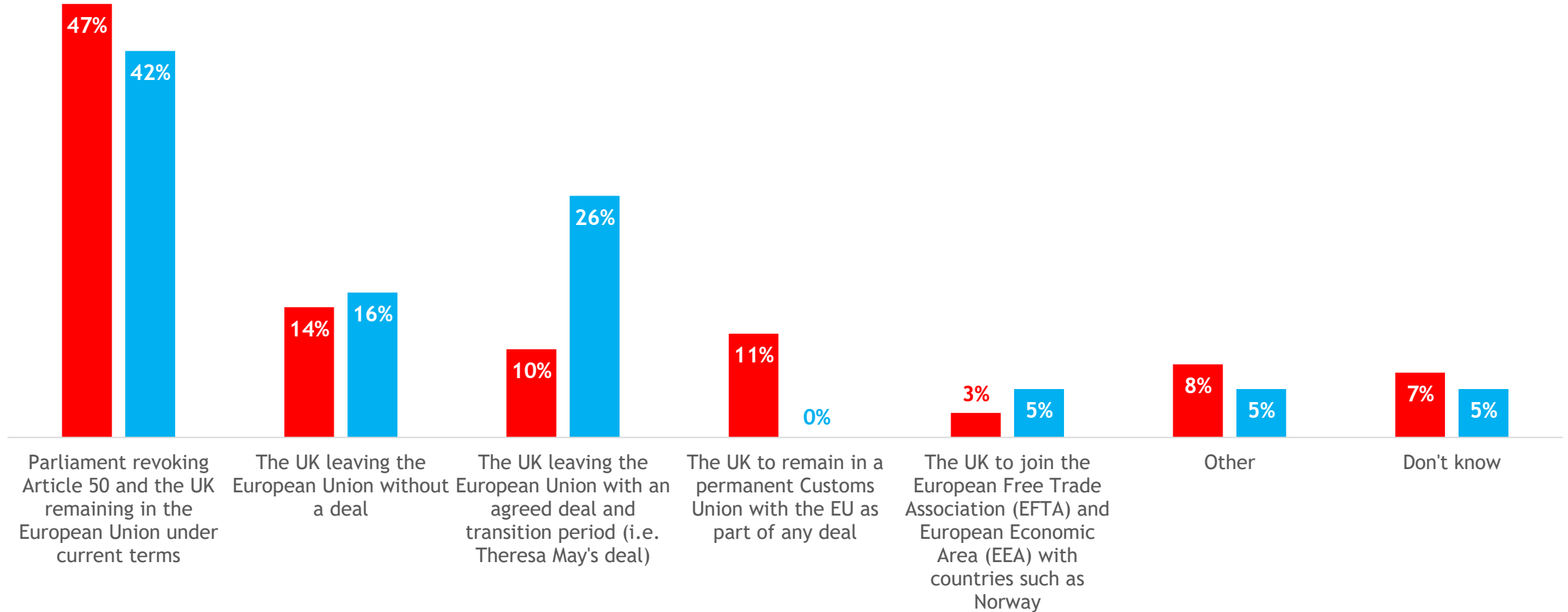
“All small companies need is clarity - they can adjust and adapt. It is only big companies that have entrenched positions that benefit from the current stalemate. Small companies naturally have to invest to grow - and they are unable to do so at the moment.”

“The guidance has been very high level but there are a raft of unknowns around leaving without a deal where the government could have stated clearly how they would operate (which would have also signalled preparedness to leave with no deal to the EU). As two examples, the impact on personal importation allowances and VAT reporting for imported goods are two areas where we have no idea what the changes mean but will impact our business.”

# Most beneficial Brexit outcomes to small & mid-caps

■ Companies - Which of the following outcomes would be most beneficial for your company?

■ Advisers - Which of the following outcomes would be most beneficial for small and mid-cap UK quoted companies?



# Methodology

- 117 interviews were conducted between 17/04/19 and 04/06/19.
- 78 from small and mid-cap UK quoted companies, 39 from advisory companies (this includes investors, auditors, accountants, lawyers, brokers, and AIM NOMADs etc.)
- This survey was conducted by YouGov using an online interview administered to members and associates of the QCA. An email was sent to the QCA database, inviting them to take part in the survey and providing a link to it. A link to the survey was also circulated by the QCA to their contacts. The sample definition is "small and mid-cap UK quoted companies and advisory companies". The responding sample is weighted by industry to be representative of small and mid-cap UK quoted companies, as derived from London Stock Exchange data, but the advisory companies are not weighted in any way.
- Note: Where the percentages for a chart are calculated on bases fewer than 40 respondents these must not be reported as they do not represent a wide enough cross-section of the target population to be considered statistically reliable. These questions and figures will be italicised.

# Appendix: background

## The Small & Mid-Cap Sentiment Index:

- The QCA/YouGov *Small & Mid-Cap Sentiment Survey* has been running since 2011.
- This is the 22<sup>nd</sup> wave and is conducted twice yearly. It is an established source of information about the small and mid-sized quoted company sector.

## The small & mid-cap sector in the UK:

- In 2019, there are around 1,250 small and mid-size quoted companies in the UK, representing 93% of all companies quoted on UK stock exchanges.
- They employ approximately 3 million people, representing 11% of private sector employment in the UK, and contribute over £26bn in annual taxes ([source](#)).

## The Quoted Companies Alliance:

- The Quoted Companies Alliance is the independent membership organisation that champions the interests of small to mid-size quoted companies.
- For more information please visit [www.theqca.com](http://www.theqca.com).

