

## SEMLEP Business Survey 2015 - Topline Findings

### 1. Introduction

In July and August 2015, BMG Research carried out a survey of 1,918 businesses across the South East Midlands. This covers Aylesbury Vale, Bedford, Central Bedfordshire, Cherwell, Corby, Daventry, Kettering, Luton, Milton Keynes, Northampton and South Northamptonshire. The Survey was mainly telephone based and an online version was also available to encourage more businesses to respond.

The purpose of the survey was to find out from local businesses what the key challenges and opportunities facing them in terms of access to business support, business growth, skills shortages and other issues including level of innovation and collaboration with universities. The survey also gathered information about ownership and the proportion of businesses using the Velocity business support website as a source of advice.

Below is a summary of the key findings. Comparison to results from the Business Survey 2014 is highlighted where possible.

### 2. Summary

#### Business Profile

- The majority of sites employ between 1 and 9 employees (84%); one in ten employ between 10 and 24 employees (10%); and one in twenty employ 25 employees or more (6%), including 1% that employ 100 or more at the site.
- The most populous industry sectors are wholesale and retail/repair of motor vehicles and motorcycles (18%) and professional, scientific and technical activities (17%). One in twenty businesses in the South East Midlands (6%) operates within the manufacturing sector. However, manufacturing businesses account for one in five businesses with 100 or more employees at their site. Wholesale and retail/repair of motor vehicles and motorcycles is the only other sector that is relatively heavily represented amongst large employers (26% of those with 100 or more employees at the site).
- More than half the businesses (54%) are private limited companies. Nearly a quarter of all businesses (23%) are sole traders and these are predominantly micro businesses (27% of those with 1 to 9 employees).
- The vast majority of businesses surveyed (97%) are private sector businesses, while the remainder (3%) are voluntary organisations.
- Three fifths of businesses (60%) have been established for ten years or more (65% in 2014); while one in eight (13%) have started up in the last three years (10% in 2014).

#### Business Ownership

- Three fifths of businesses (61%) are family-owned (majority owned by members of the same family). This compares with 56% in 2014.
- Family-owned businesses are most prevalent amongst micro businesses (1 to 9 employees) (64%, compared with 46% of larger businesses).
- Around a quarter (24%) of businesses is women-led; defined as more than 50% owned or managed by women. This compares with 17% in 2014.
- One in nine businesses (11%, as in 2014) are MEG-led; defined as at least 50% owned or managed by individuals from an ethnic minority group.
- One in twenty businesses (5%) are disabled-led; defined as at least 50% owned or managed by individuals with a long standing illness or disability.

### Business Location

- Two thirds of businesses (66%; 65% in 2014) rate the South East Midlands as a 'good' place to do business.
- When asked about these specific aspects of the South East Midlands as a location, around two thirds of businesses cite the area's attractive surroundings (65% - as in 2014), while fewer cite road (59%; 57% in 2014) and rail (56%; 60% in 2014) network, availability of local services (56%; 59% in 2014) and good quality schools and colleges (54%; 60% in 2014) as quite/very good.
- Rents and rates values are rated as quite/very good by the fewest businesses (25% rating these as quite/very good), while local support available to businesses and average pay scales/wage levels are only slightly better rated (29% for each).
- Three in ten businesses (31%) have considered or would consider relocating their current premises over the next two or three years. This is a similar proportion to that reported in 2014 (30%).

### Business Support

- Of the 23% of all businesses that have been established within the last five years; 31% received any advice or support during set up.
- The majority of businesses (85%; 89% in 2014) have accessed advice or support in the last 12 months with the most common sources being accountant (59% of all); their bank (46%) or family/friends (43%).
- Around one in six businesses (16%) have accessed support via Velocity website (4% in 2014). More than a quarter of all businesses (28%) had heard of Velocity before the call to take part in the survey.

### Business Performance

- Businesses continue to report improved performance over the past 12 months, an increase of 2% since last year's Survey to 50% this year, following on from an increase of 9% between 2013 and 2014.

- The level of optimism with regard to future performance (i.e. in the next 12 months) is similar to that reported in 2014, with 63% anticipating an improvement in performance, compared with 64% a year ago.

### Barriers to business growth

- Businesses still face a number of barriers to growth with the most commonly cited being the economic climate (42%; 49% in 2014), over-regulation/red tape (34%; 42% in 2014), increasing competition (34%; 39%) and attracting or retaining customers (34%; 37%). The high cost of energy is less frequently mentioned in 2015, compared with 2014 (29%; 39%). On the whole, businesses are less likely to cite many of the obstacles on which they were prompted than they were a year ago, but as likely to cite *any* at all.

### Skills Shortages and Gaps

- Two fifths of businesses (40%; 49% in 2014) in the South East Midlands have had vacancies in the last 12 months. The majority of these businesses (88%) have recruited new staff.
- Nearly half of businesses that have had any vacancies in the last 12 months (46%) have found some vacancies hard to fill (43% in 2014).
- Nearly three fifths of businesses that have had vacancies (57%; 63% in 2014) have found it difficult to obtain skills in at least one area.
- Job specific (29%) and technical or practical skills (25%) remain the two most frequently mentioned skills that have been difficult to obtain when recruiting from outside the organisation.
- A third of businesses (33%; 38% in 2014) reported skill gaps within their existing workforce.
- Skills lacking within existing workforces are most likely to be advanced IT skills (11%), sales and marketing skills (11%), technical or practical (10%) and/or job specific skills (10%).

### Apprenticeships

- Around one in ten businesses (9%) currently employs someone on an Apprenticeship programme compared to 12% in 2014 and 9% in 2013. The proportion of businesses with apprentices increases to more than a quarter of those with between 50 and 99 employees (28%) and a third of those with 100 or more employees (34%) at their site.
- Of the remainder, more than two fifths (44%) would consider taking on an apprentice (45% in 2014).
- Lack of need within the business and the fact that the business/type of work the business does is unsuitable for apprentices are the two main reasons for businesses not considering employing someone on an Apprenticeship (each mentioned by 25%).

- Around half of businesses (48%) are aware of the Traineeship Scheme (36% in 2014). The level of awareness varies little by business size.
- Just over half of businesses (53%) would consider offering a work experience placement to a young person aged under 25.

### Innovation

- One in eight businesses (12%) has any links with universities or colleges for research and development (R & D) purposes. This is the same proportion as reported in 2014. The proportion increases with business size to 22% of businesses with between 10 and 49 employees and 39% of those with 100 or more employees at their site.
- More than a quarter of businesses (28%) have introduced new products, services, patents or processes in the last twelve months. This compares with a similar proportion in 2014 (29%). Again, the proportion increases with business size to 33% of businesses with between 10 and 49 employees; 42% of those with between 50 and 99 employees and 55% of those with 100 or more employees.
- A third of all businesses (36%) expect to introduce any new products, services, patents or new processes in the next 12 months, increasing to 56% of businesses with 100 or more employees. This compares with a slightly higher proportion in 2014 (39%).

### Regulation

- More than half the businesses (57%) believe effective regulation supports their business operations. This increases to 69% of businesses with 10 or more employees at their site.
- Three fifths of businesses that do not believe that regulation supports their business (60%) feel there is too much regulation. A third (33%) feels that it (regulation) is difficult to understand, while around a fifth each report unproductive relationships with regulators (22%) and/or a lack of access to regulation (21%).
- Just over a quarter of all businesses (28%) would like to receive more information about any area of regulation and this would mainly be via a web based service (72% of those who would like to receive more information).

### Awareness of SEMLEP

- A quarter of businesses (25%) had heard of SEMLEP before taking part in the survey. This compares with just 9% in 2014 and 8% in 2013. It increases to 31% of businesses with 100 or more employees at that site.
- When asked what SEMLEP should focus on to help businesses and the local economy grow, the top priority is to provide support to businesses through providing advice and promotional and networking opportunities (20%).

Key findings by sector

- Key indicators are reported by sector in the table below. Figures in bold are statistically significantly higher than the average (minus the sector referred to), while those in italics are statistically significantly lower than the average (again, minus the sector referred to).
- There are particularly positive indicators within the finance & real estate and professional, scientific & technical activities sectors; both significantly more likely to report an improvement in business performance in the last 12 months. Furthermore, both of these sectors have high proportions of businesses that rate the area as a good place to do business.
- There are indications of a lack of the right skills locally within manufacturing and accommodation & food services, while businesses within transport, information & communications sectors, alongside those in manufacturing, are more likely than average to report skill gaps within the workforce.

	Industry sector												Showcase sector			
	All businesses	Agriculture, mining & utilities	Manufacturing	Construction	Wholesale & retail trade	Accommodation & food services	Transport, information & communications	Finance & real estate	Professional, scientific & technical activities	Administration & support services	Education & health	Arts, recreation & other services	Cultural and Creative Sector	Manufacturing and Advanced Technology	Logistics	High Performance Technology
<b>Business performance improved in the last 12 months</b>	50%	32%	51%	56%	48%	53%	41%	<b>64%</b>	<b>56%</b>	44%	53%	44%	53%	44%	37%	52%
<b>Business performance deteriorated in the last 12 months</b>	11%	<b>20%</b>	<b>18%</b>	9%	12%	8%	12%	11%	11%	7%	8%	8%	10%	15%	14%	10%
<b>Have had any vacancies in the last 12</b>	40%	25%	<b>50%</b>	34%	<b>50%</b>	<b>65%</b>	30%	46%	30%	47%	<b>56%</b>	27%	36%	36%	38%	37%

	Industry sector												Showcase sector			
	All businesses	Agriculture, mining & utilities	Manufacturing	Construction	Wholesale & retail trade	Accommodation & food services	Transport, information & communications	Finance & real estate	Professional, scientific & technical activities	Administration & support services	Education & health	Arts, recreation & other services	Cultural and Creative Sector	Manufacturing and Advanced Technology	Logistics	High Performance Technology
<b>months</b>																
<b>Any vacancies that have been hard-to-fill</b>	18%	10%	21%	<b>21%</b>	16%	<b>30%</b>	<b>21%</b>	15%	13%	19%	28%	13%	18%	9%	19%	<b>25%</b>
<b>Skills have been difficult to obtain from applicants</b>	23%	10%	<b>34%</b>	17%	26%	<b>37%</b>	23%	22%	17%	<b>33%</b>	28%	13%	23%	14%	25%	25%
<b>Any skill gaps</b>	33%	33%	<b>43%</b>	35%	30%	31%	<b>42%</b>	20%	33%	25%	36%	36%	36%	35%	27%	37%
<b>Employ apprentices</b>	9%	6%	10%	9%	10%	<b>18%</b>	7%	8%	7%	12%	<b>15%</b>	6%	8%	6%	9%	11%
<b>Have introduced any new products, services, patents or processes in the last 12 months</b>	28%	30%	<b>42%</b>	9%	<b>40%</b>	25%	28%	23%	24%	31%	23%	32%	30%	<b>58%</b>	29%	21%
<b>Awareness of SEMLEP</b>	25%	16%	28%	6%	17%	9%	24%	28%	<b>49%</b>	32%	24%	32%	<b>36%</b>	<b>44%</b>	14%	32%
<b>Family owned</b>	61%	<b>86%</b>	<b>71%</b>	68%	57%	52%	62%	42%	<b>68%</b>	69%	40%	39%	56%	61%	66%	62%
<b>Women-led</b>	22%	23%	16%	4%	21%	<b>36%</b>	14%	26%	25%	19%	<b>44%</b>	<b>41%</b>	<b>28%</b>	<b>33%</b>	8%	3%

	Industry sector												Showcase sector			
	All businesses	Agriculture, mining & utilities	Manufacturing	Construction	Wholesale & retail trade	Accommodation & food services	Transport, information & communications	Finance & real estate	Professional, scientific & technical activities	Administration & support services	Education & health	Arts, recreation & other services	Cultural and Creative Sector	Manufacturing and Advanced Technology	Logistics	High Performance Technology
<b>MEG-led</b>	10%	6%	12%	3%	8%	<b>21%</b>	<b>24%</b>	7%	5%	6%	<b>17%</b>	6%	11%	<b>24%</b>	<b>17%</b>	5%
<b>Rate location as very good/good place to do business</b>	66%	76%	63%	74%	60%	59%	62%	<b>77%</b>	<b>73%</b>	66%	69%	57%	68%	60%	56%	74%
<b>Have considered/would consider relocation</b>	31%	17%	35%	32%	27%	15%	<b>43%</b>	13%	<b>40%</b>	33%	21%	32%	37%	<b>45%</b>	36%	25%
Unweighted bases	1918	76	202	109	386	170	184	93	239	116	223	120	513	70	125	87