

SEMLEP Business Survey 2017

Report: August 2017

SEMLEP

South East Midlands
Local Enterprise Partnership



Research
Evaluation
Community Engagement
Strategy Development

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SEMLEP Business Survey 2017

Executive Summary

Introduction and background

1. The South East Midlands Local Enterprise Partnership (SEMLEP) is one of 38 LEPs in England tasked with determining local economic priorities and undertaking activities aimed at driving economic growth and increasing jobs. SEMLEP achieves this via a business-led partnership and covers an area made up of 14 local authorities. The LEP is in an area encapsulating over 80,000 businesses and generating an economy worth in excess of £50bn¹.
2. This report presents findings from the 2017 SEMLEP business survey. It is the fourth such survey to be conducted by SEMLEP and covers the following issues:
 - Quality of the local area as a business location
 - Business engagement and support
 - Business performance
 - Employment, skills and training
 - Innovation
 - Regulation
 - Perceptions about SEMLEP
3. The survey's overarching aim was to identify the economic challenges and opportunities facing businesses in the area, in order to inform SEMLEP and local authority approaches to the development and delivery of their economic development activities. This report provides analysis to support and inform SEMLEP strategy and activities, and shows comparisons by business size, local authority, showcase sector and other key business variables to build a picture of the needs of businesses in the area.
4. A total of 2,374 interviews were carried out via telephone over a six-week period between mid-June to the start of August 2017 with a sample of businesses that was representative of the business population in the area.

Key findings

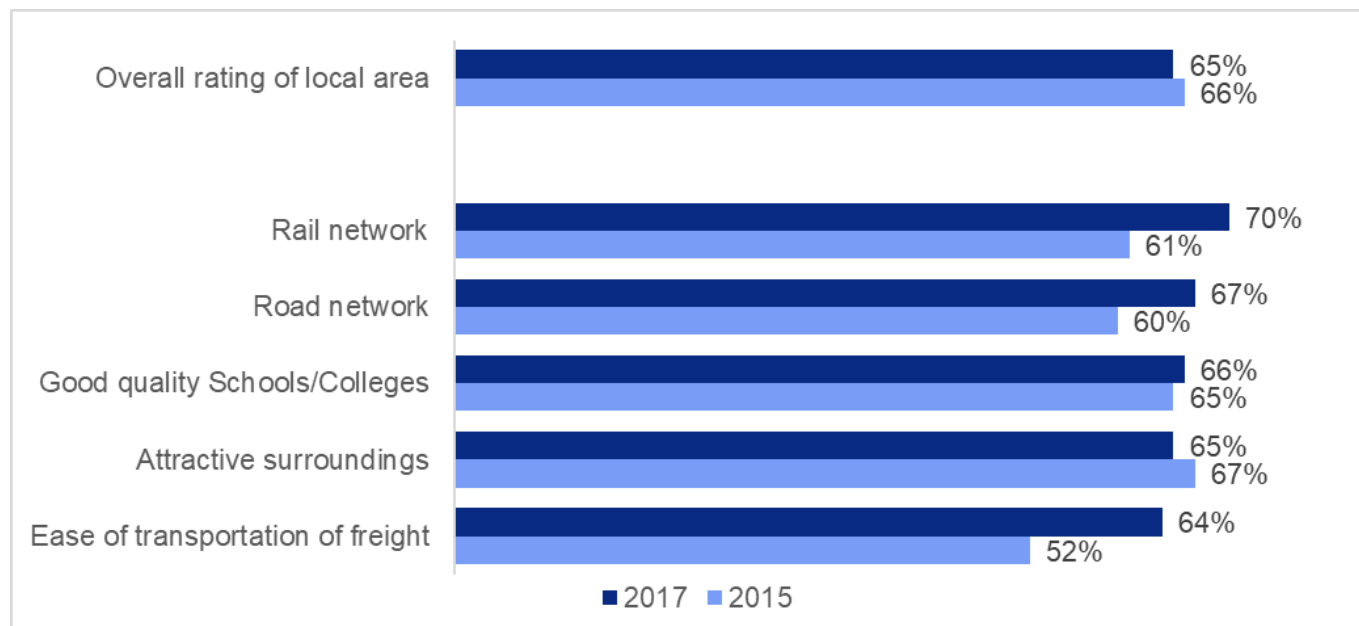
Quality of the local area for business

5. Overall, two-thirds of businesses (65%) rated their local area as a good area to do business, giving it a score of 4 or 5 out of 5. Encouragingly, the proportion of businesses giving the area the top rating of 5 out of 5 has increased since the last survey in 2015, from 24% to 31%.

¹ Source: <http://www.semlep.com/> (accessed 05/09/2017)

6. In terms of business views about specific aspects of the local area, the local infrastructure scored positively, showing an improvement since 2015. This was particularly in relation to the ease of transportation of freight, and the rail and road network.

Figure 1: Top 5 rated aspects of the local area over time (% giving a 4 or 5 out of 5)



Number of respondents: 2017 2,374, 2015 1,918. Figures exclude 'don't know' answers.

Questions asked: Overall, how do you rate your location as a place to do business? How do you rate the availability of, or quality of, the following aspects of your location from a business perspective?

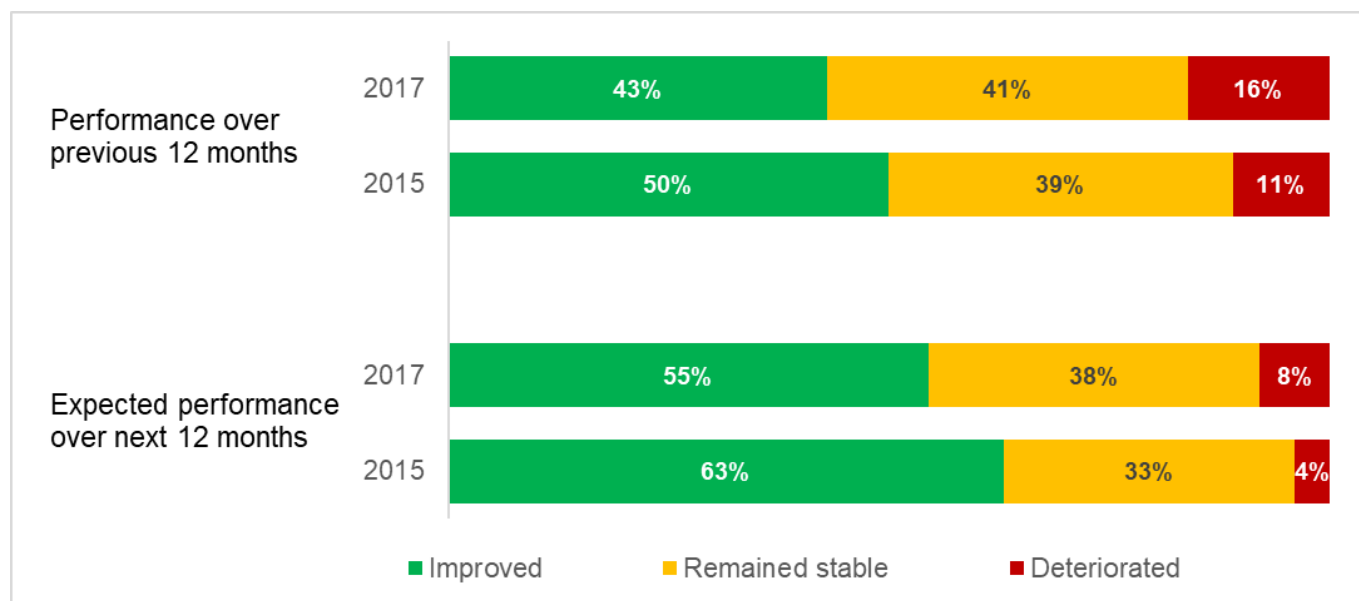
Business engagement

7. The majority of businesses (83%) had used some form of business advice or support in the past 12 months. Similar to 2015, this was most commonly advice from an accountant (63%), other business owners (37%) or a bank (35%).
8. Local initiatives such as the growth hubs were used less, and advice from the council used by 14%.
9. Over a tenth of businesses (12%) were aware of the growth hubs, including some 2% that had used them.

Business performance

10. The performance of SEMLEP businesses over the past 12 months has been, on the whole, positive, with 43% of businesses reporting their performance has improved compared to just 16% saying it has deteriorated. This is a slightly less positive picture than was seen in 2015 and 2014.
11. Business confidence for the future has declined slightly, although businesses are still more likely to expect improvement than deterioration in their performance. Over half of businesses (55%) were expecting performance to improve in the next 12 months compared to just 8% expecting it to deteriorate.

Figure 2: Business performance over previous 12 months, and expected performance over next 12 months



Number of respondents: 2017 2,365, 2015 1,918.

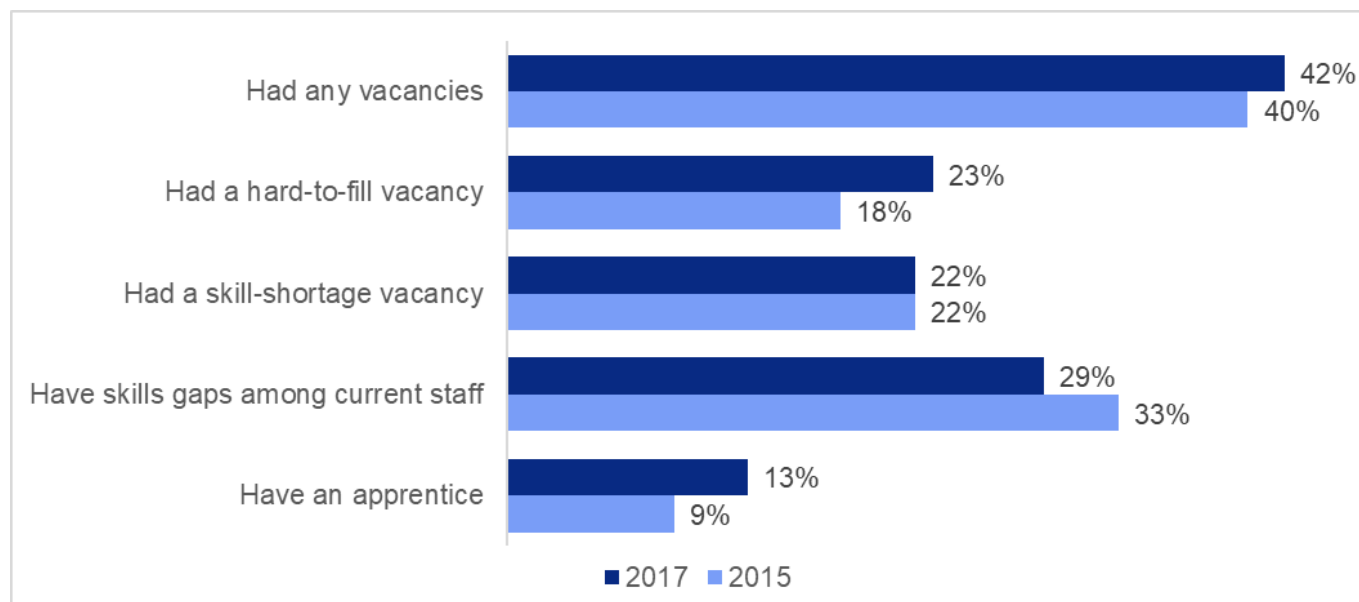
Questions asked: Would you say that, overall, your business performance in the past 12 months has improved, remained stable or deteriorated? Over the next 12 months, do you expect your business performance to improve, remain stable or deteriorate?

12. The UK's upcoming exit from the European Union is causing some concern among businesses, with almost a third (32%) expecting to see a negative impact compared to just 12% expecting the impact to be positive.
13. Access to the single market was the biggest priority for businesses in the EU exit negotiations, with 29% saying this was a key issue for them. The availability of skills (14%) and labour (18%) were also mentioned frequently.

Employment, skills and training

14. Skills is a key issue for local businesses, with 33% stating it is a key growth constraint, which is the top cited issue.
15. Just over four in ten (42%) businesses reported having had at least one vacancy in the 12 months preceding the survey. This is comparable to the 2015 figure (40%) but still lower than levels in 2014 (49%).
16. Over half of businesses that had vacancies (56%) reported they had found at least one of these vacancies hard to fill. This is an increase on the levels seen in 2015 (46%) and 2014 (43%). This 56% equates to 23% of all businesses, again higher than in 2015 (18%).

Figure 3: Summary of key employment, skills and training figures



Number of respondents: 2017 2,374, 2015 1,918.

17. Overall, 53% of employers with vacancies could list at least one skill they had trouble recruiting for in the previous year (which equates to 22% of all businesses). This is similar to the proportion seen in 2015 (57% of employers with vacancies and 22% of all businesses).
18. The majority of businesses believed their workforce to be already well skilled, however 29% were able to list at least one skill their staff were lacking (a “skills gap”), which is slightly less than in 2015.
19. Overall, 13% of businesses had a current apprentice (on a recognised government apprenticeship scheme) at the time of the survey. This was a slight rise on the 9% seen in 2015, but comparable to the 12% seen in 2014. A further 36% of SEMLEP businesses said they would consider taking on an apprentice, leaving 52% who would not consider employing apprentices.

Innovation

20. A quarter (25%) of businesses said they had introduced at least one new product, service, patent or process in the 12 months preceding the survey. This is a slight reduction from 2015 (28%) and continues an ongoing downward trend. Similarly, 31% of businesses expect to introduce new products, services, patents or processes in the next 12 months, which is a drop on the numbers seen in previous years (36% in 2015 and 39% in 2014).
21. Overall, 8% of businesses in the region had links with universities or colleges for research and development purposes. This is lower than the 12% seen in 2015 and 2014.

Regulation

22. Almost two-thirds (63%) of businesses believe that, on the whole, effective regulation supports their business operations. This was slightly higher than levels seen in 2015 (57%).

SEMLEP

23. Overall, 13% of businesses said they had heard of SEMLEP prior to the survey. This represents a gradual increase from 8% in 2013 and 9% in 2014, although it is a drop from the 25% level of awareness in 2015.
24. Businesses aware of SEMLEP had most commonly heard of them through direct communications from SEMLEP (39%); 28% had heard of them through the local authority and 8% through the press or social media. The proportion hearing of SEMLEP through the press has reduced in recent years and could be contributing to the overall drop in awareness since 2015.
25. Businesses believe that the strategic focus of SEMLEP should primarily be on business support (26%). This was particularly the case for smaller businesses. Larger businesses were more concerned with ensuring the availability of an appropriate supply of skilled labour and infrastructure improvements.

Showcase sectors

Creative and Cultural sector:

26. Businesses in this sector were less positive than average about the local area, in particular the rail and road networks. However, they were no more likely than average to be looking to relocate.
27. The sector is active in the recruitment market, with just over half of businesses having a vacancy in the previous year. Around half of businesses with vacancies had suffered hard-to-fill vacancies, which is in line with figures across SEMLEP as a whole.
28. Creative and Cultural businesses were, however, more likely than average to report skills gaps among their current staff, with around two-fifths of businesses facing this issue. The sector was most likely to offer internal training over other forms of skills development, but there were still two-thirds who said they were doing nothing to increase skills among their staff.

High Performance Technology sector:

29. There has been a drop in the proportion of High Performance Technology businesses reporting an improved performance over the previous 12 months since 2015. Optimism for performance in the coming 12 months was also reduced on previous levels.
30. These businesses' main priorities centred around the availability of suitably skilled staff: they listed this as a priority for SEMLEP to focus on, and rated the local area lower than average for the local workforce and the quality of schools and colleges. However, they reported their current staff to be well-skilled, with just a handful reporting having any skills gaps among staff.
31. Awareness of SEMLEP and the growth hubs (Velocity and Northamptonshire Growth Hub) was lower than average in this sector. However, they were less likely to list any type of support they wanted from councils or other local support agencies, suggesting many would be less receptive to this sort of assistance. They were also much less likely than average to have used web-based business support; these factors combined may make them hard to reach.

Logistics sector:

- 32. Businesses in the Logistics sector had a lower than average awareness of SEMLEP and of the growth hubs (Velocity and Northamptonshire Growth Hub). They list financial-based considerations as their priorities for support that could be offered by councils or other local support agencies: lower business rates and financial support.
- 33. They had a lower than average level of optimism about their performance over the next 12 months.
- 34. These businesses were on the whole positive about the local area, but were less positive about the local road network and public transport. The former, particularly, may be why a higher proportion of these businesses are looking to relocate, with a higher proportion looking outside of the SEMLEP region.

Manufacturing and Advanced Technology sector:

- 35. Businesses in the Manufacturing and Advanced Technology sector listed the supply of skilled labour as one of their priorities. They were less content than average with the supply of skilled labour in their local area. However, they were comparatively quiet in the recruitment market and of the few that had had vacancies, they were no more likely than average to find these hard to fill.
- 36. They were more likely than average to have filled apprenticeships or to be open to taking on apprentices.
- 37. Businesses in this sector had a higher than average awareness and use of the growth hubs.
- 38. They had a lower than average level of optimism about their performance over the next 12 months.

Issues to consider

- 39. The following represent themes and issues for consideration, based on the findings of this research.

Almost all businesses seek support, but few seek it from local or government-sponsored sources. Focusing support on smaller businesses could have the biggest impact.

Businesses are not overly positive about the local support available to them. Small businesses in particular list it as something they would like to see more of from SEMLEP and from other support organisations. It is likely a large part of this is an awareness issue, and the promotion of SEMLEP services will go some way to addressing this.

Addressing the key constraints to business growth is more important now than ever. Encouraging businesses to invest in staff skills could help address key concerns.

Business confidence has seen a reduction on previous years as businesses enter a period of uncertainty, with many not knowing what impact the UK's exit from the European Union will have on them and more predicting this will be negative rather than positive.

Lack of skilled labour was highlighted as a priority for businesses in a number of places throughout the survey. Almost a quarter of businesses in the region had trouble filling a vacancy in the past

year, and half of businesses with vacancies had trouble finding particular skills. Furthermore, 29% reported skills gaps in their current workforce – a small but significant proportion. National surveys² report that skills gaps have an impact on business performance for two-thirds of employers who experience them.

Businesses are suffering from a lack of skills that they are having trouble sourcing from the workforce. Encouraging businesses to invest in training for their staff would therefore be an effective way of mitigating some of the impacts of this, with only a third currently taking any action to improve their staff's skills. Advice from the UK Government states the benefits of training: "You can improve the range and level of skills in your business by training up existing staff. Giving staff training opportunities can increase their loyalty to your company and their productivity – as well as your profits."³. As well as general promotion of the benefits, support to collaborate with education providers or assistance sourcing training might be of benefit, although in many cases the job-specific skills that are most commonly lacking will need employers to make the time for internal training.

Work experience is a useful tool to develop the work-readiness of education leavers.

An increasing number of businesses report they are having trouble finding work-ready education leavers. Encouraging employers to offer more work experience placements to students and pupils may help in this respect, especially among larger employers who have more capacity to put this into effect. The most common reason for not offering work experience was the lack of opportunity.

Providing support by linking employers with education providers and potential candidates and helping employers understand what is involved, both in terms of the legal requirements and the sorts of activities they could be offering to candidates, could go some way to increasing placements. As a result, a proportion of local education leavers would be better prepared for the work available in the region.

The drop in business confidence has been accompanied by a drop in innovation activity.

UK-level surveys show us that constraints to innovation tend to be financial, both in terms of the investment required for achieving the innovation and the financial risk if the expected benefits are not realised. Schemes to encourage innovation through help with funding therefore have the potential to be most effective, but promoting and supporting innovation to give businesses the confidence to go ahead and facilitating links between businesses and universities for research and development purposes could also be beneficial.

Business ratings of the local area are positive, and marketing can focus on these positives to bring new investment into the area.

The local infrastructure is a particular strength, and ratings of the area as a place to live and work are also good. Promotion of this sort could not only bring new businesses to the area but also enforce the value current businesses are getting for the rents and rates they pay.

² UKCES (2016) UK Employer Skills Survey 2015 <https://www.gov.uk/government/publications/ukces-employer-skills-survey-2015-uk-report> (accessed 05/09/2017)

³ <https://www.gov.uk/growing-your-business/hire-and-train-staff> (accessed 05/09/2017)

Keeping SEMLEP's profile high among businesses is a priority.

Although there has been a gradual increase in awareness since 2013, there has also been a notable drop-off since 2015. The data indicates that in the past press coverage has been the main source of awareness about SEMLEP, so a sustained focus on PR and press coverage could help ensure the SEMLEP name is regularly seen by businesses, especially given business and staff churn. Beyond this, it is important to engage with businesses regularly once contact is established, to ensure SEMLEP does not slip off their radar – increased social media activity, newsletter mailings and regular contact are all means by which this could be achieved, and the appropriate route may be different for different businesses. Increasing awareness of SEMLEP and its offer will also go some way to helping address businesses' need for support to grow.

SEMLEP Business Survey 2017

Main Report

Section 1: Introduction

Introduction and background

- 1.1. The South East Midlands Local Enterprise Partnership (SEMLEP) is one of 38 LEPs in England tasked with determining local economic priorities and undertaking activities aimed at driving economic growth and increasing jobs. SEMLEP achieves this via a business-led partnership and covers an area made up of 14 local authorities⁴. The LEP is in an area encapsulating over 80,000 businesses and generating an economy worth in excess of £50bn⁵.
- 1.2. Since the 2015 survey was undertaken, two additional local authorities have come into the SEMLEP area (East Northamptonshire and Wellingborough). The Velocity Growth hub, launched in 2014, has also had time to establish itself as a source for business support and advice in the area.
- 1.3. The area's economy is underpinned by four key "showcase sectors", which SEMLEP has identified as sectors in which the area has a particular strength and which have the greatest potential for growth. These are Creative and Cultural, High Performance Technology, Logistics, and Manufacturing and Advanced Technology.
- 1.4. This report presents the findings from the 2017 SEMLEP business survey. It provides analysis to support and inform SEMLEP strategy and activities, and shows comparisons by local authority, showcase sector and other key business variables to build a picture of the needs of businesses in the area.

Aims and objectives

- 1.5. The survey's overarching aim was to identify the economic challenges and opportunities facing businesses in the area to inform SEMLEP and local authority approaches to the development and delivery of their economic development activities.
- 1.6. Specific issues covered by the survey are:
 - Quality of the local area as a business location
 - Business engagement and support
 - Business performance
 - Employment, skills and training
 - Innovation

⁴ Aylesbury Vale, Bedford, Central Bedfordshire, Cherwell, Corby, Daventry, East Northamptonshire, Kettering, Luton, Milton Keynes, Northampton, South Northamptonshire and Wellingborough (plus Northamptonshire County Council, which covers the seven Northamptonshire authorities)

⁵ Source: <http://www.semlep.com/> accessed 08/08/2017.

- Regulation
- Perceptions about SEMLEP

Approach to the research

- 1.7. A total of 2,374 interviews were carried out via CATI (computer assisted telephone interviewing) over a six-week period between mid-June to the start of August 2017. Interviews took an average of 20-25 minutes to complete, and were conducted with decision makers.
- 1.8. Surveys were completed at the establishment level, that is to say, every site of a business was sampled separately and had a chance of being included, and responses given related to the situation at that site only. This ensured the information collected reflects the local picture.
- 1.9. The questionnaire was based on that used in the 2015 survey, with a few changes to reflect updated priorities and challenges of the area. Questions were added about the UK's exit from the European Union, the work experience offered by businesses and their working practices. The local authorities that boosted their interview numbers were also able to include some questions specific to their area; these are not shown in this overarching report but are presented in individual reports that have been provided to each relevant authority. The full questionnaire can be found in the appendix to this report.
- 1.10. Quota sampling was used to ensure a representative split of businesses by size and sector. Quotas were set in proportion to the SEMLEP business population statistics, sourced from the Office of National Statistics⁶. Quotas were achieved to within 1-2% of the original target. Weighting was then applied to ensure the final data was fully representative of the business population. The total number of interviews achieved for each of these, and the corresponding proportion once weighted to the population, are shown in Figure 1.1.

⁶ ONS UK Business Activity - Size and Location 2016.

Figure 1.1: Business profile by size and sector with number of interviews achieved

Quota	Number of interviews achieved		Population (weighted profile)
Business size	N	% of total	% of total
1-4 staff	1,743	73	74
5-9 staff	282	12	12
10-24 staff	222	9	7
25-49 staff	54	2	5
50-99 staff	51	2	1
100-249 staff	16	1	1
250+ staff	6	0.5	1
Business sector			
Accommodation and food service activities	113	5	5
Administrative and support service activities	225	9	9
Agriculture, forestry and fishing	105	4	4
Arts, entertainment and recreation	63	3	3
Construction	260	11	11
Education	21	1	2
Financial and insurance activities	48	2	2
Human health and social work activities	77	3	5
Information and communication	155	7	8
Manufacturing	193	8	6
Other service activities	76	3	3
Professional, scientific and technical activities	389	16	16
Real estate activities	66	3	3
Transportation and storage	166	7	6
Motor trades	126	5	3
Wholesale	102	4	4
Retail	185	8	8

- 1.11. As Figure 1.1 shows, the business population in SEMLEP is heavily weighted towards small and micro establishments with 97% of businesses having fewer than 50 staff and 74% fewer than 5. Professional, scientific and technical activities is the dominant sector in terms of the number of establishments there are in the area; construction and administration and support services businesses are also common.
- 1.12. The interview target for each local authority was set at 100 to allow statistically valid analysis by authority area. Seven local authorities chose to boost the number of interviews carried out in their area further; these were Central Bedfordshire, Cherwell, Daventry, Luton, Milton Keynes, Northampton and South Northamptonshire. Data were then weighted to ONS statistics to ensure the final results accurately reflected the size, sector and local authority profile of businesses in the SEMLEP area.

Figure 1.2: Interviews achieved and weighted and unweighted profile by local authority

Quota	Number of interviews achieved		Population (weighted profile)
	N	% of total	% of total
Aylesbury Vale	104	4	11
Bedford	100	4	8
Central Bedfordshire	252	11	14
Cherwell	251	11	8
Corby	101	4	3
Daventry	254	11	5
East Northamptonshire	100	4	4
Kettering	105	4	4
Luton	250	11	8
Milton Keynes	252	11	14
Northampton South	253	11	11
Northampton	251	11	6
Wellingborough	101	4	4

A note on this report

- 1.13. This report presents the findings for the SEMLEP area as a whole, with analysis presented by key business characteristics where sample sizes allow. Analysis by showcase sector is presented together in Section 10. Local authority differences are only mentioned where it is key to the story; tables presenting the findings broken down by local authority are available separately.
- 1.14. This is the fourth time the SEMLEP business survey has been staged. Where possible, comparisons are made to previous years. It should be noted that in 2013 only six of the local authorities participated in the survey, and the 2014 survey did not include social enterprises organisations (which make up 4% and 2% of the sample in 2015 and 2017 respectively) so comparisons are made with caution. SEMLEP also now includes two additional local authorities since the 2015 survey; where comparisons are made with 2014 and 2015 the data have been checked to make sure the addition of these authorities is not the cause of the difference.
- 1.15. With 2,374 respondents, the survey provides for statistically reliable data. At this number of respondents, the sample error or accuracy of the survey results is +/- 1-2% at a 95% confidence level, depending on the result⁷. This means that we can be 95% confident that the “real” result for any given question would be within 1-2% of those stated within the survey findings. This provides for robust data when analysed at a headline level and when different questions are cross-referenced against each other. It also allows for reliable comparison over time and nationally. The report only comments on differences where they are statistically significant and/or where they tell an important story.

⁷ Sampling error exists because even when surveying as robustly as has been the case with this survey, only a proportion of the population has been interviewed. Sampling error, therefore, is the measure of accuracy between the survey results and those that would have been obtained if all residents in the area had been surveyed i.e. a census conducted.

Section 2: Quality of the Local Area for Business

Key Findings:

- The proportion of businesses which gave their local area the top rating (5 out of 5) as an area to do business in has risen from a quarter in 2015 to almost a third in 2017. Two-thirds of businesses overall gave a positive rating, which is comparable to previous years.
- Ratings of the area's infrastructure have improved since 2015, particularly in relation to the ease of transportation of freight and the public transport network. There have also been marked improvements in the perceptions of the business and labour market conditions in the area, for example the value businesses perceive their rent and rates to represent, and the availability of premises. However, businesses were still not very positive about the local support that is available to them.
- 13% of businesses were considering relocation; the majority still within the local authority or SEMLEP area. The main reasons given for this were a need for larger premises and to reduce costs.

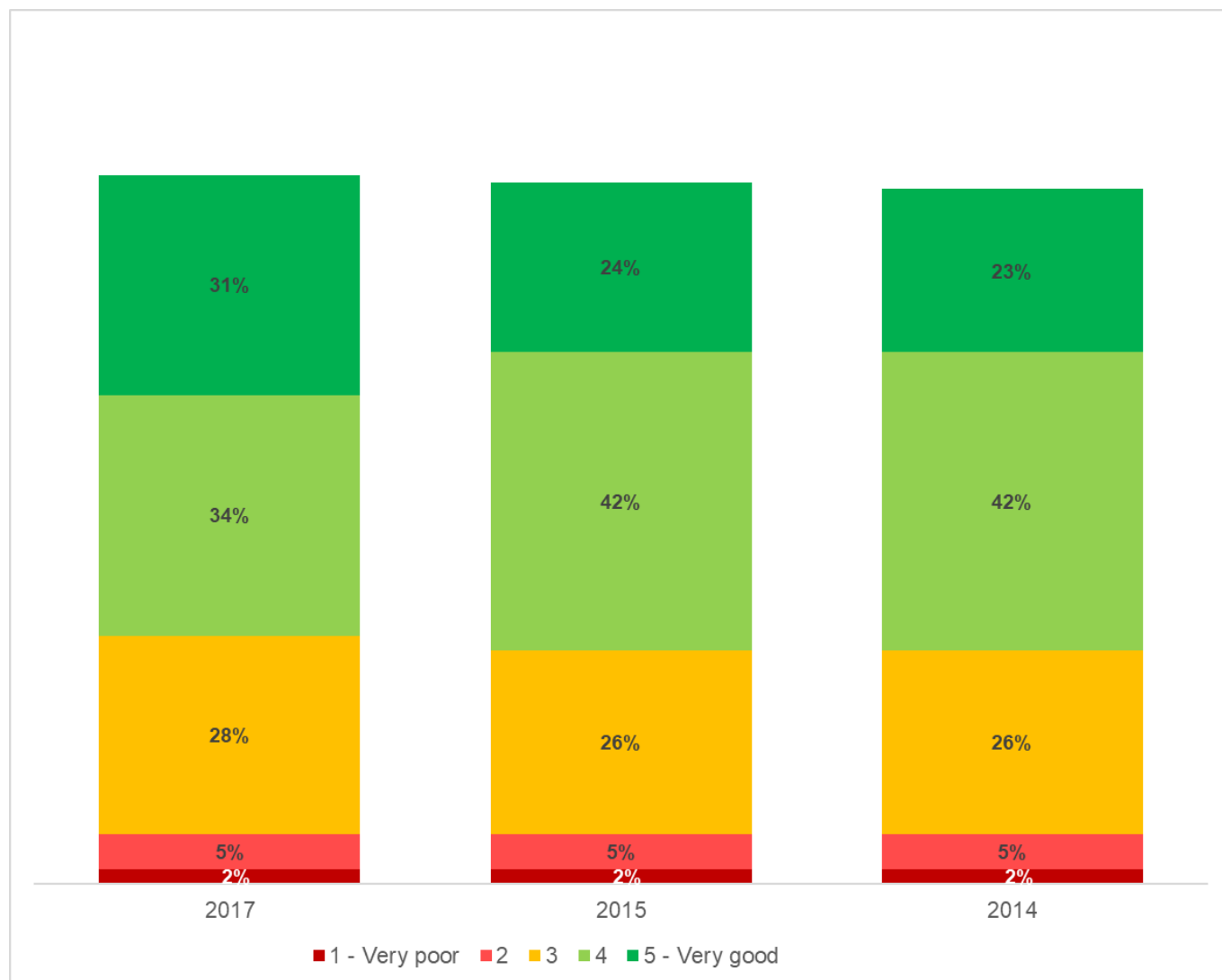
Introduction

- 2.1. This section looks at business perceptions of the local area as a place to do business, both overall and in terms of specific aspects of the business and labour market conditions, attractiveness of the area to live in and local infrastructure.

The area as a place to do business

- 2.2. Overall, two-thirds of businesses (65%) rated their local area as a good area to do business in, giving it a score of 4 or 5 out of 5. This is in line with previous years (66% in 2015, 65% in 2014). The proportion of businesses giving the area the top rating of 5 out of 5 has increased, from 24% in 2015 to 31% in 2017. The proportion rating their area as poor (5%) or very poor (2%) has remained consistent since 2014.
- 2.3. Ratings of the local area overall were reasonably consistent by business size.

Figure 2.1: Rating of the local area as a place to do business over time



Number of respondents: 2017 2,284, 2015 1,918, 2014 1,573. Excludes 'don't know' responses.

Question asked: Overall, how do you rate your location as a place to do business?

Availability and quality of key aspects of the area

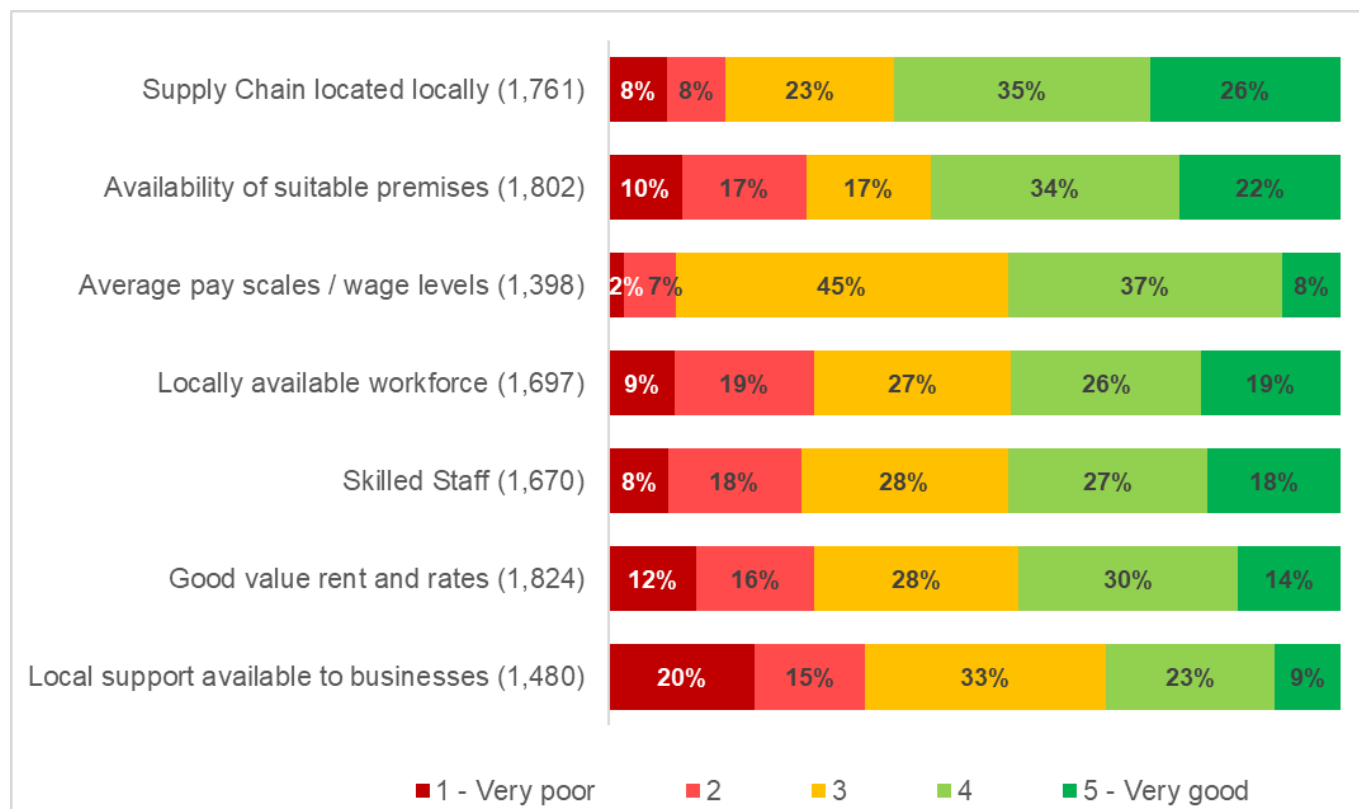
- 2.4. Businesses rated their local area on 18 different aspects from a business perspective. These can be grouped into three broad topics as follows:

Business conditions	As a place to live and work	Infrastructure
<ul style="list-style-type: none">• Supply chain located locally• Skilled staff• Locally available workforce• Local support available to businesses• Average pay scales/wage levels• Availability of suitable premises• Good value rent and rates	<ul style="list-style-type: none">• Affordable housing• Good quality schools/colleges• Proximity to universities• Attractive surroundings• Availability of local services (such as retail and leisure)	<ul style="list-style-type: none">• Road network• Rail network• Airport access• Public transport• Walking/cycling routes• Ease of transportation of freight

Ratings of business and labour market conditions

- 2.5. Ratings were on the whole positive for aspects relating to the business and labour market conditions in the local area, with more businesses giving positive responses than negative. That said, the survey highlights areas for improvement, in particular relating to the local support available to businesses.
- Businesses are most satisfied with the quality of the local supply chain, with over half giving a positive rating of 4 or 5 out of 5. This was particularly true of businesses in the motor trades sector, where 92% gave a positive rating.
 - The availability of suitable premises was also rated well overall, although it is worth noting that this view was not shared by businesses with 5-9 staff, where just 38% said availability of suitable premises was good and almost as many (32%) rated it as poor. This suggests that there may be a gap in the provision of premises suitable for these small, but not micro, businesses. This group of businesses were also the least satisfied with the value of the rent and rates (32%, compared to 44% overall).
 - Businesses were least positive about the local support available to businesses, with just 32% rating it good and 35% rating it poor. This was primarily driven by smaller businesses, with 39% of businesses with 1-4 staff giving a rating of 1 or 2 out of 5 compared to 14% of businesses with 50 or more staff.

Figure 2.2: Ratings of aspects of business and labour market conditions in local area



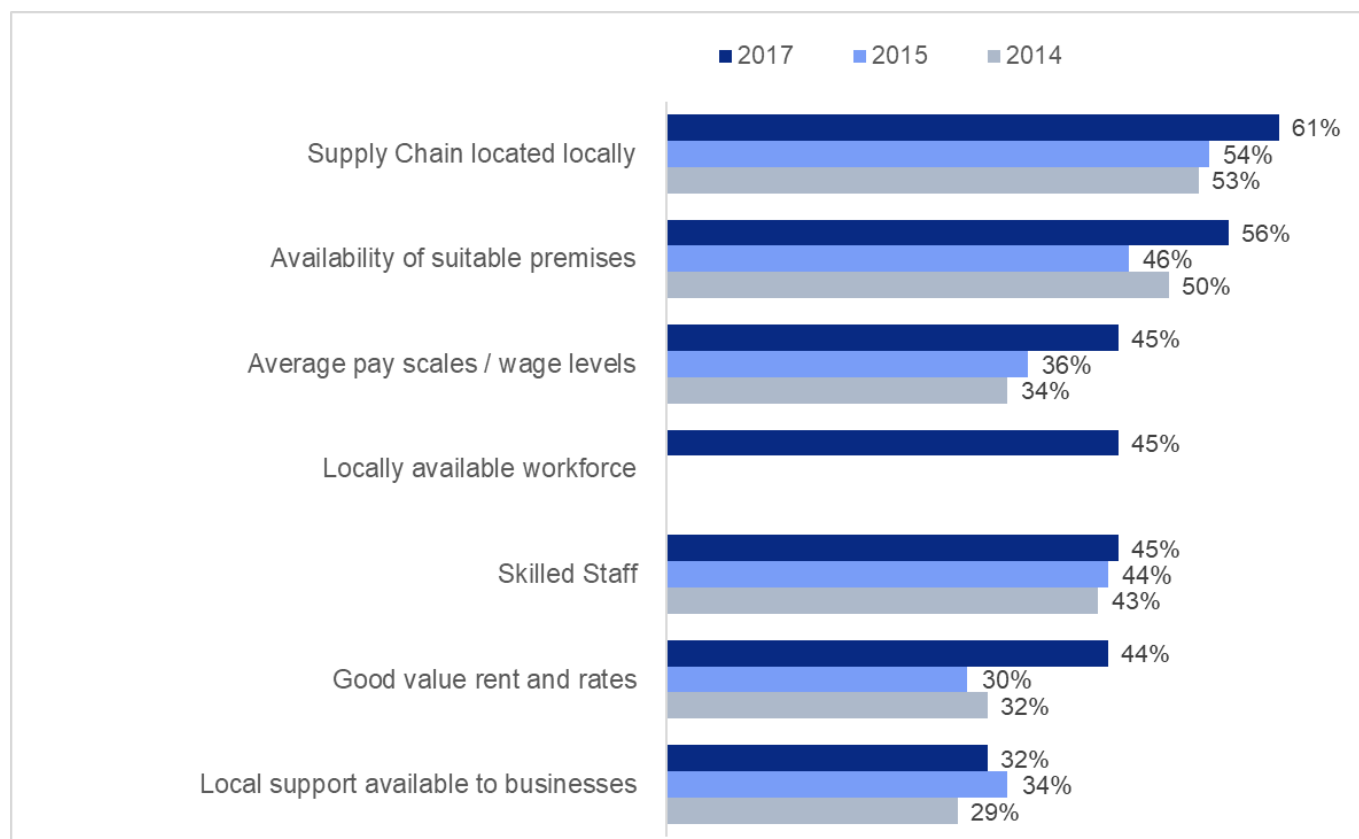
Numbers in brackets are the number of responses to each question (excludes 'don't know' responses).

Question asked: How do you rate the availability of, or quality of, the following aspects of your location from a business perspective?

2.6. The time series analysis paints a positive picture, with many improvements perceived since the last survey. The ratings of the quality of the supply chain, availability of suitable premises, average pay scales or wage levels⁸ and the value of rent and rates have all improved since 2015. However, the rating of the local support available to businesses has remained static.

⁸ Re: average pay scales/wage levels – it is not clear if businesses are saying that average pay scales/wages are relatively low (and thus good for profits) or relatively high (and thus good for attracting labour).

Figure 2.3: Proportion of businesses giving a rating of 4 or 5 out of 5 for aspects of business and labour market conditions in local area: time series



Number of respondents: 2017 2,370, 2015 1,918, 2014 1,573. Excludes 'don't know' responses.

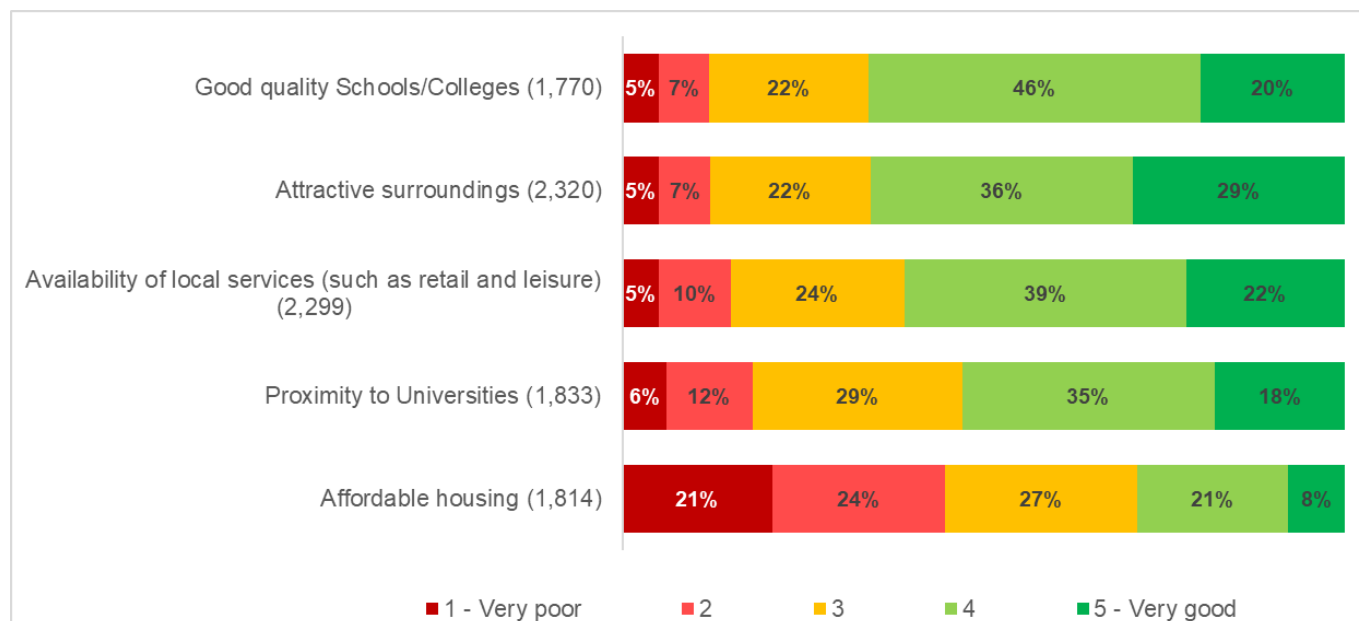
Question asked: How do you rate the availability of, or quality of, the following aspects of your location from a business perspective?

There is no time series comparison for "locally available workforce", this question is new for 2017.

Ratings of the area as a place to live and work

- 2.7. The area is rated very highly by businesses, with attractive surroundings, good quality education options and a good availability of local services and amenities. However, ratings are lower for the availability of affordable housing in the area: almost half of businesses (45%) think this is poor.

Figure 2.4: Ratings of aspects of the local area as a place to live and work

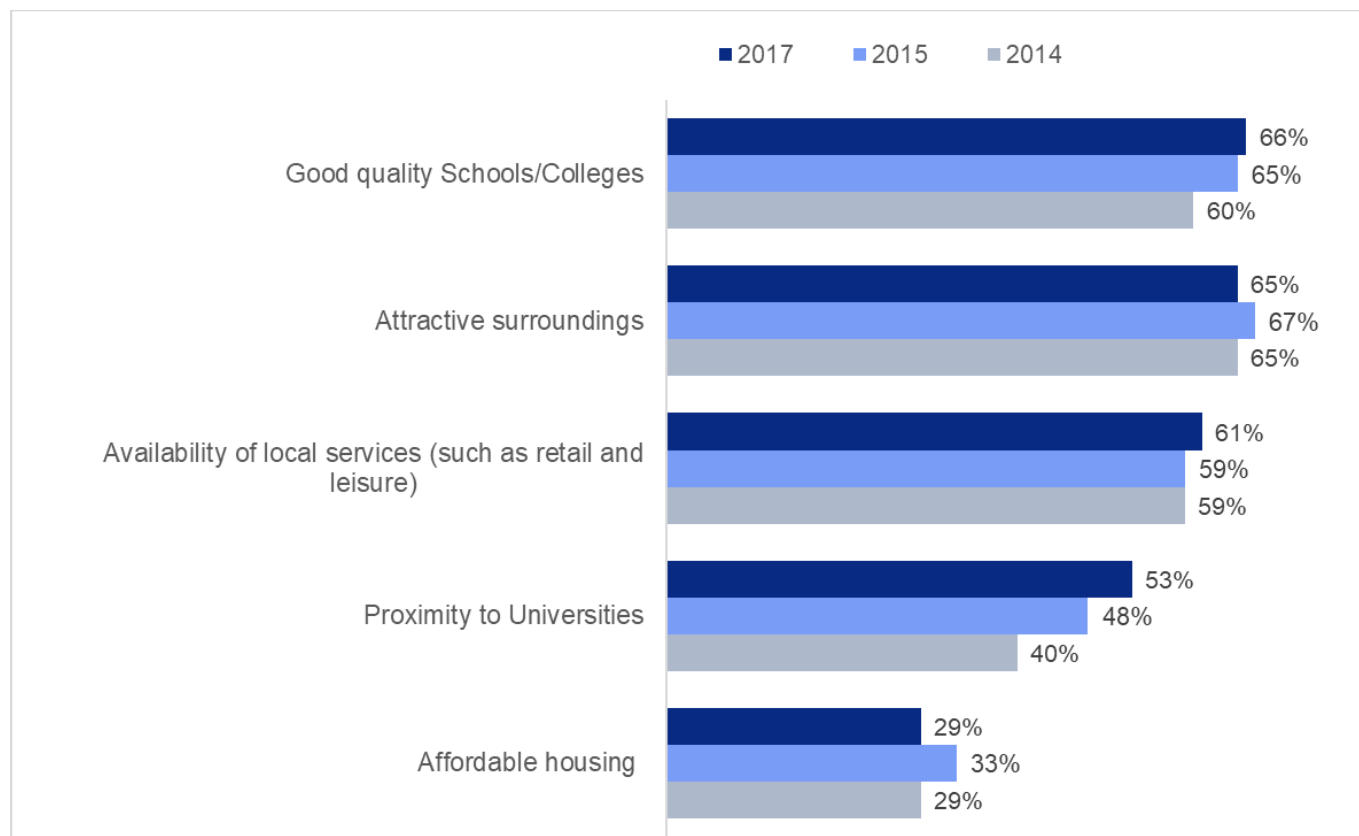


Numbers in brackets are the number of responses to each question (excludes 'don't know' responses).

Question asked: How do you rate the availability of, or quality of, the following aspects of your location from a business perspective?

2.8. The ratings for aspects of the local area as a place to live and work have remained fairly consistent over time.

Figure 2.5: Proportion of businesses giving a rating of 4 or 5 out of 5 for aspects of the local area as a place to live and work: time series

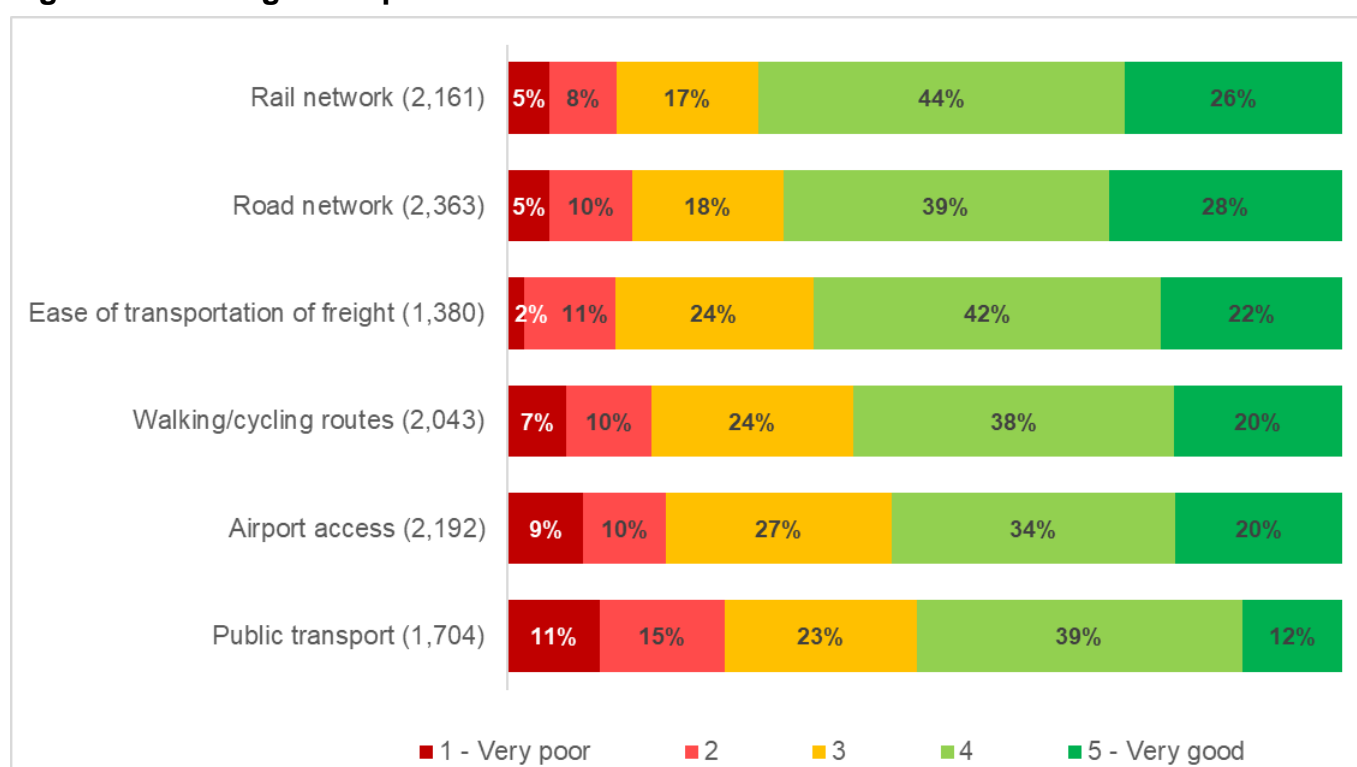


Number of respondents: 2017 2,370, 2015 1,918, 2014 1,573. Question asked: How do you rate the availability of, or quality of, the following aspects of your location from a business perspective? Excludes 'don't know' responses.

Ratings of the local infrastructure

- 2.9. Overall, the local infrastructure received a positive evaluation by businesses, with every aspect covered receiving a “good” or “very good” rating by over half of businesses which felt able to give a response.
- The rail network scored highest with 70% giving a positive score.
 - Ratings of the road network were also high with two-thirds giving a positive rating. However, this did not extend to all sizes of business: just 29% of businesses with 50 or more staff felt the road network was of a good quality, and 30% rated it as just 1 or 2 out of 5. Similarly, large businesses were less satisfied with their access to airports, with just 32% giving a positive score to this aspect. This could be related to larger businesses placing higher demands on the network, with more frequent and/or more complex requirements for business travel.
 - There is a sizeable minority of businesses (26%) who believe the public transport in the area is poor or very poor.

Figure 2.6: Ratings of aspects of the local infrastructure

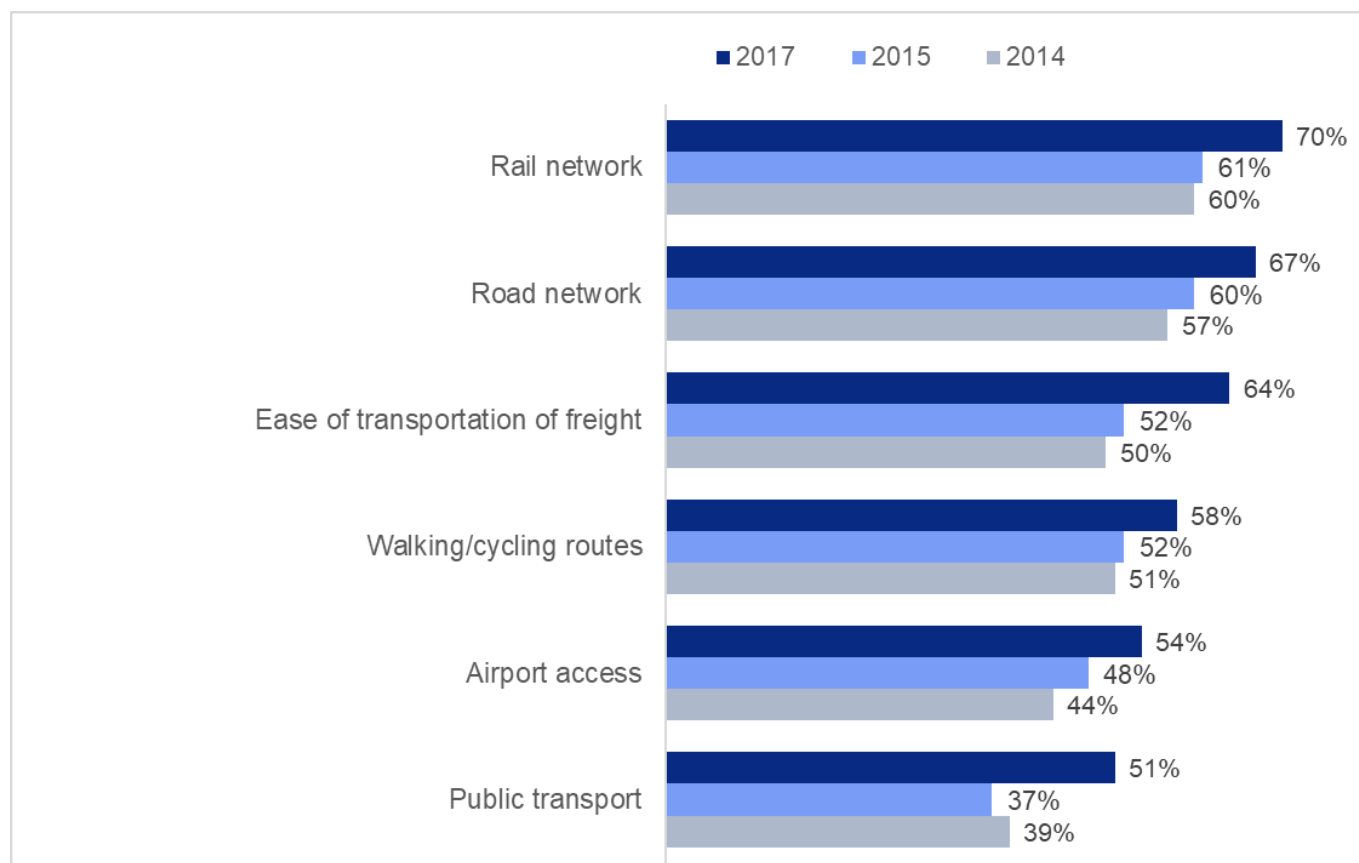


Numbers in brackets are the number of responses to each question (excludes ‘don’t know’ responses).

Question asked: How do you rate the availability of, or quality of, the following aspects of your location from a business perspective?

- 2.10. There has been an improvement in the rating given for every aspect of infrastructure covered by the survey since 2015. Whilst public transport is still the lowest rated aspect, it is encouraging to see a 14 percentage point improvement in the proportion of businesses who rate the public transport as “good” or “very good”.
- 2.11. The ease of transportation of freight has also seen a rise in positive ratings, from 52% to 64%. Rises elsewhere have been more modest, but still reach statistical significance.

Figure 2.7: Proportion of businesses giving a rating of 4 or 5 out of 5 for aspects of the local infrastructure: time series



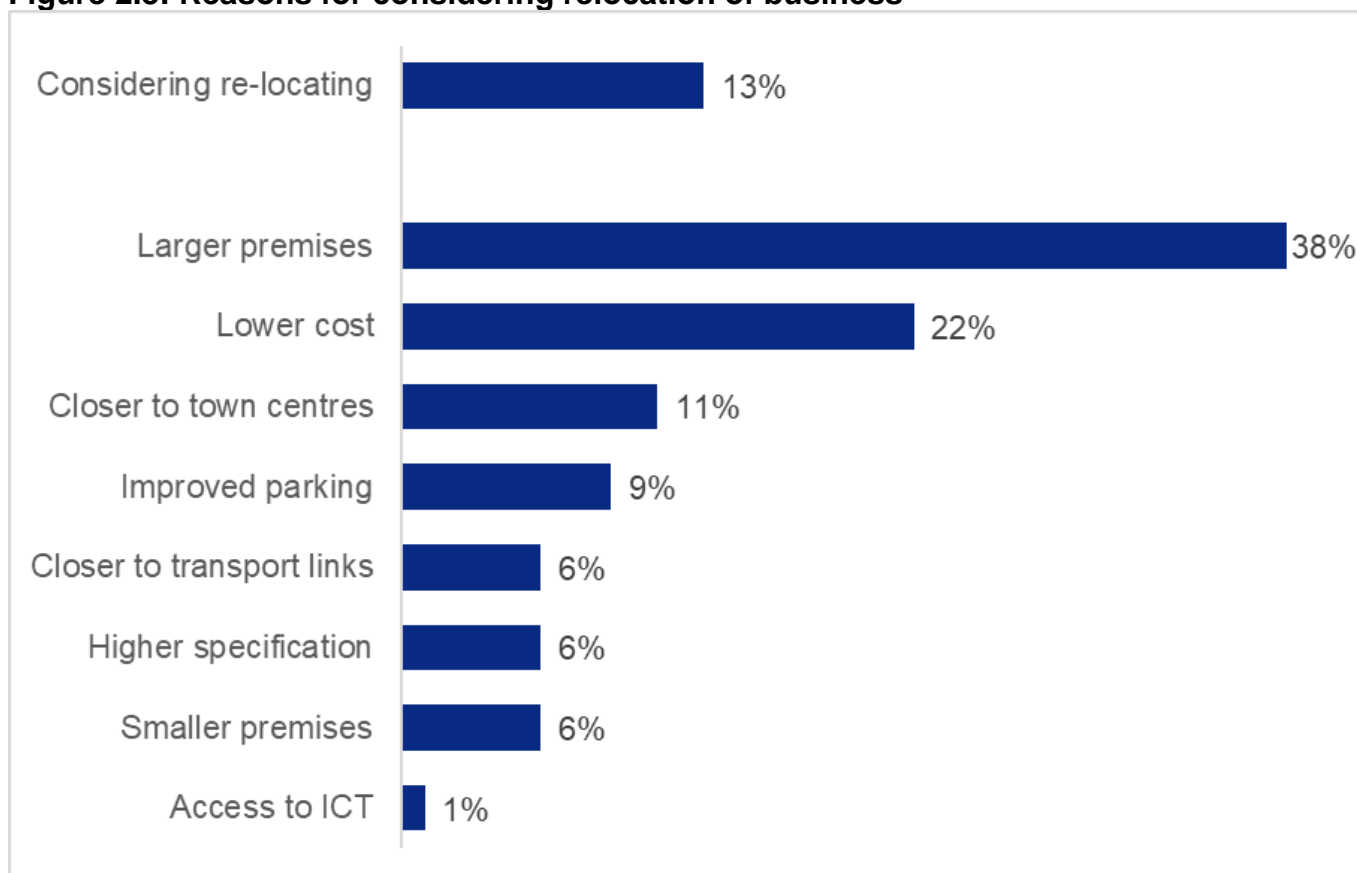
Number of respondents: 2017 2,370, 2015 1,918, 2014 1,573. Excludes 'don't know' responses.

Question asked: How do you rate the availability of, or quality of, the following aspects of your location from a business perspective?

Potential for business relocation

- 2.12. Overall, 13% of businesses were thinking of relocating. Of these, the majority were looking to relocate within the same local authority area, although 1% of businesses were looking to relocate elsewhere within the SEMLEP area and 2% were looking to relocate outside of the SEMLEP area.
- 2.13. Businesses with 5-24 staff are slightly more likely to think about relocating their business (17% compared to 13% of other businesses), possibly because these are the sorts of businesses likely to be experiencing growth pressures.
- 2.14. The most common reason (by some way) for considering relocation was to move to larger premises (38%). To take advantage of lower costs was the second most commonly mentioned reason (22%), followed by being closer to the town centre (11%). Figure 2.8 shows the main reasons mentioned by businesses looking to relocate.

Figure 2.8: Reasons for considering relocation of business



Number of respondents: 2364 / 305.

Questions asked: Are you thinking of relocating your business? / Why are you thinking of relocating?

Section 3: Business Engagement

Key Findings:

- The majority of businesses had used some form of business support or advice in the previous 12 months (83%). This was most commonly from accountants, other business owners and banks.
- Use of local and central government support schemes continues to be low.
- Over a tenth of businesses are aware of the Velocity or Northamptonshire growth hubs. Use of Velocity sits at 2% overall, although this is slightly higher among smaller and scale-up businesses.

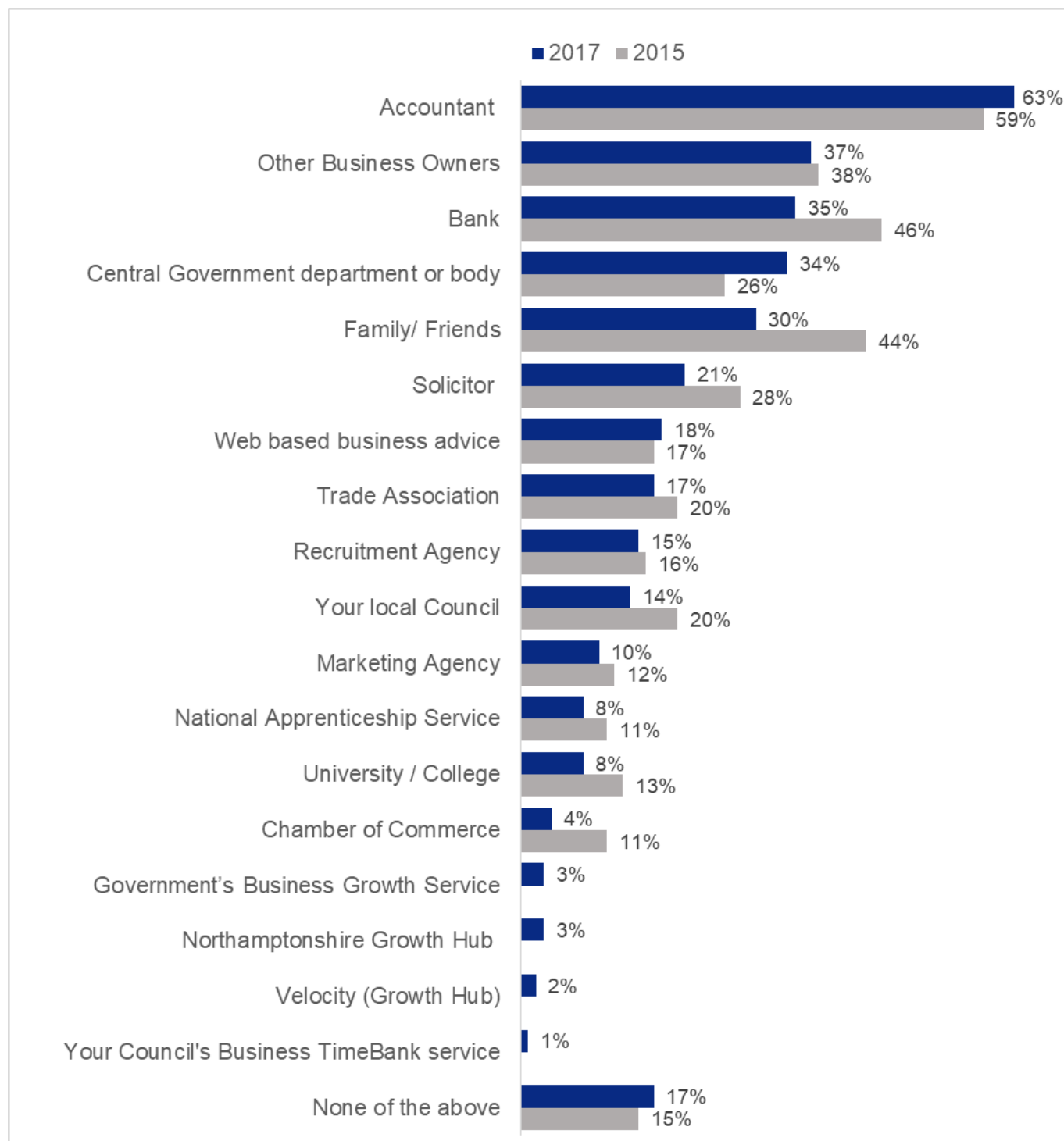
Introduction

- 3.1. This section looks at sources of business advice and support in the SEMLEP area, including the Velocity and Northamptonshire growth hubs.

Sources of business advice for all businesses

- 3.2. The majority of businesses (83%) had used some form of business advice or support in the past 12 months (compared to 85% in 2015 and 89% in 2014). This was most commonly advice from an accountant (63%), other business owners (37%) or a bank (35%).
- 3.3. Central Government departments (such as HMRC and Jobcentre Plus) continue to be widely used (34%), but uptake of advice from specific government-funded projects is much lower. This will in part be due to the way they are targeted, but it remains important to ensure all businesses are aware of the support that is available to them.
- 3.4. Local initiatives such as the growth hubs were used by a small proportion of businesses, and advice from the council used by 14%.
- 3.5. Figure 3.1 shows usage of the different sources of support in full, compared to their usage in 2015.

Figure 3.1: Sources of business advice and support over time



Number of respondents: 2017 2,350, 2015 1,918.

Question asked: Have you used any of the following for business advice or support in the past 12 months?

Note: Options without a 2015 comparator were not asked in a comparable way in the 2015 survey.

- 3.6. “Scale-up” and “pre-scale-up” businesses, that meet a certain set of criteria identifying their future growth potential, were more likely to have accessed support than non-scale-up businesses (90% compared to 77%). This was true of almost every type of support listed.

Growth Hubs

- 3.7. 10% of the businesses which had not used Velocity and 11% of the Northamptonshire businesses that had not used Northamptonshire Growth Hub, said they had heard of them. Combining this with the 2% which had used Velocity and the 3% which had used Northamptonshire Growth Hub, tells us that 12% and 14% in each relevant area had heard of Velocity or Northamptonshire Growth Hub respectively: i.e. 12% of businesses had heard of Velocity and 14% of Northamptonshire businesses had heard of Northamptonshire Growth Hub.
- 3.8. In 2015 the question was phrased to ask if the business had used the “Velocity website”; 16% had done so. This is not directly comparable to the 2% who have used Velocity in 2017 as many would not equate visiting the website to using the service.
- 3.9. However, in 2015 28% of businesses reported that they were aware of Velocity, which is higher than the 12% seen in the present data (although again, this related to awareness of a website as opposed to a service).
- 3.10. Use of Velocity was concentrated to small businesses with fewer than 50 staff: 2% of businesses with fewer than 10 staff and 3% of those with 10-49 staff reported having used Velocity for support and/or advice in the previous 12 months.
- 3.11. Scale-up and pre-scale-up businesses⁹ were more likely to have used Velocity than non-scale-up businesses, although numbers were still small (3%, compared to 1%).

⁹ “Scale-up” and “Pre-scale-up” businesses are those who meet certain criteria (linked to size, turnover and ambition) that identify them as having the potential for expansion. A scale-up business is defined as one that has at least 10 employees, has been operating at least 3 years, achieved a turnover of £500,000 or more in the previous year and has the potential or aspiration to grow turnover and/or profit by 20% or more per year in the next 3 years. A “pre-scale-up business” has at least 5 employees, achieved a turnover of £250,000 or more in the previous year, and has the potential or aspiration to grow turnover and/or profit by 50% or more per year in the next 3 years.

Section 4: Business Performance

Key Findings:

- Business performance over the past year has been positive, with 43% of businesses reporting they had experienced an improvement. Optimism for the coming year is also high, with 55% of businesses expecting to see an improvement. However, these figures are not as positive as they were in 2015 when 50% had seen an improvement over the previous year and 63% expected improvements in the coming year.
- The main constraint on growth cited by businesses was a lack of skilled labour. This was particularly an issue for medium-to-large sized businesses (10 or more staff).
- Businesses believe the impact of leaving the EU will be, overall, negative with 32% expecting a negative impact compared to just 12% expecting a positive one. Small and micro businesses were more likely to expect a positive impact compared to larger businesses. The most common view, however, was that leaving the EU would have no impact on business, with 35% stating this to be the case.
- Over one-fifth of businesses (22%) said they did not know what the impact of leaving the EU will be, which demonstrates a large proportion of businesses living with uncertainty.
- Access to the single market is the priority for SEMLEP businesses in the EU negotiations, followed by the availability of labour and skills.
- Businesses are most commonly looking for support from their council and other support organisations that will help their finances, in the form of lower business rates and increased financial support. Larger businesses would like to see more investment in their area, including transport infrastructure and improved parking.

Introduction

- 4.1. This section presents the findings on the measures of business performance and anticipated growth, including constraints on growth and support to assist growth.
- 4.2. It also covers businesses' predictions for how the UK's departure from the European Union will affect their performance.

Past business performance

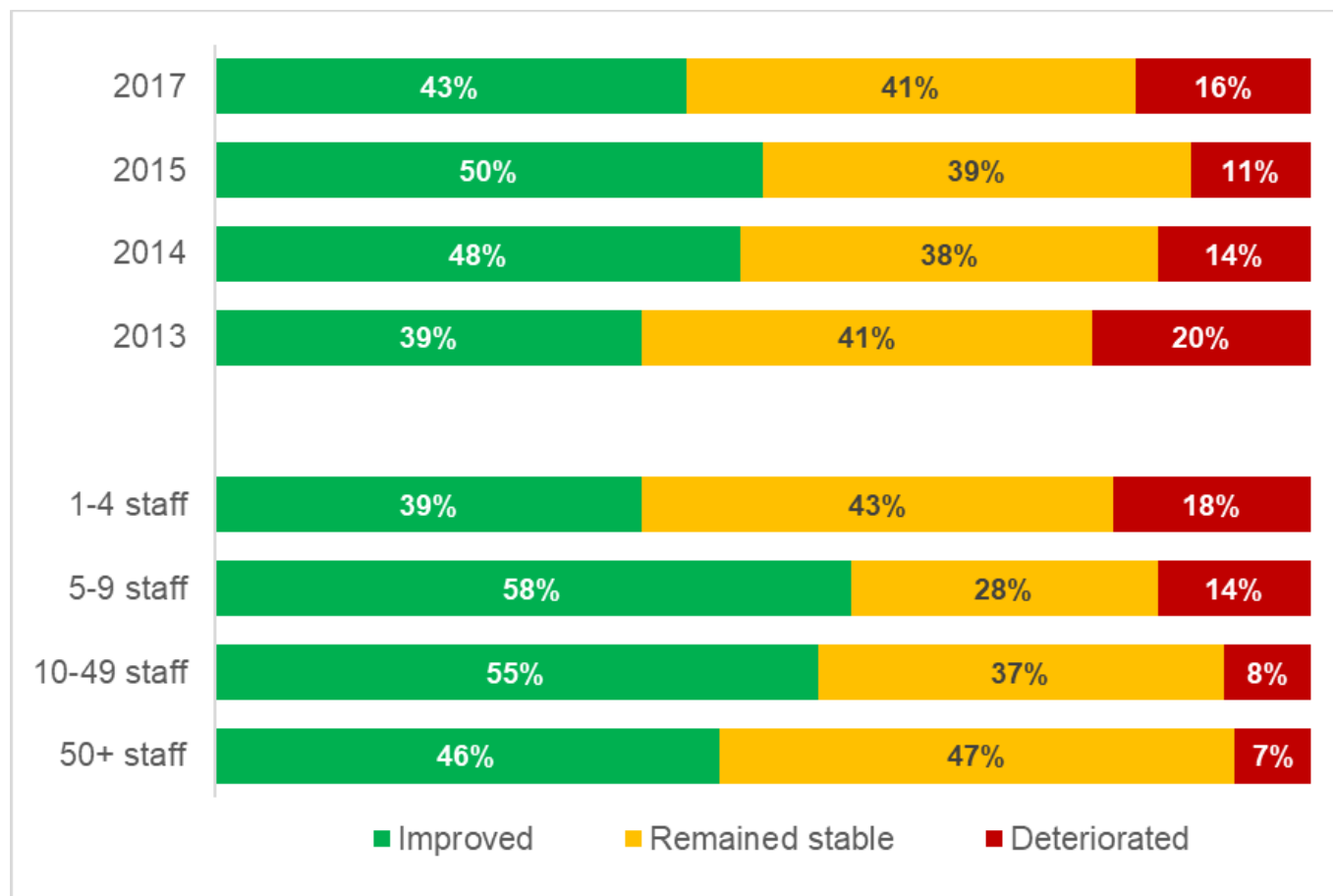
- 4.3. The performance of SEMLEP businesses over the past 12 months has been, on the whole, positive, with 43% of businesses reporting their performance has improved compared to just 16% saying it has deteriorated. This is a slightly less positive picture than was seen in 2015 and 2014, suggesting a slowdown of the pace of growth in the area as a whole.
- 4.4. National figures¹⁰ suggest sales growth has slowed down across the country since 2015, supporting this finding and suggesting it is not limited to the South East Midlands. Other measures of business performance and confidence suggest a decline, which may be Brexit

¹⁰ ICAEW Business Confidence Monitor, Q3 2017. http://www.icaew.com/-/media/corporate/files/technical/economy/business-confidence-monitor/bcm-q3-2017-final_intracvtv.ashx (accessed 06/09/2017)

related¹¹.

- 4.5. Business performance varied by size of business, with the micro businesses less positive than any other size-band. The smaller the business the more likely they were to have seen a deterioration in performance over the previous 12 months, ranging from 18% of those with 1-4 staff down to just 7% of those with 50 or more. Figure 4.1 shows these differences, along with the time series analysis.

Figure 4.1: Business performance over the previous 12 months, by size and time series



Number of respondents: 2017 2,365, 2015 1,918, 2014 1,573, 2013 897; 1-4 staff 1,737, 5-9 staff 282, 10-49 staff 275, 50+ staff 71.

Question asked: Would you say that, overall, your business performance in the past 12 months has improved, remained stable or deteriorated?

Future business performance

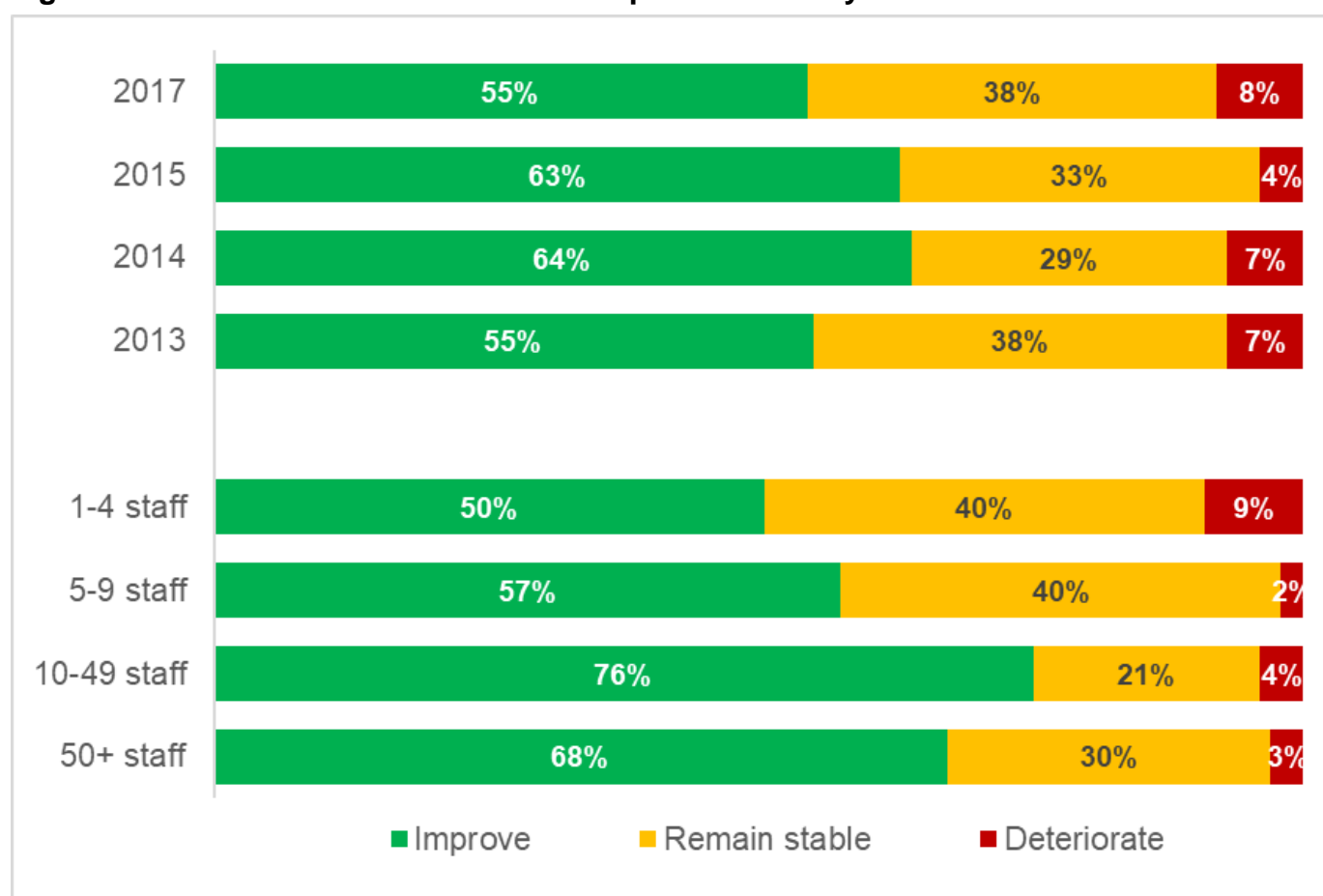
- 4.6. Businesses' predictions for their future performance followed a similar pattern. The outlook is still optimistic, with over half of businesses (55%) expecting performance to improve in the next 12 months compared to just 8% expecting it to deteriorate. These figures are not quite as positive as the outlook predicted by businesses in recent years and are equivalent to the levels seen in 2013.
- 4.7. Size was again a factor influencing business confidence, with micro businesses less likely

¹¹ <https://www.theguardian.com/politics/2017/jul/17/uk-business-confidence-britain-economic-growth-brexit-anxiety> (accessed 07/09/2017)

to predict an improvement in their performance in the coming 12 months (50%) and more likely to predict a deterioration in performance (9%). This difference is more marked than it was in 2015.

- 4.8. Businesses with 10-49 staff were most positive, with almost three-quarters expecting to see an improvement.
- 4.9. Scale-up businesses were more positive than non-scale-ups about the future: 79% of scale-up businesses and 73% of pre-scale-ups expected their business performance to improve.
- 4.10. Comparing this to nationally available figures suggests this wavering confidence is not limited to the South East Midlands. The Institute of Chartered Accountants in England and Wales (ICAEW) report¹² that business confidence in 2017 is far lower than it was in 2015 (their index score has reduced from 22.4 to -8 in the time period). They also found that 39% of businesses said they are less confident than they were 12 months ago.

Figure 4.2: Predictions of future business performance by size and time series



Number of respondents: 2017 2,338, 2015 1,918, 2014 1,573, 2013 896; 1-4 staff 1,715, 5-9 staff 280, 10-49 staff 273, 50+ staff 70.

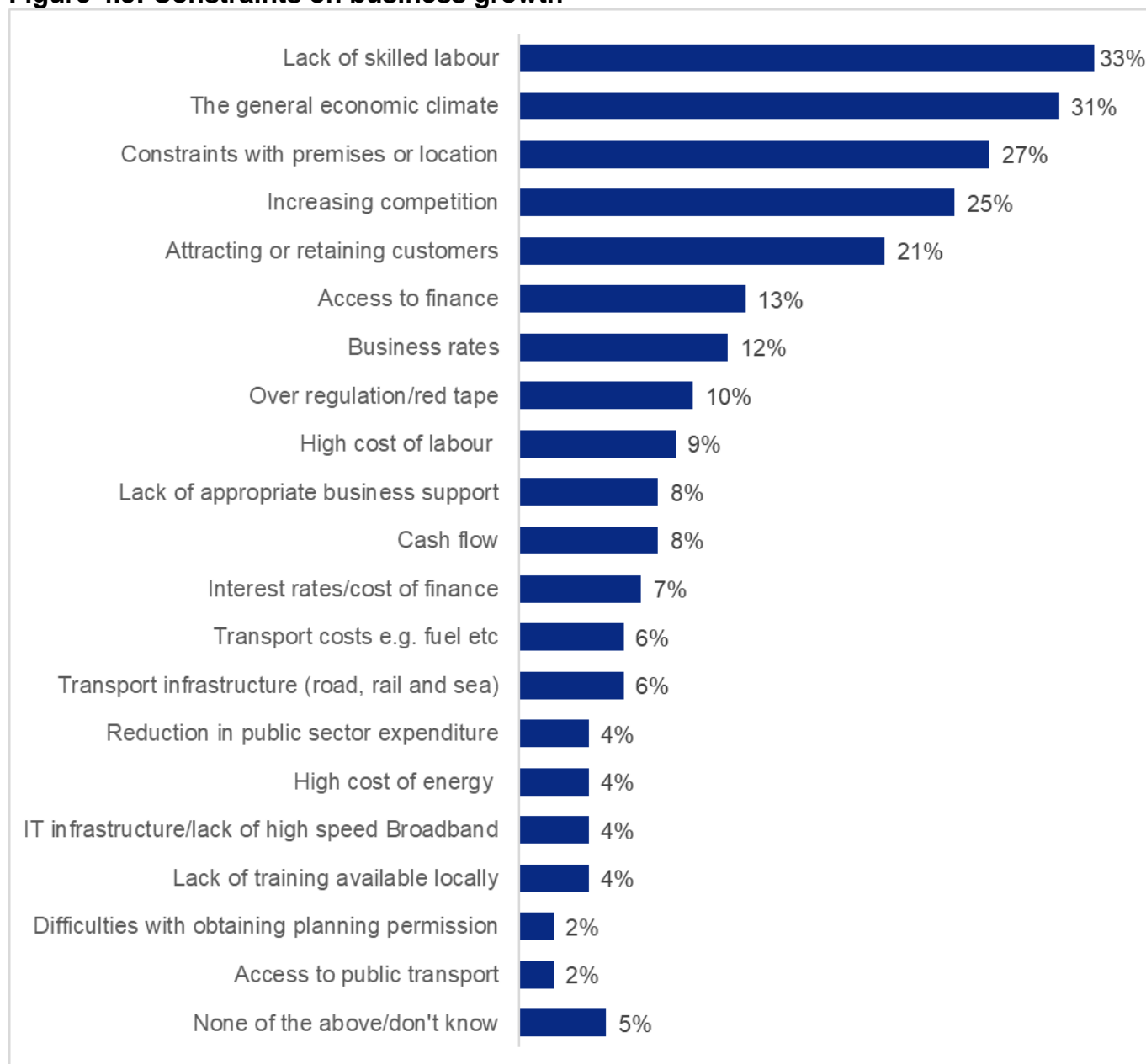
Question asked: Over the next 12 months, do you expect your business performance to improve, remain stable or deteriorate?

¹² ICAEW Business Confidence Monitor, Q3 2017. http://www.icaew.com/-/media/corporate/files/technical/economy/business-confidence-monitor/bcm-q3-2017-final_intractv.ashx (accessed 06/09/2017)

Constraints on business growth

- 4.11. Overall, 95% of businesses were able to name at least one external factor that was proving a constraint on business growth.
- 4.12. The most commonly reported constraint on business growth in the SEMLEP region was a lack of skilled labour, with 33% of businesses citing this factor. This was particularly an issue for medium to large sized businesses, with 42% of those with 10 or more staff saying it is a constraint for them.
- 4.13. Although the actual figures differ over time, the top cited constraints remain consistent.

Figure 4.3: Constraints on business growth



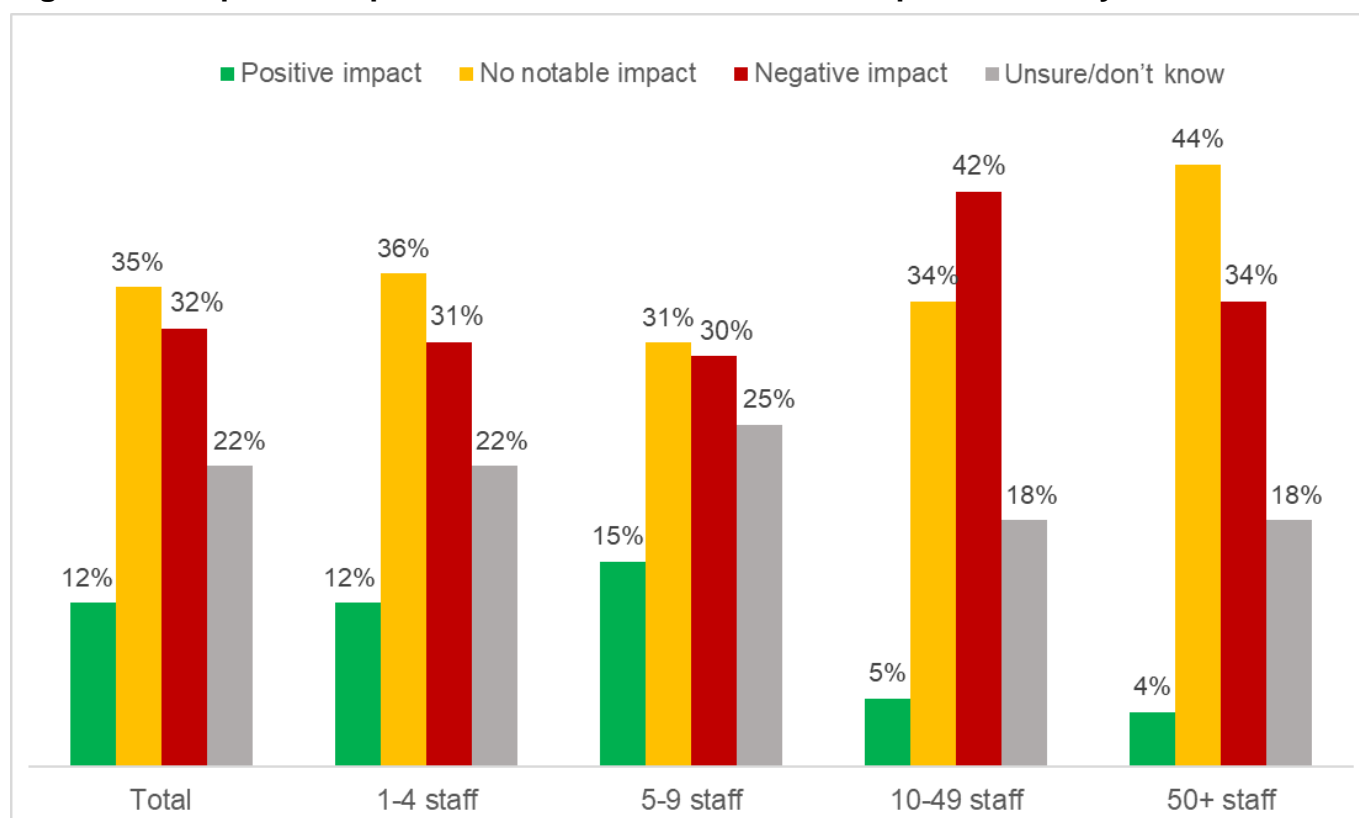
Number of respondents: 2,353.

Question asked: What do you consider to be constraints on your business growth? (Prompted list).

Leaving the European Union

- 4.14. Businesses in the SEMLEP area were more likely to be negative than positive about the impact of Britain's exit from the European Union on their business. Almost a third (32%) said they expect to see a negative impact, whereas just 12% expect the impact to be positive. The largest proportion, however, is that which does not expect to see any notable impact at all.
- 4.15. Importantly, over a fifth of businesses (22%) said they do not know what the impact will be. This represents a large number of businesses facing uncertainty in the region. This uncertainty was felt slightly more by the smallest businesses (22% of those with 1-4 staff and 25% of those with 5-9 staff) than the medium and larger businesses (18% of those with 10 or more staff), but the figure was high across the board.
- 4.16. There were some differences by size: small and micro businesses were most likely to expect a positive impact, at 12% of those with 1-4 staff and 15% with 5-9 staff compared to 5% with 10-49 staff and 4% of those with 50 or more staff. Larger businesses (50 or more staff) were most likely to expect any impact to be negligible (44%).

Figure 4.4: Expected impact of the UK's exit from the European Union by size



Number of respondents: Total 2,370, 1-4 staff 1,742, 5-9 staff 282, 10-49 staff 275, 50+ staff 71.

Question asked: Overall, what do you think will be the impact on your business, if any, of leaving the European Union?

- 4.17. There were notable differences by sector, too. Interestingly, some of the sectors that are most likely to be impacted by the changes were among the most positive, with 21% of agriculture businesses expecting a positive change – significantly higher than the average of 12%. This could perhaps be in anticipation of a redistribution of funding and subsidies or reduced regulation. There were also higher expectations of a positive impact in the accommodation and food sector (23%) and retail (20%). Conversely, businesses in the human health and social work sector were far more likely to expect a negative impact (63%),

compared to 32% on average).

Figure 4.5: Expected impact of the UK's exit from the European Union by sector

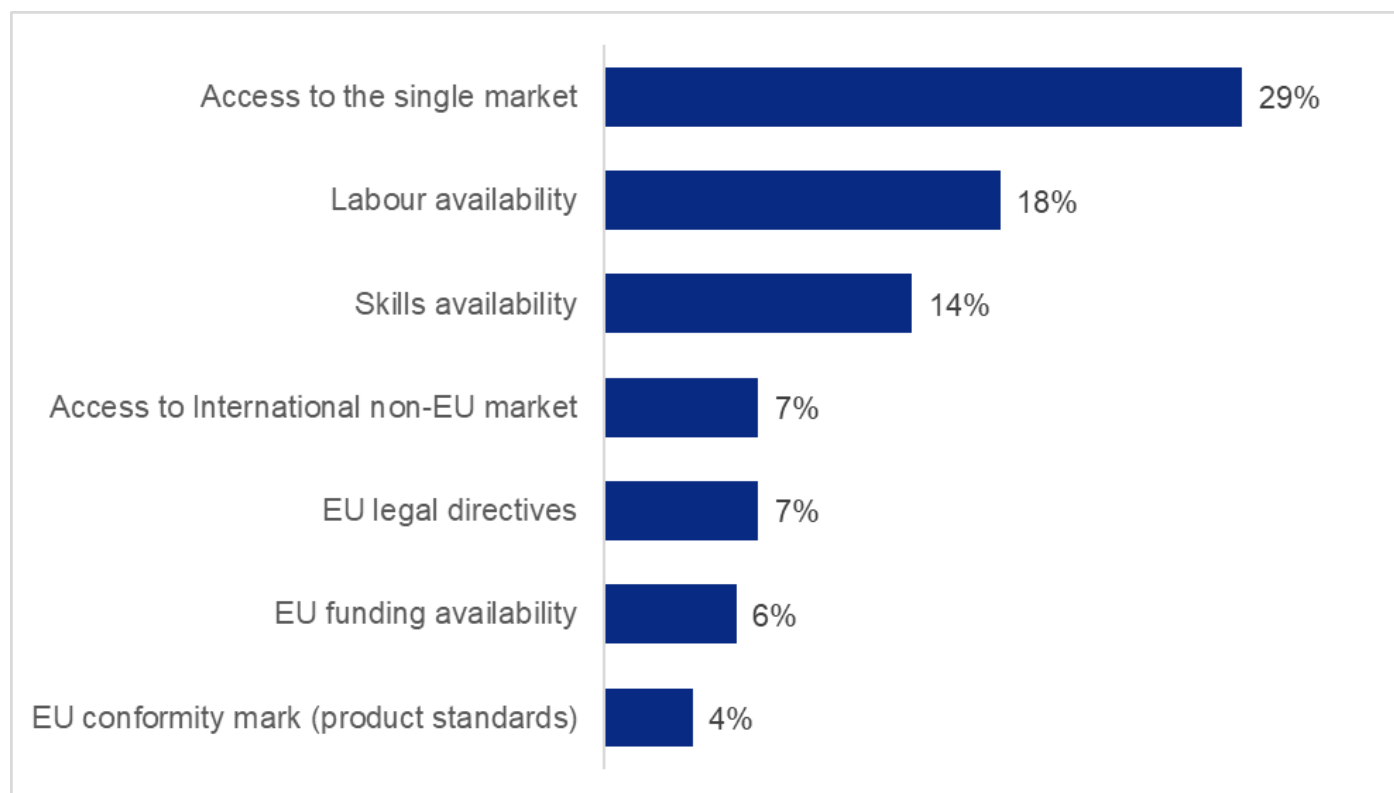
	Number of interviews	Positive impact	No notable difference	Negative impact	Unsure/ don't know
Total	2,370	12	35	32	22
Accommodation and food service activities	113	23	36	26	15
Administrative and support service activities	225	14	22	32	33
Agriculture, forestry and fishing	105	21	39	21	19
Arts, entertainment and recreation	63	1	41	39	19
Construction	260	6	47	20	27
Education	21	-	6	46	48
Financial and insurance activities	48	22	47	22	10
Human health and social work activities	77	8	21	63	8
Information and communication	155	5	57	24	14
Manufacturing	193	14	39	33	13
Other service activities	76	8	53	29	11
Professional, scientific and technical activities	389	9	31	37	23
Real estate activities	66	10	28	30	32
Transportation and storage	166	12	34	38	16
Motor trades	126	6	37	25	31
Wholesale	102	19	25	32	25
Retail	185	20	27	31	22

Question asked: Overall, what do you think will be the impact on your business, if any, of leaving the European Union?
 “-” denotes a figure of zero. Caution should be taken when analysing results due to low base sizes in some sectors.

- 4.18. Access to the single market was the biggest priority for businesses in the EU exit negotiations, with 29% saying this was a key issue for them.
- 4.19. The availability of skills (14%) and labour (18%) were also mentioned frequently. This was particularly the case for the larger businesses, where labour availability was a key issue for 48% with 10-49 staff and 36% of those with 50 or more, while skills availability was cited by 33% and 37% respectively.
- 4.20. It is noteworthy, however, that approaching half of businesses (45%) said none of the issues listed were key for them. Neither did they name any additional issues of

consideration. This suggests that these businesses are either unsure of the impacts or think that, whatever the outcome of negotiations, it will have little effect on their own business.

Figure 4.6: Key issues for the negotiations to leave the EU



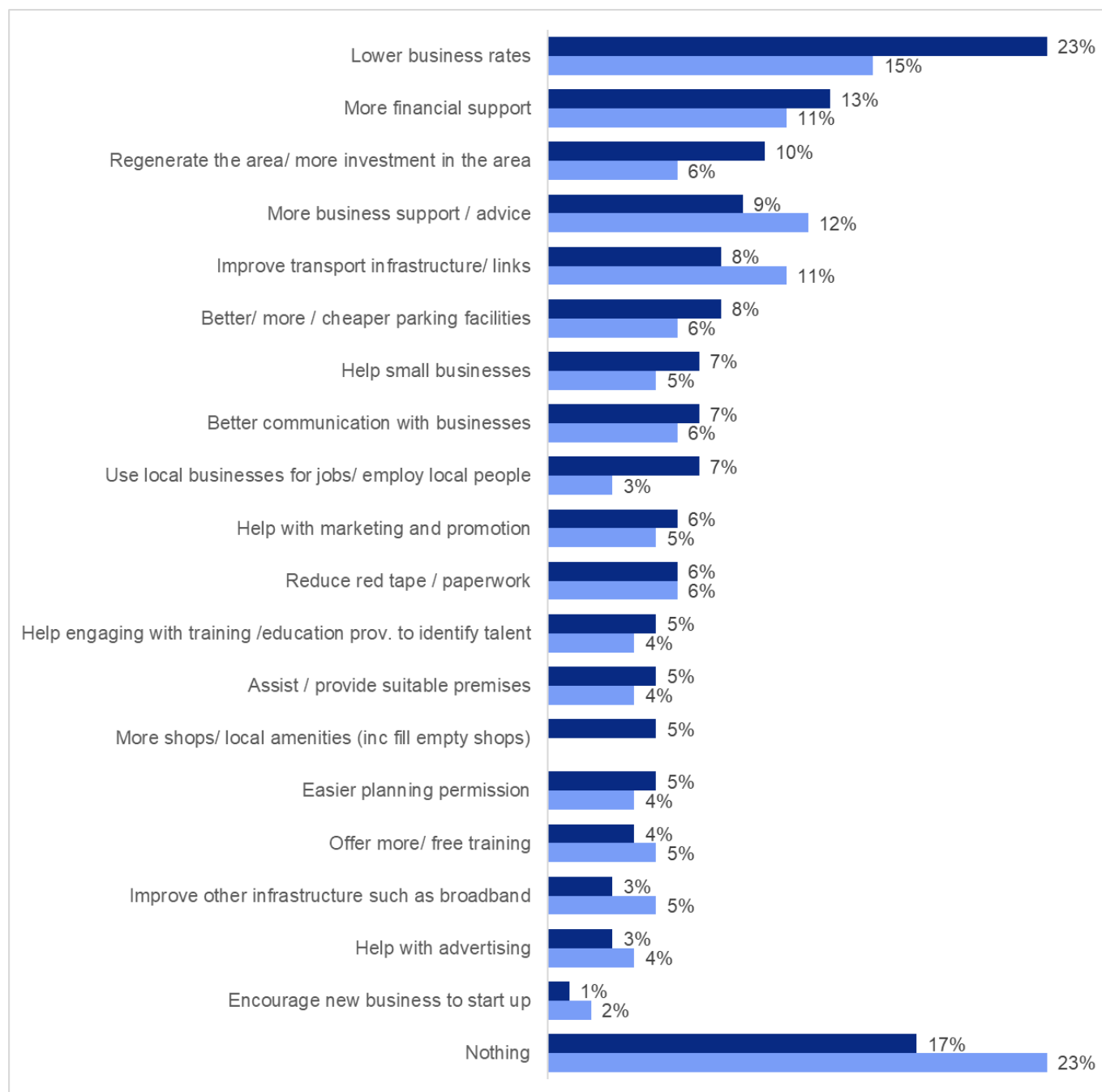
Number of respondents: 2,340.

Question asked: For your business, what do you consider to be the key issues for the negotiations to leave the EU?

Support to assist growth

- 4.21. Businesses were asked to choose the three most important things councils and other support organisations could do to help them grow their business.
- 4.22. Lower business rates came out top, as it has done in previous surveys. The proportion citing this specific assistance has increased from 15% in 2015 to 23% in 2017. This demonstrates that costs are increasing in importance for SEMLEP businesses. Lower business rates were a particular issue for the accommodation and food sector (42%), motor trades (35%) and the transport and storage sector (34%).
- 4.23. Related to this, more financial support was the second most commonly mentioned factor for growth at 13%.
- 4.24. Despite businesses highlighting a lack of skilled labour as their main constraint to growth, only 5% said they would like help engaging with education and training providers to identify new talent. The availability of labour was rarely mentioned. This may mean that businesses do not see this as an area where support organisations can help them.
- 4.25. Although the actual figures differ over time, the top cited areas for support remain consistent (e.g. lower business rates remains top rated) and the graph over time follows a similar pattern.

Figure 4.7: Support businesses would like to see from councils and other support organisations to help business grow



Number of respondents: 2017 2,249; 2015 1,918.

Question asked: What are the 3 most important things your local council and other support organisations should do to help you grow your business?

No time series comparison available for "More local shops/local amenities".

4.26. The priorities of large businesses were different to those of smaller businesses¹³. Large businesses were most concerned with improvements to the transport infrastructure (30%), regeneration of, and increased investment in, the local area (18%) and improved parking facilities (18%).

¹³ In all businesses, we either interviewed the business owner or senior decision maker at the site.

- 4.27. Businesses in the agriculture sector also had different key issues where support would help them to grow. Alongside more financial support (23%), their most commonly mentioned areas for support were improvements to transport infrastructure (23%), easier planning permission (20%) and a reduction of red tape (18%). This highlights the unique challenges faced by this sector.

Section 5: Employment, Skills and Training

Key Findings:

- Just over four in ten (42%) businesses had at least one vacancy in the 12 months preceding the survey. Over half of these (53%) had found at least one of these vacancies hard to fill, equating to almost a quarter (23%) of all businesses. This is higher than the figure seen in 2015.
- Around half of businesses with vacancies reported having trouble finding certain skills among applicants for roles. The skills they had most trouble recruiting for were job-specific, technical and practical skills. Whilst employers generally blame this on a low number of applicants or the low quality of applicants, there has also been an increase in the number blaming a lack of work-ready education leavers.
- Most businesses report their current staff to be well skilled for the job, however 29% could list at least one skill that was lacking among their current staff (a “skills gap”). These businesses said this was due to a lack of training, caused by the time and expense involved in training or a lack of suitable courses. Overall only a third of businesses (32%) had taken action to increase skills among their workforce.
- 13% of businesses said they had one or more apprentices currently. This is slightly higher than the UK figure of 11%. A further 36% would consider taking on an apprentice in future.
- More than four in ten businesses (42%) had offered work experience, most commonly to school or college students. This is important given the finding that more businesses are finding it hard to recruit work-ready education leavers, or those with experience. Most businesses which did not offer work experience attributed this to a lack of opportunity or a lack of time.

Introduction

- 5.1. Previous sections of this report have highlighted the provision of labour and skills as key issues for business.
- 5.2. This section presents findings relating to recruitment, skills shortages in the labour market and existing workforce and the actions taken by businesses to increase skills. It also looks at the provision of apprenticeships and the provision of work experience placements.

Vacancies and recruitment difficulties

- 5.3. Just over four in ten (42%) businesses reported having had at least one vacancy in the 12 months preceding the survey. This is comparable to the figure seen in 2015 (40%) but still lower than levels in 2014 (49%). Comparisons with nationwide figures suggest a slightly lower level of vacancies in the SEMLEP area. The 2016 UK Employer Perspectives Survey¹⁴ reports 51% of private sector businesses have had vacancies in the last 12 months, however as this does not include sole traders or sites where only one employee

¹⁴ UKCES (2017) “Employer Perspectives Survey 2016: UK data tables”

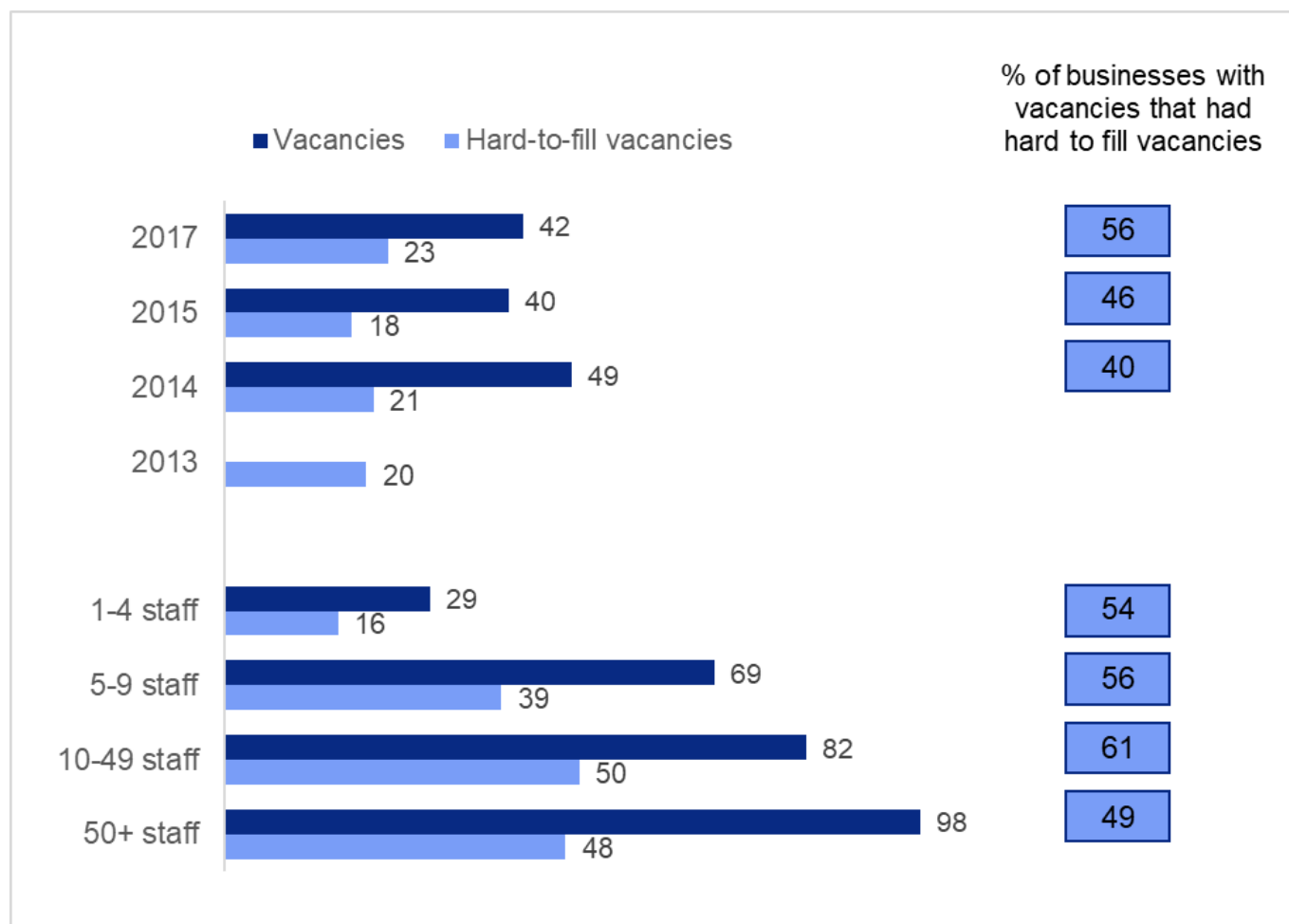
<https://www.gov.uk/government/publications/employer-perspectives-survey-2016> (accessed 16/08/17).

operates (which are less likely to have had vacancies) the real difference is likely to be much smaller (note the figure for SEMLEP businesses with vacancies excluding sole traders is 47%).

- 5.4. Vacancies are unsurprisingly more common among businesses with larger workforces, ranging from just 29% of businesses with 1-4 staff, through 69% of those with 5-9 staff and 82% with 10-49 staff to almost all businesses with over 50 staff (98%).
- 5.5. Scale-up businesses were more likely to be recruiting, with 81% of scale-up and 80% of pre-scale-up businesses reporting vacancies in the last 12 months.
- 5.6. Sectors with higher than average levels of vacancies include real estate (63%), accommodation and food (62%) and arts and entertainment (61%). Conversely vacancy rates were comparatively low in manufacturing (28%), information and communications (32%) and transport and storage (32%).
- 5.7. Over half of businesses that had vacancies (56%) reported that they had found at least one of these vacancies hard to fill. This is an increase on the levels seen in 2015 (46%) and 2014 (43%). This 56% equates to 23% of all businesses, again higher than seen in 2015 (18%).
- 5.8. It is difficult to compare this figure with the nationwide figures, since the UK Employer Skills Survey (ESS) which collects such data focuses on vacancies that are *current* at the time of the survey. However, of the businesses with vacancies at the time of the 2015 ESS¹⁵ (the most recent iteration for which data is available at the time of writing), 42% had at least one vacancy that was proving hard to fill. This figure is not directly comparable but, as one would expect a figure taken over the course of a year to be higher than one representing a snapshot in time, it does not indicate any cause for concern in the SEMLEP area.
- 5.9. Although there were differences by business size in the number of businesses with any vacancies at all, when it comes to filling those vacancies the differences were far less pronounced with around half of businesses (both large and small) which had vacancies struggling to fill at least one of these. However, businesses with 10-49 staff were slightly more likely to have hard-to-fill vacancies, which may reflect the growth pressures businesses of this size experience, combined with their lack of human resources/recruitment capabilities compared to larger businesses.

¹⁵ UKCES (2016) "UK Employer Skills Survey 2015: UK data tables"
<https://www.gov.uk/government/collections/ukces-employer-skills-survey-2015> (accessed 16/08/17).

Figure 5.1: Businesses with vacancies and hard-to-fill vacancies in the past year, over time and by size



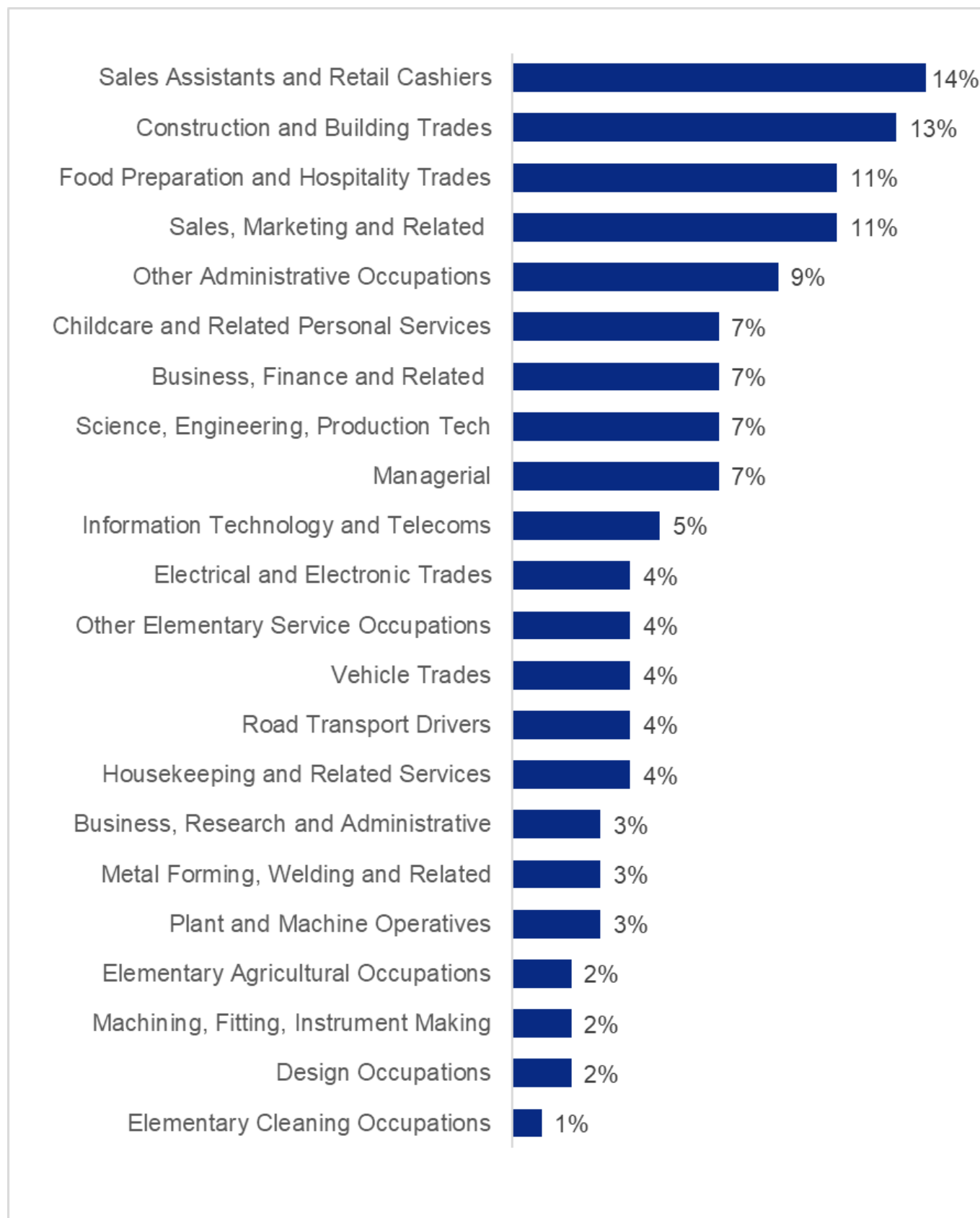
Number of respondents: 2017 2,370, 2015 1,918, 2014 1,573, 2013 915; 1-4 staff 1,742, 5-9 staff 282, 10-49 staff 275, 50+ staff 71.

Questions asked: Have you had any vacancies in the last 12 months? Have you had any vacancies in the last 12 months that you have found hard to fill?

No data is available for the proportion of businesses with vacancies in 2013.

5.10. A list of occupations businesses had trouble filling vacancies for is shown in Figure 5.2. Sales assistants and retail cashiers were most commonly mentioned, with construction and building trades close behind. To an extent this list will reflect the demand for each occupation in the workforce (for example, we know a large number of food and accommodation businesses are recruiting, so it is no surprise to see food preparation and hospitality roles high up on the list). However, this data does tell us the occupations for which there is a higher demand from employers than there are suitable applicants in the SEMLEP region, and reasons for this are explored below.

Figure 5.2: Occupations businesses have had trouble recruiting



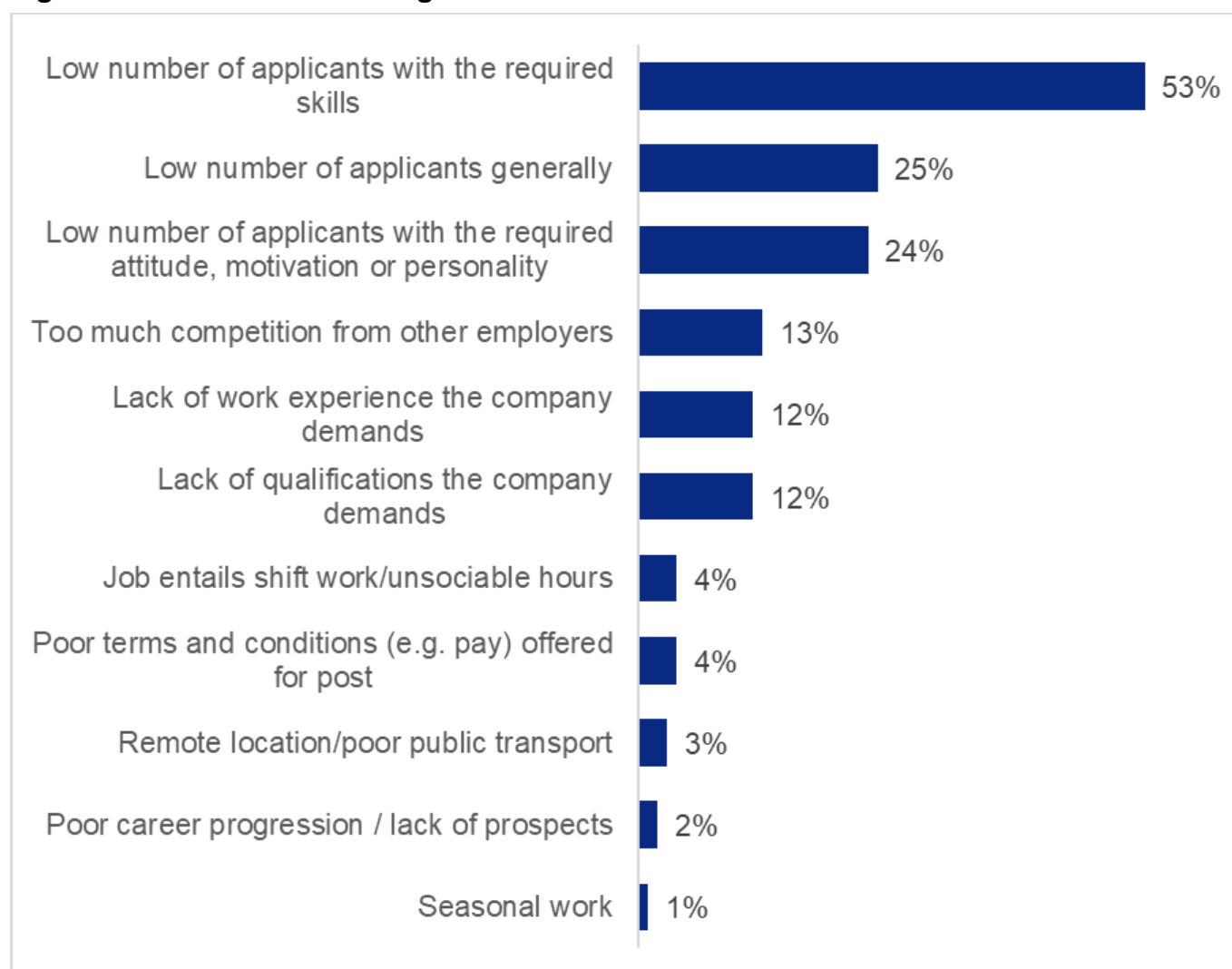
Number of respondents: 541 (only asked to businesses with hard-to-fill vacancies).

Question asked: Can you please tell me the job titles or functions you have found hard to fill?

5.11. Employers were asked the reasons they believed they had found vacancies hard to fill. The main reasons focused around a lack of suitable applicants, whether that was a low number

with the required skills and attributes (also cited top in 2015) or just a low number generally. Only a handful of businesses felt the role(s) they were offering were unattractive to applicants in some way, for example poor terms and conditions (such as pay) offered, unsociable hours, the location of the business or the poor prospects offered.

Figure 5.3: Reasons for having hard-to-fill vacancies



Number of respondents: 556 (only asked to businesses with hard-to-fill vacancies).

Question asked: What have been the main causes of having hard-to-fill vacancies?

Skills shortages

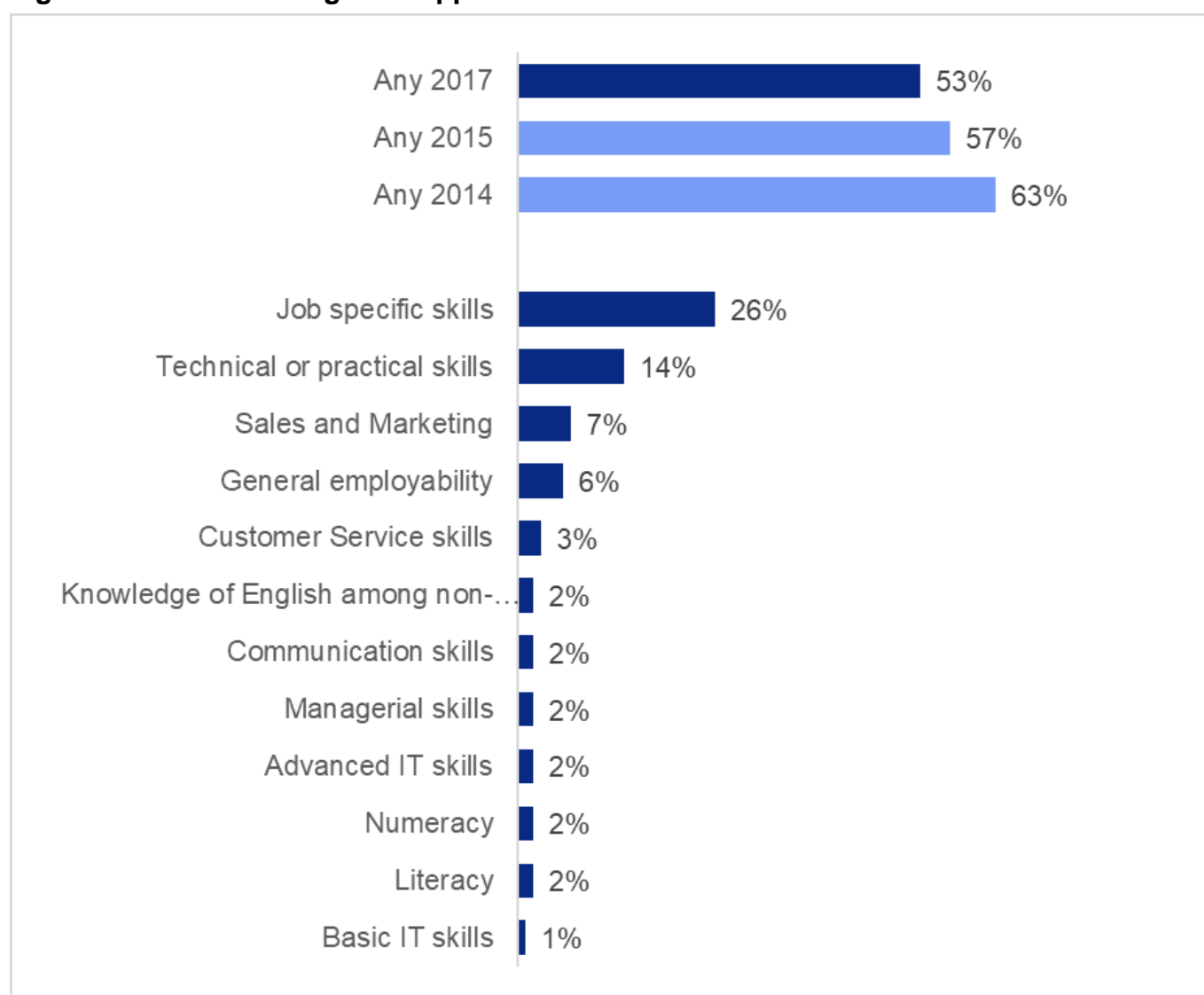
5.12. A “skill-shortage vacancy” is defined as a vacancy that is hard to fill due to a lack of skills, qualifications or necessary experience among applicants. Overall, 53% of employers with vacancies could list at least one skill they had trouble recruiting for in the previous year (equating to 22% of all businesses)¹⁶. This is similar to the proportion seen in 2015 (57% of businesses with vacancies and 22% of all businesses had skills shortages), although a

¹⁶ In addition, 85% of businesses that had hard-to-fill vacancies said they had skills shortages, compared to 13% of businesses that had vacancies, but they were not hard to fill (presumably this last group had challenges, which they managed to overcome, hence they did not describe themselves as having hard-to-fill vacancies). This shows that skills are the biggest issue for the growing number of businesses that have hard-to-fill vacancies.

decrease compared with 2014 (63% of businesses with vacancies and 30% of all businesses had skills shortages). As with hard-to-fill vacancies there is no direct comparison to UK figures due to the way the data is collected. The 2015 UK Employer Skills Survey reports that 32% of businesses with current vacancies have at least one current skill-shortage vacancy. Given we would expect data representing a whole year to produce a higher figure than that representing a snapshot in time, there does not appear to be any cause for concern in the SEMLEP region.

- 5.13. Employers most commonly reported job-specific and technical and practical skills as the skills they have most trouble finding in applicants for roles (as was also the case in 2015 and 2014). Sales and marketing skills were also often mentioned, which relates to the difficulties mentioned previously in filling sales assistant roles. General employability is also commonly an issue for employers.

Figure 5.4: Skills lacking from applicants in last 12 months



Number of respondents: 988 (only asked to businesses with vacancies).

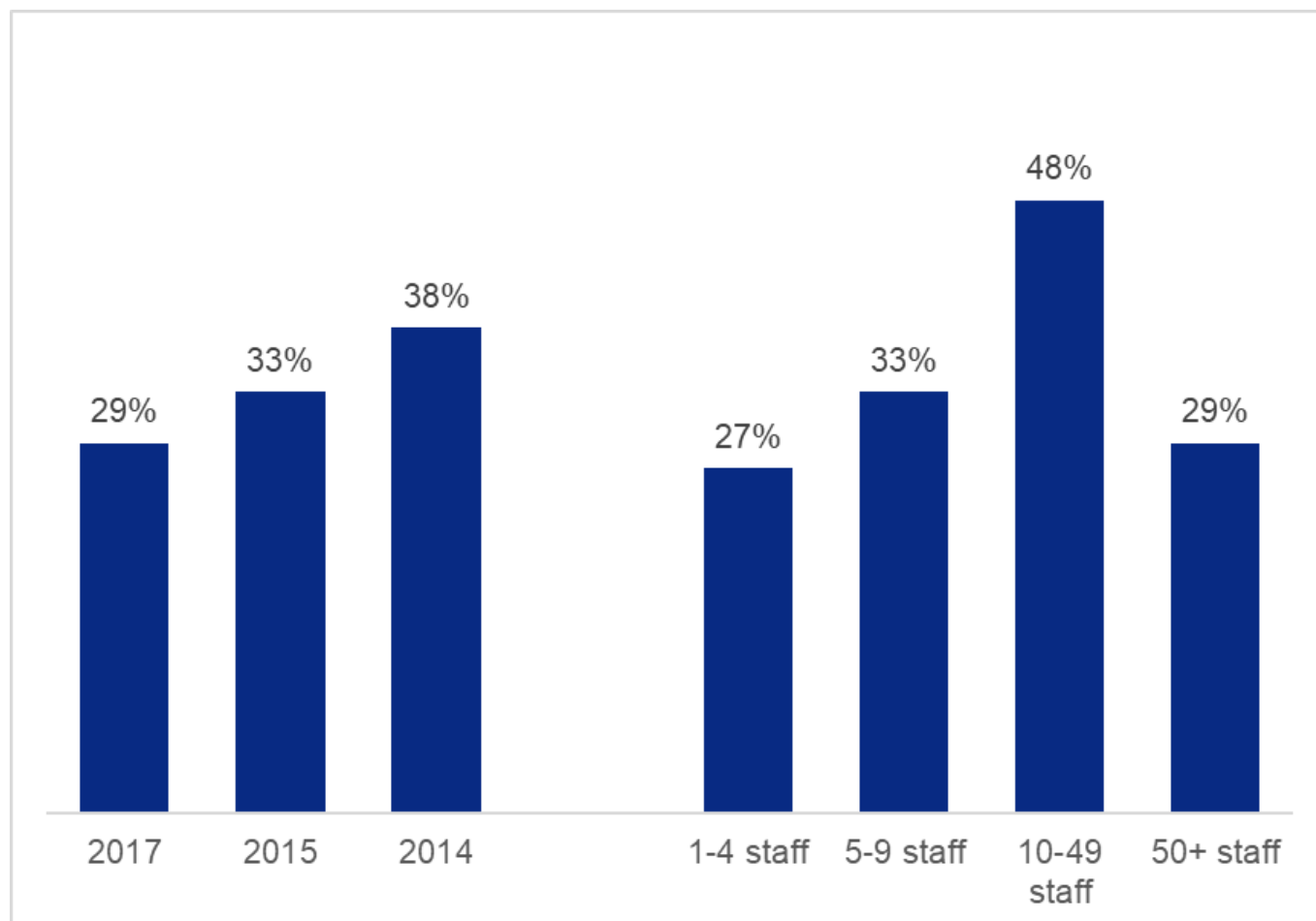
Question asked: Have you found any of the following skills difficult to obtain when recruiting staff in the last 12 months?

- 5.14. Employers said they believe the main reason they have found these skills difficult to obtain is the low quantity (39%) and quality (33%) of the applicants they receive for the job. Just over a quarter (26%) blamed it on a lack of skills in the available workforce. Although the actual figures have changed, these were also the top cited reasons in 2015.
- 5.15. Around one in eight blamed a lack of work-ready education leavers, be that from school (12%), further education (11%) or higher education (8%) (these figures were around 2-5% in 2015). Smaller businesses (1-4 staff) were more likely than larger businesses to cite this as a reason; with fewer staff, these businesses may have less capacity for training and require recruits to “hit the ground running”, giving them higher expectations of their new recruits than a larger firm might have.
- 5.16. The UK Employer Perspectives Survey looks specifically at this issue of the work-readiness of education leavers. The 2016 UK Employer Perspectives Survey found that only 51-58% of employers recruiting school leavers found them well prepared for work; most commonly this was due to their attitude and personality. The national figures were more positive for further education leavers (67%) and higher education leavers (80%) but still a significant proportion were not felt to be well prepared for work, with a lack of working world and life experience commonly cited. This suggests work experience programmes would be beneficial to employers and students alike – work experience is covered later in this chapter.

Skills gaps in existing workforce

- 5.17. Skills gaps occur where current staff do not have the requisite skills to carry out their job role. Employers were asked whether they had any skills gaps in their existing workforce, and in which areas.
- 5.18. Overall, 29% of business listed at least one skill they felt their staff was lacking. This is a slight reduction on the figures seen in 2015 (33%) and 2014 (38%). Comparing this to the nationwide picture, the 2015 UK Employer Skills Survey reports that 14% of private sector businesses had skills gaps, although the questions are not directly comparable.
- 5.19. Mid-sized businesses (10-49 staff) were more likely to be experiencing skills gaps than small or large.
- 5.20. The sectors with the highest skills gaps were Arts (39%), Accommodation (37%) and motor trades (37%). The sectors with the lowest skills gaps were Education (16%) and Agriculture (18%).

Figure 5.5: Incidence of skills gaps by business size



Number of respondents: Total 2,347; 1-4 staff 1,716, 5-9 staff 270, 10-49 staff 281, 50+ staff 79.

Question asked: Do you have skills gaps in your existing workforce in any of the following areas?

5.21. The skills businesses felt staff lacked were diverse, and most commonly quite specific to the role they were doing, with job-specific skills and technical and practical skills scoring highest (7% (23% of those that said they lack skills) and 6% (21% of those that said they lack skills) respectively) Other skills mentioned by 2% or more were:

- Advanced IT skills (4%) (13% of those businesses that lack skills)
- Sales and Marketing (4%) (12%)
- Managerial skills (3%) (11%)
- Basic IT skills (3%) (9%)
- Customer Service skills (2%) (8%)
- General employability (2%) (5%)

5.22. The reasons businesses gave for having skills gaps centred around a lack of training and development for staff, be that through a lack of appropriate courses (24%) or a lack of investment in training (12%), budget for training (12%), or a workforce development plan (4%). Finding the time required for training was also too difficult for some, with 8% saying they were not able to release staff from their day-to-day role for training and 3% saying the courses were at inconvenient or inflexible times.

5.23. A number of businesses placed at least some of the blame with the staff involved; just

under a fifth (18%) felt that the employees themselves were not seeking upskilling and 1% said the staff in question was not capable of progression.

Qualifications

5.24. A quarter of staff were judged by employers to have no qualifications, and a third were judged to have degrees or higher:

- No qualifications: 25%
- Level 1 qualifications: 9%
- Level 2 qualifications (GCSE A*-C): 27%
- Level 3 qualifications (A Level A-E): 27%
- Level 4 qualifications (HNC): 16%
- Level 5 qualifications (HND, Foundation Degree): 15%
- Level 6 qualifications (Degree): 27%
- Level 7 qualifications (Masters): 7%

5.25. Businesses with 50+ employees were more likely to have degree-educated staff (67% compared with 34% of other businesses).

Increasing skills

5.26. Overall, 32% of businesses had taken action to increase the skills of their workforce. This was not only businesses with skills gaps, as 25% of businesses with no reported skills gaps had taken some action to improve their staff skills (although it is possible that the training undertaken could have addressed a previously identified skills gap that had been resolved by the time of the survey).

5.27. Of the 68% of businesses that were not taking any action, a third (34%) had previously reported that they had skills gaps among their staff.

5.28. Larger businesses were more likely to be taking action to improve skills than smaller businesses. More than six in ten businesses with 50 or more staff (62%) or 10-49 staff (61%) had taken action, compared to half of those with 5-9 staff (49%) and a quarter of those with 1-4 staff (26%). This is despite those largest businesses being less likely to report skills gaps.

5.29. The primary action taken by businesses to increase the skills of their workforce was the provision of training, either in-house (26%) or outsourced to an external provider (15%). A handful of businesses had invested in apprenticeships specifically to raise skill levels (2%), engaged with schools, colleges or universities (1%) or turned to recruitment agencies to recruit skilled staff for them (1%).

Apprenticeships

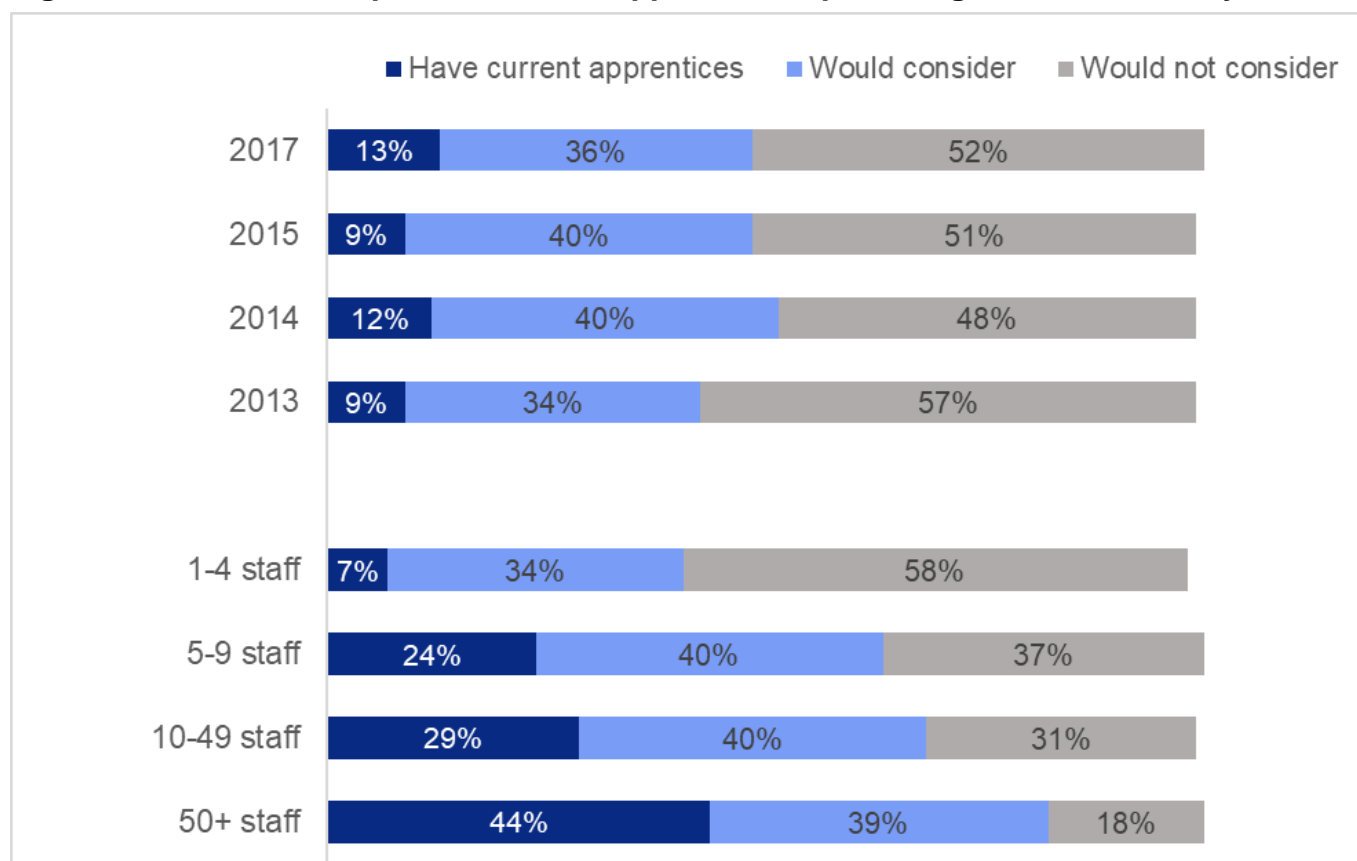
5.30. Overall, 13% of businesses had a current apprentice (on a recognised government apprenticeship scheme) at the time of the survey. This was a slight rise on the 9% seen in 2015, but comparable to the 12% seen in 2014. Larger employers were more likely to have current apprentices than smaller employers.

5.31. The UK Employer Perspectives Survey 2016 reports 11% of employers have current

apprentices.

- 5.32. A further 36% of SEMLEP businesses said they would consider taking on an apprentice, leaving 52% who would not consider employing apprentices. Larger businesses without apprentices were more likely than smaller ones to be open to taking one on, but the overall proportion of businesses in each size-band willing to consider taking on an apprentice was fairly even. This suggests any efforts to promote apprenticeships would be worthwhile for both large and small businesses¹⁷.

Figure 5.6: Current and potential future apprenticeship offering, over time and by size



Number of respondents: 2017 2,370, 2015 1,918, 2014 1,573, 2013 915; 1-4 staff 1,742, 5-9 staff 282, 10-49 staff 275, 50+ staff 71.

Questions asked: Do you employ anyone on an apprenticeship programme currently? Would you consider taking on an apprentice?

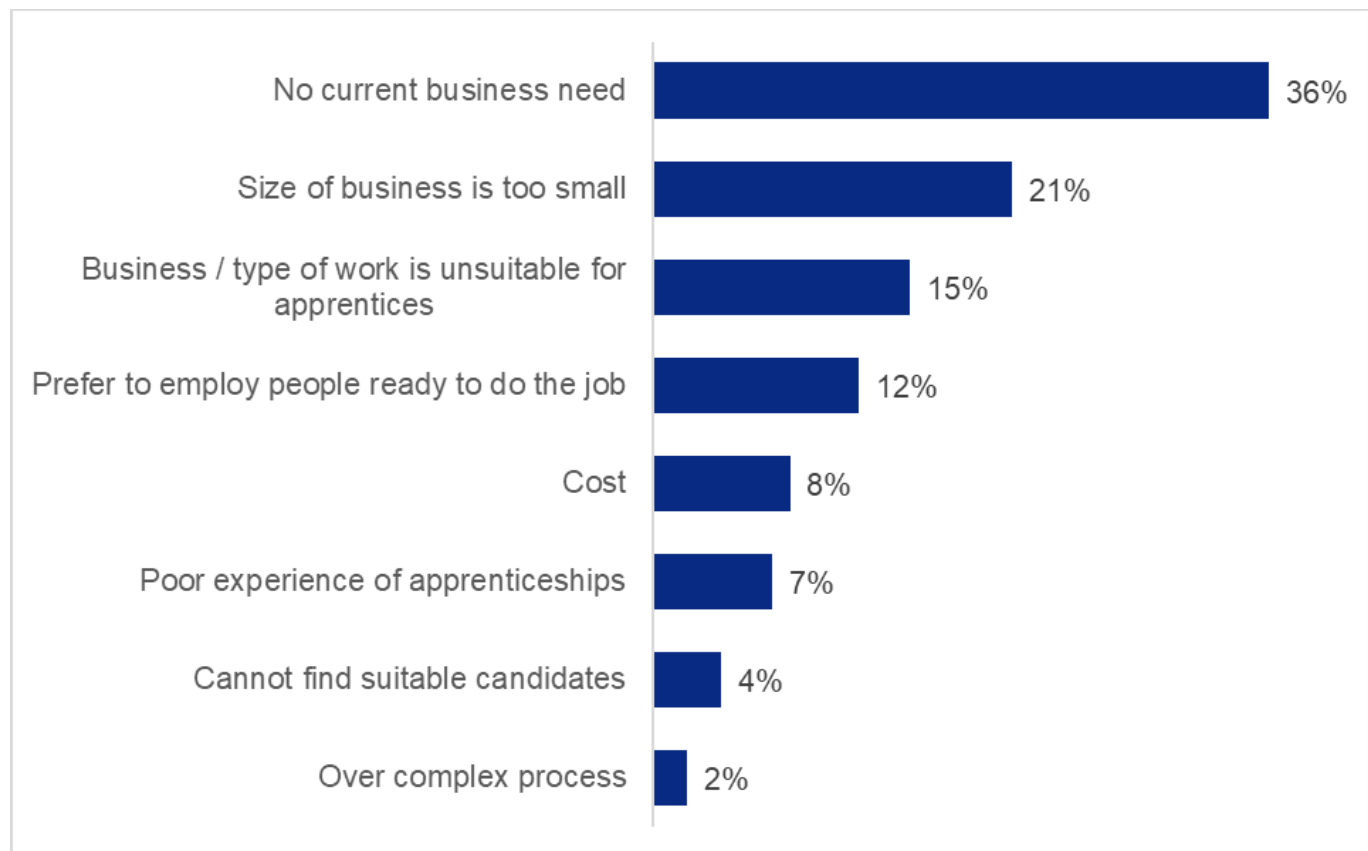
- 5.33. The level of apprenticeships is highest in the real estate sector (41%) and education sector (33%), and lowest in the agricultural sector (4%).
- 5.34. The reasons businesses would not consider hiring an apprentice were primarily related to business requirements rather than any issues with apprenticeship schemes per se. However, there is a perception among many that their type of work is unsuitable for apprentices, and a number feel that they prefer to recruit staff who already have the skills required rather than investing in training them up. A small number believe the cost is too

¹⁷ Northamptonshire Growth Hub is seeking to recruit an Apprenticeships Adviser, fully funded by University of Northampton, and these survey results suggest this could help increase take-up given the proportion of businesses that would consider having an apprentice.

high, or that the process is overly complex. There are also a minority who have had a poor experience of apprenticeships in the past.

- 5.35. Although the actual figures differ slightly, the reasons for not considering employing an apprentice are similar to previous years.

Figure 5.7: Reasons for not considering employing an apprentice



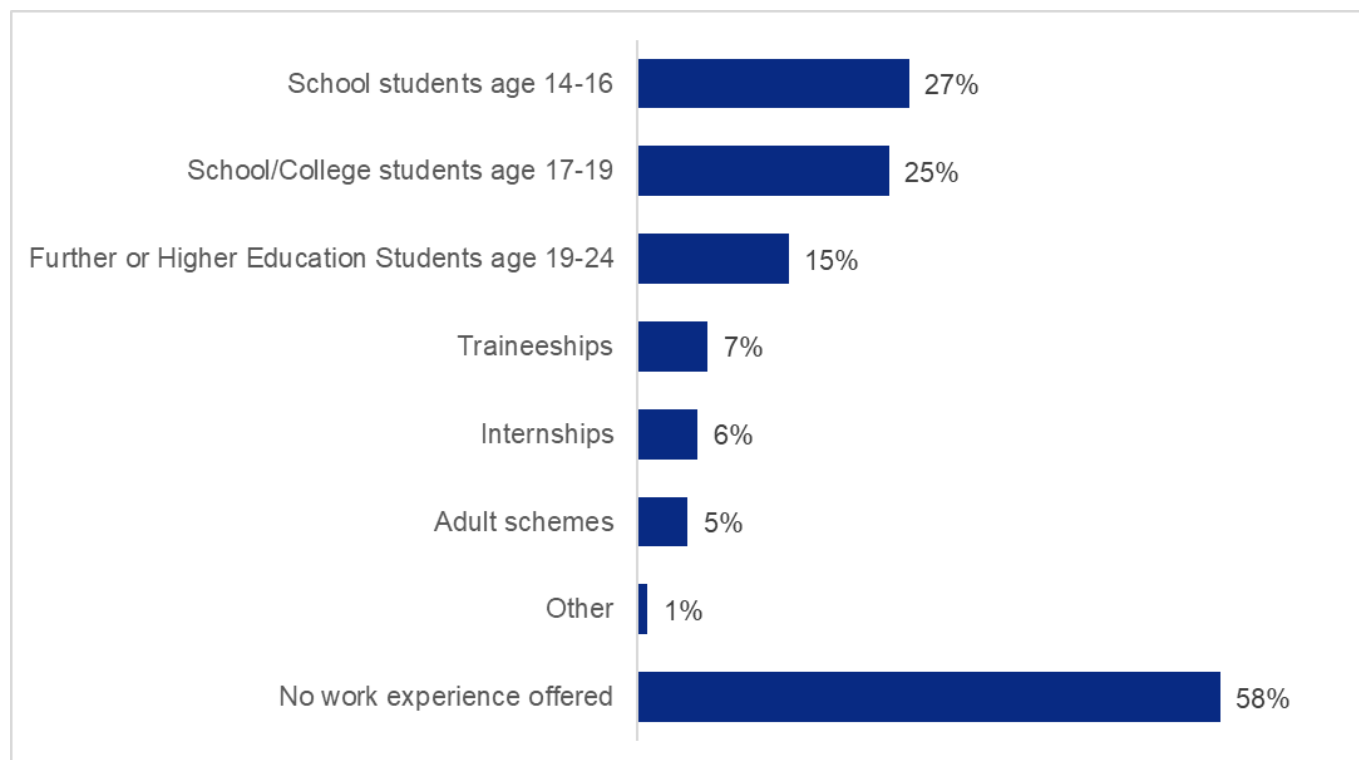
Number of respondents: 1,096 (Only asked of businesses that do not have/would not consider having an apprentice).
Question asked: Why would you not consider employing apprentices?

Work experience placements

- 5.36. Overall, 42% of businesses reported that they offer at least one type of placement.
- 5.37. Over a quarter (27%) offered placements to 14 to 16-year-olds from school, and a similar proportion (25%) to 17 to 19-year-old school or college students. A slightly smaller proportion (15%) offered placements to Further or Higher Education students aged 19-24. This compares favourably to national figures, where 18% of businesses offered placements to school students, 10% to Further Education or Sixth Form students and 8% to those in Higher Education¹⁸, however it should be noted that these national figures are based on the last 12 months whereas the current survey does not specify a time period for the placements to have taken place.
- 5.38. There were also a small number of businesses offering experience placements aimed at those who have left education, such as traineeships (7%), internships (6%) or other adult schemes (5%).

¹⁸ UK Employer Perspectives Survey 2016.

Figure 5.8: Work experience placements offered



Number of respondents: 2,333.

Question asked: Which groups, or in what ways, do you offer work experience?

5.39. Large businesses were more likely to offer every type of experience listed, suggesting that this is the group to target if there is a desire to increase this type of offering to improve the work-readiness and experience of candidates applying for jobs in the region. However, there is also substantial scope to support smaller businesses to offer work experience opportunities.

Figure 5.9: Work experience placements offered by size¹⁹

	Total	1-4 staff	5-9 staff	10-49 staff	50+ staff
	%	%	%	%	%
School students age 14-16	27	23	36	42	58
School/College students age 17-19	25	21	28	44	44
Further/Higher Education students age 19-24	15	12	15	30	28
Traineeships	7	6	7	9	27
Internships	6	5	7	6	23
Adult schemes	5	4	7	6	23
No work experience offered	58	64	49	36	21

Figures in bold are significantly (statistically) higher than that in the "Total" column.

¹⁹ Respondents were asked to answer the questions in relation to the site at which they worked, so they should only include work experience delivered at that site.

- 5.40. Businesses who did not offer work experience most commonly attributed this to a lack of opportunities (32%), suggesting if they were approached they may be open to it. Just over a quarter (28%) blamed a lack of time, and 13% said they do not see the value of placements. A handful (4%) said they simply do not know how to arrange such a placement, suggesting they would also be open to an approach if appropriate guidance was given. However, 6% said the work they do is too dangerous and unsuitable for a work experience placement. This was most common in the construction sector (20%) and motor trades (12%).

Section 6: Innovation

Key Findings:

- A quarter of businesses (25%) reported that they had introduced new products, services, patents or processes in the previous 12 months. Just under a third (31%) expect to do so in the coming 12 months. This is lower than innovation levels seen in previous years.
- Innovation was much more common among larger businesses, particularly in the case of innovation that has happened over the last 12 months. Larger businesses were also more likely to expect to innovate in the coming 12 months.
- 8% of businesses had links with colleges or universities for research and development purposes – lower than the levels seen in 2015 (12%). This was far more common in businesses with 100 or more staff than in smaller businesses.

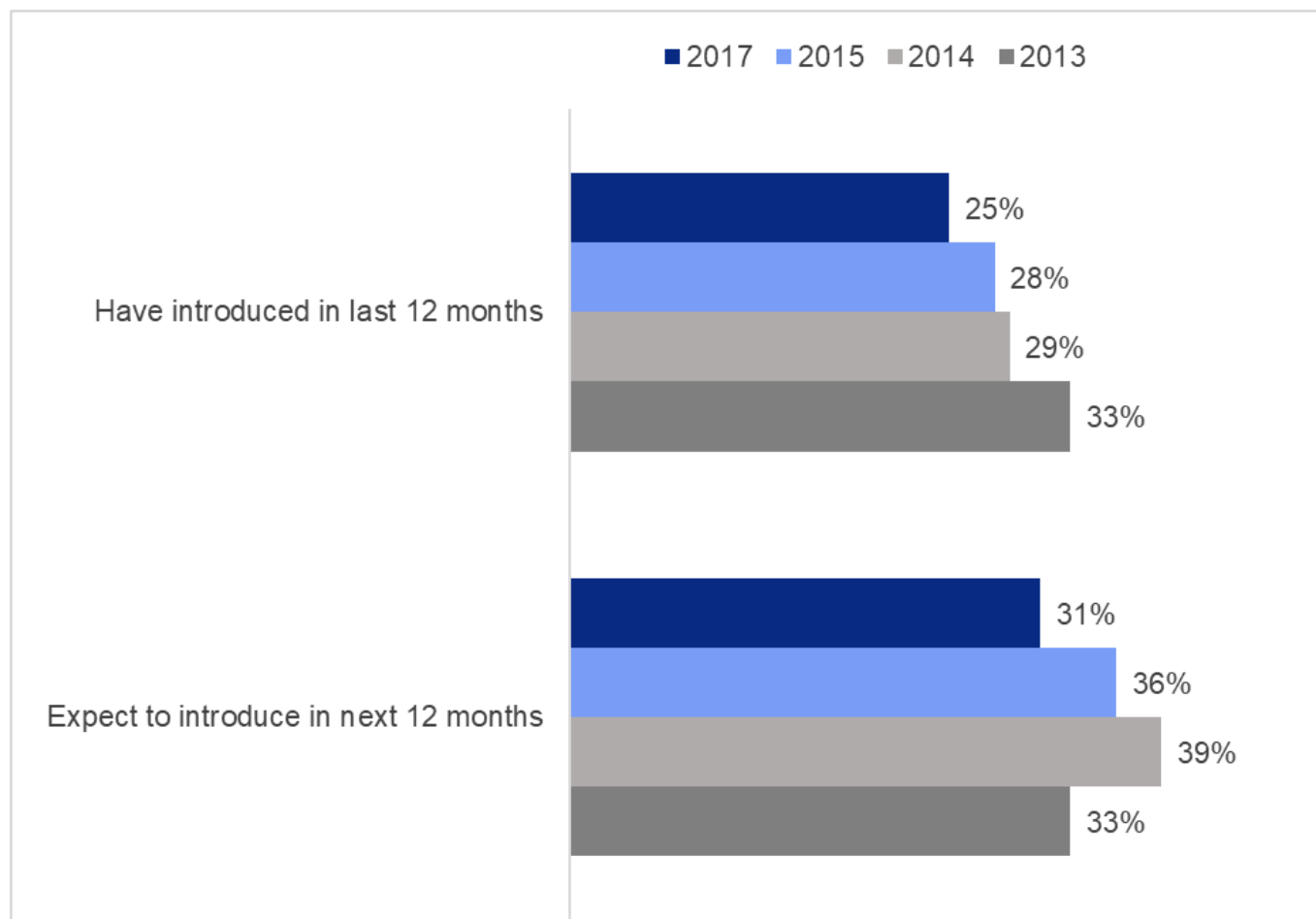
Introduction

6.1. This chapter looks at the level of innovation among SEMLEP businesses in the past 12 months, and expected innovation over the next 12 months. It also looks at links businesses have with universities and colleges for innovation purposes.

Innovation

6.2. A quarter (25%) of businesses said they had introduced at least one new product, service, patent or process in the 12 months preceding the survey. This is down on previous years (see Figure 6.1). 31% of businesses expect to introduce new products, services, patents or processes in the next 12 months, which is a decline on the numbers seen in previous years.

Figure 6.1: Innovation in the past 12 months and expectations for next 12 months over time



Number of respondents: 2017 2,359, 2015 1,918, 2014 1,573, 2013 925. Excludes 'don't know' responses.

Questions asked: Has your business introduced any new products, services, patents or processes in the past 12 months? And do you expect to introduce any new products, services, patents or processes in the next 12 months?

- 6.3. The UK Innovation Survey 2015²⁰ looks at innovation among businesses with 10 or more employees over a 2-3 year period and places SEMLEP on a par with the rest of the UK at 54% of businesses as “active innovators”²¹ (the UK-wide figure is 53%). This figure is slightly higher than the one obtained for businesses this size in our present survey as it covers a longer time period and includes activities not yet completed²². Nonetheless, by way of comparison, 39% of businesses with 10 or more staff have introduced an innovation in the past 12 months and the same proportion plan to in the next 12 months.
- 6.4. Larger businesses were more likely to be innovating than smaller ones, with 39% of businesses with 50 or more staff reporting innovation in the past 12 months compared to

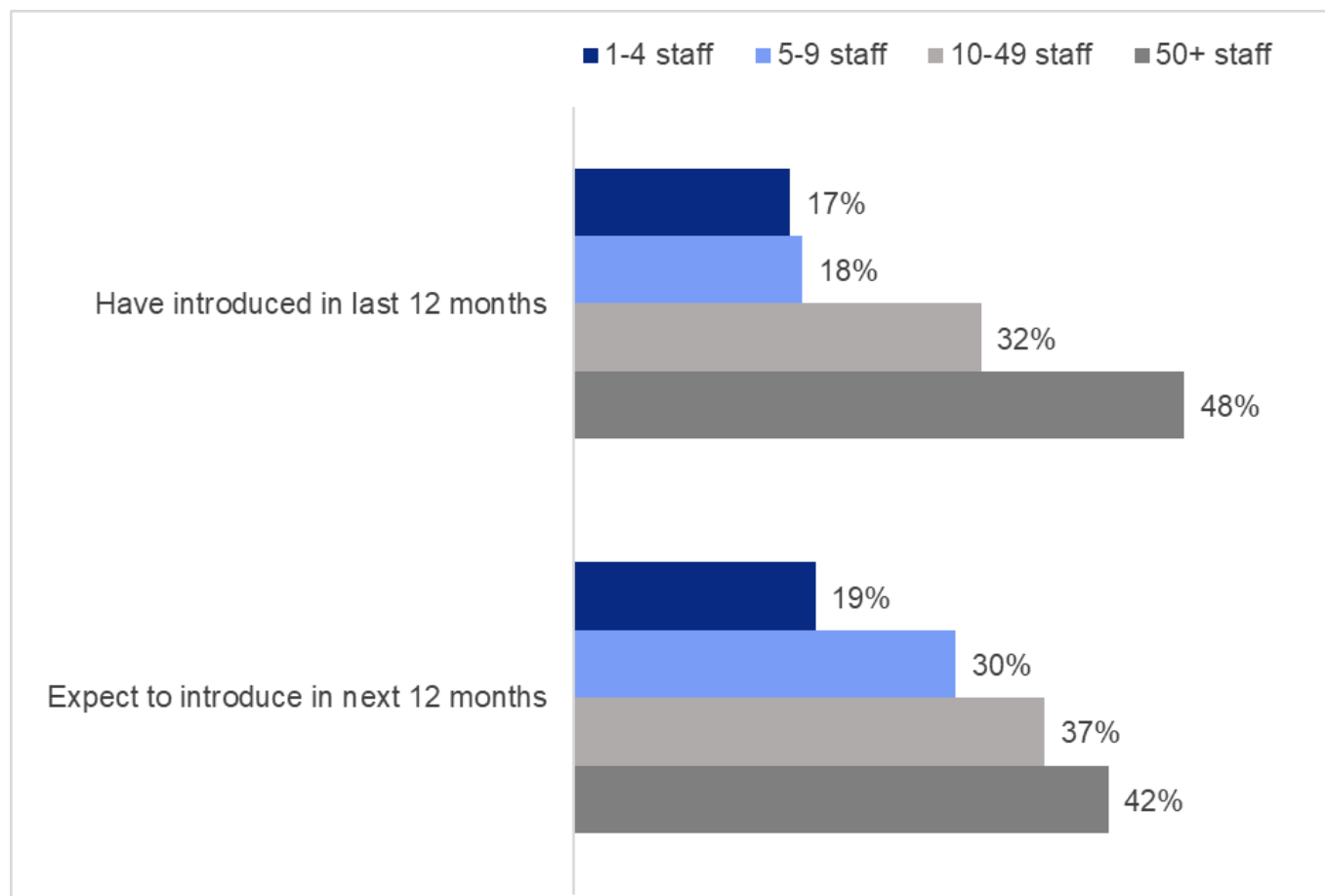
²⁰ BIS (2016) “UK Innovation Survey 2015: main report” <https://www.gov.uk/government/statistics/uk-innovation-survey-2015-main-report> (accessed 22/08/17).

²¹ Businesses were considered to be innovative if they: Introduced a new or significantly improved product (goods or service) or process; Engaged in innovation projects not yet complete or abandoned; Acquired new and significantly improved forms of organisation, business structures or practices and marketing concepts or strategies.

²² There is not any comparable regional or national time-series data to assess if the decline in innovation in the SEMLEP area is mirrored elsewhere. The latest Innovation Survey is from 2015 and the latest Enterprise Research Centre work, published in May 2017, uses this same survey as its data source. Innovation in the SEMLEP 2017 survey has dropped since 2015, so these figures would not yet reflect any national change.

just 19% of those with 1-9 staff. The difference was slightly smaller when it came to future innovation with 39% of businesses with 50 or more staff expecting to innovate in the next 12 months compared to 23% of those with 1-4 staff.

Figure 6.2: Innovation in the past 12 months and expectations for next 12 months by size



Number of respondents: 1-4 staff 1738; 5-9 staff 279; 10-49 staff 273; 50+ staff 69.

Questions asked: Has your business introduced any new products, services, patents or processes in the past 12 months? And do you expect to introduce any new products, services, patents or processes in the next 12 months?

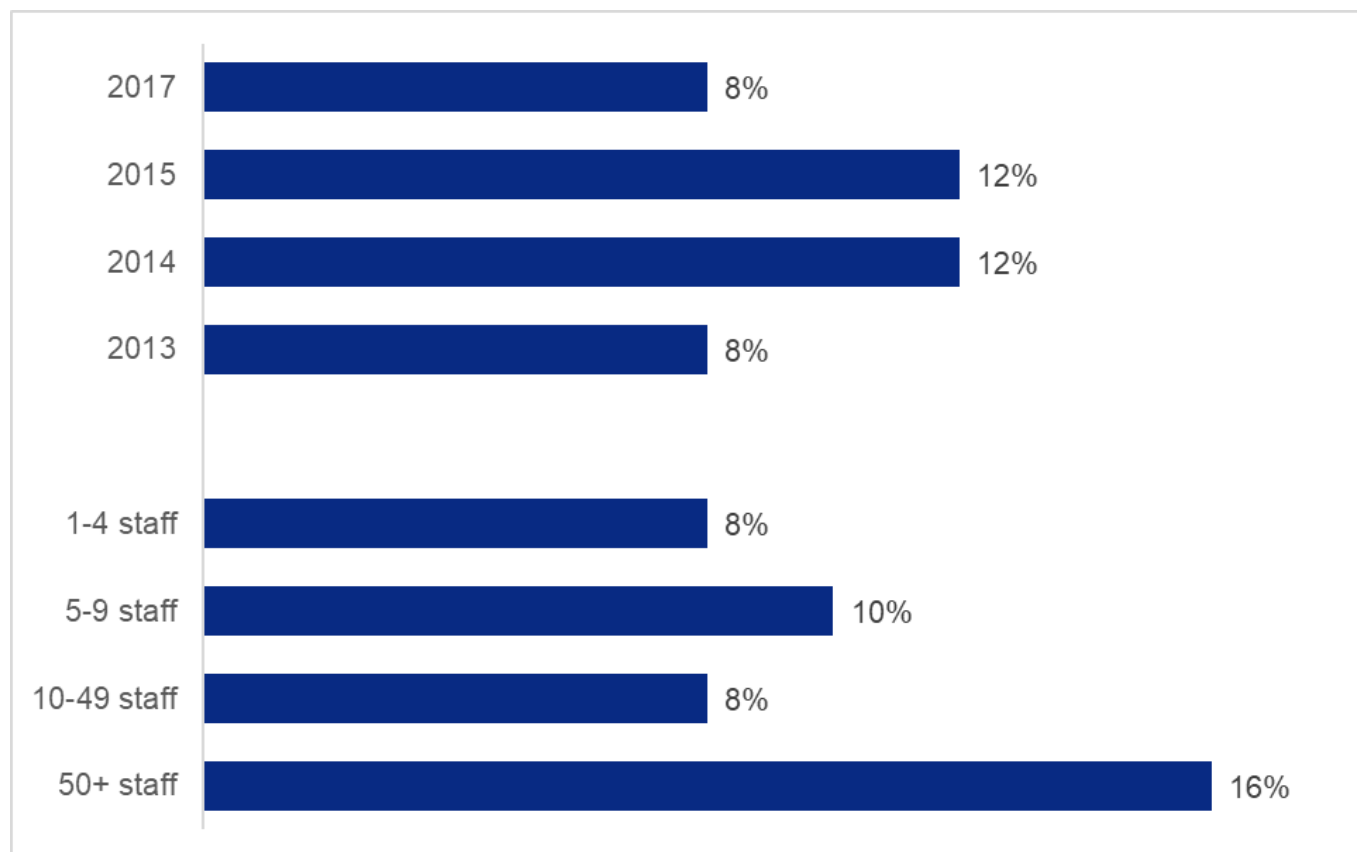
- 6.5. Scale-up businesses were more likely to have innovated in the past 12 months (39%) and more likely to expect to innovate in the next 12 (48%), but pre-scale-up businesses were no more likely than average to have done so.
- 6.6. If SEMLEP wish to increase innovation among its businesses then it will need schemes to overcome the financial barriers for businesses. The UK Innovation Survey 2015 reports that the top 5 restraints to more innovation are all related to financial matters²³. The availability of finance and the cost of innovation are the most commonly mentioned barriers. The perceived economic risk of innovation over sticking to tried and tested products and processes also ranks highly.

²³ The question was not included in the 2013 UK Innovation Survey, but it was in 2011 when the top 5 constraints were the same.

Links with universities and colleges

- 6.7. The research and development needed to introduce new products and services is a key part of the innovation process. One route to this is to link with universities and colleges. The South East Midlands region has seven universities within its boundaries and many more colleges.
- 6.8. Overall, 8% of businesses in the region had links with universities or colleges for research and development purposes. This is lower than the 12% seen in 2015 and 2014, in line with the finding that overall levels of innovation have dropped since the last survey.
- 6.9. Larger businesses were slightly more likely to have such links than small or medium sized ones, with 16% of businesses with over 50 staff reporting that they did. Among this group it was primarily those with 100 or more staff reporting having links, however the number of respondents here is too small to report a statistically reliable figure.
- 6.10. Scale-up businesses were more likely to have research and development links with universities and colleges (14%), but pre-scale-up businesses were no more likely than average to have such links.

Figure 6.3: Links with universities and colleges for research and development purposes, over time and by size



Number of respondents: 2017 2,344, 2015 1,918, 2014 1,573, 2013 914; 1-4 staff 1,727, 5-9 staff 264, 10-49 staff 278, 50+ staff 75. Excludes 'don't know' responses.

Question asked: Does your business have any links with universities or colleges for research and development purposes?

Section 7: Regulation

Key Findings:

- Almost two-thirds (63%) of businesses believe effective regulation supports their business operations, slightly higher than the 57% seen in 2015.
- Larger businesses were more likely to be positive about the impact of regulation.
- Of those who did not feel supported by regulation, the majority (75%) said this was because there was too much regulation. A sizeable minority (16%) also said they found regulation difficult to understand.
- A quarter of businesses who said regulation actively constrains business growth blamed planning regulations for this, and approaching a fifth blamed health and safety.

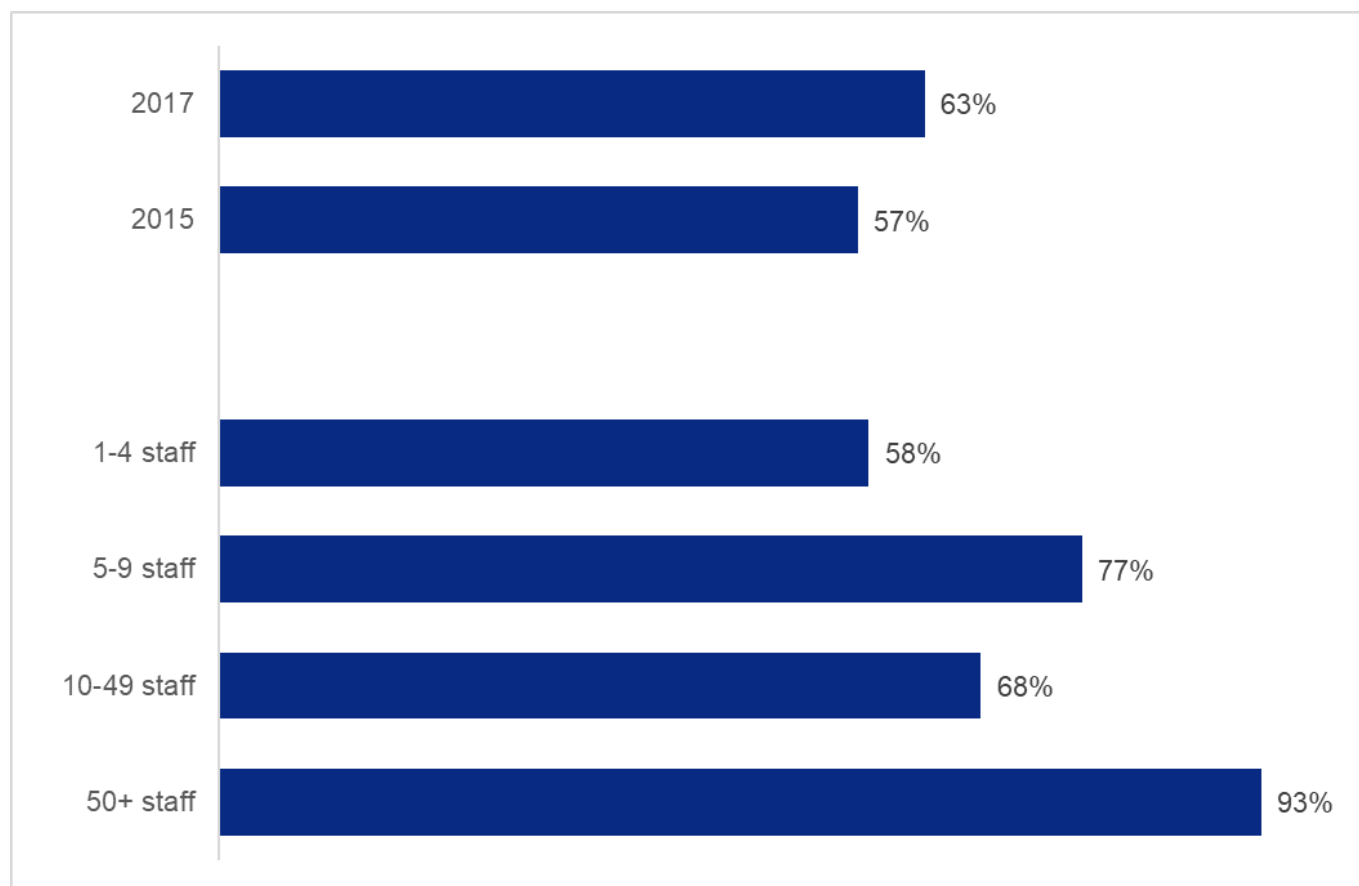
Introduction

- 7.1. This chapter explores whether businesses believe the regulations in place support their business operations, and if not what they feel the key issues are around regulation.

Extent to which regulation supports business operations

- 7.2. Almost two-thirds (63%) of businesses believe that, on the whole, regulation supports their business operations. This was slightly higher than levels seen in 2015 (57%).
- 7.3. Large businesses were particularly positive about the role regulation plays, with 93% agreeing that regulation supports their business operations. This compares to just 58% of those with 1-4 staff who may have less resources to document procedures, attend training and maintain other regulatory requirements.

Figure 7.1: The proportion of businesses which believe regulation supports their business operations, over time and by size



Number of respondents: 2017 1,995, 2015 1,918, 1-4 staff 1,432, 5-9 staff 250, 10-49 staff 247, 50+ staff 66. Excludes 'don't know' responses.

Question asked: Do you believe effective regulation supports your business operations?

- 7.4. This leaves over a third of businesses (37%) which did not believe that regulation supports their business operations. By far the most common reason for thinking this was that they believe there is too much regulation that they must adhere to (75%). The second most common reason was that regulation is too difficult to understand (16%), and a handful of businesses stated that they find there is a lack of access to regulation (9%) or that they have an unproductive relationship with regulators (also 9%). Although the figures are slightly different, the top cited reasons are the same as in 2015.
- 7.5. Of businesses which believed regulation was actively constraining business growth, 26% cited planning laws as an issue, and 18% the Health and Safety Executive. Smaller numbers mentioned Trading Standards (9%), Environmental Health (7%), the Environment Agency (3%), and the Border Agency and fire service (each 1%).

Section 8: SEMLEP

Key Findings:

- Awareness of SEMLEP has increased gradually since 2013, from 8% to 13% in 2017. However, it is a decrease on the 25% which were aware at the time of the last survey in 2015.
- This looks to be due, at least in part, to a decrease in the amount of press coverage SEMLEP is receiving, with the number of businesses saying they had heard of SEMLEP via the press decreasing from 33% in 2014 to 8% in 2017.
- Businesses feel the main strategic focus of SEMLEP should be in offering business support, and larger businesses in particular would like to see a focus on ensuring the supply of skilled labour.

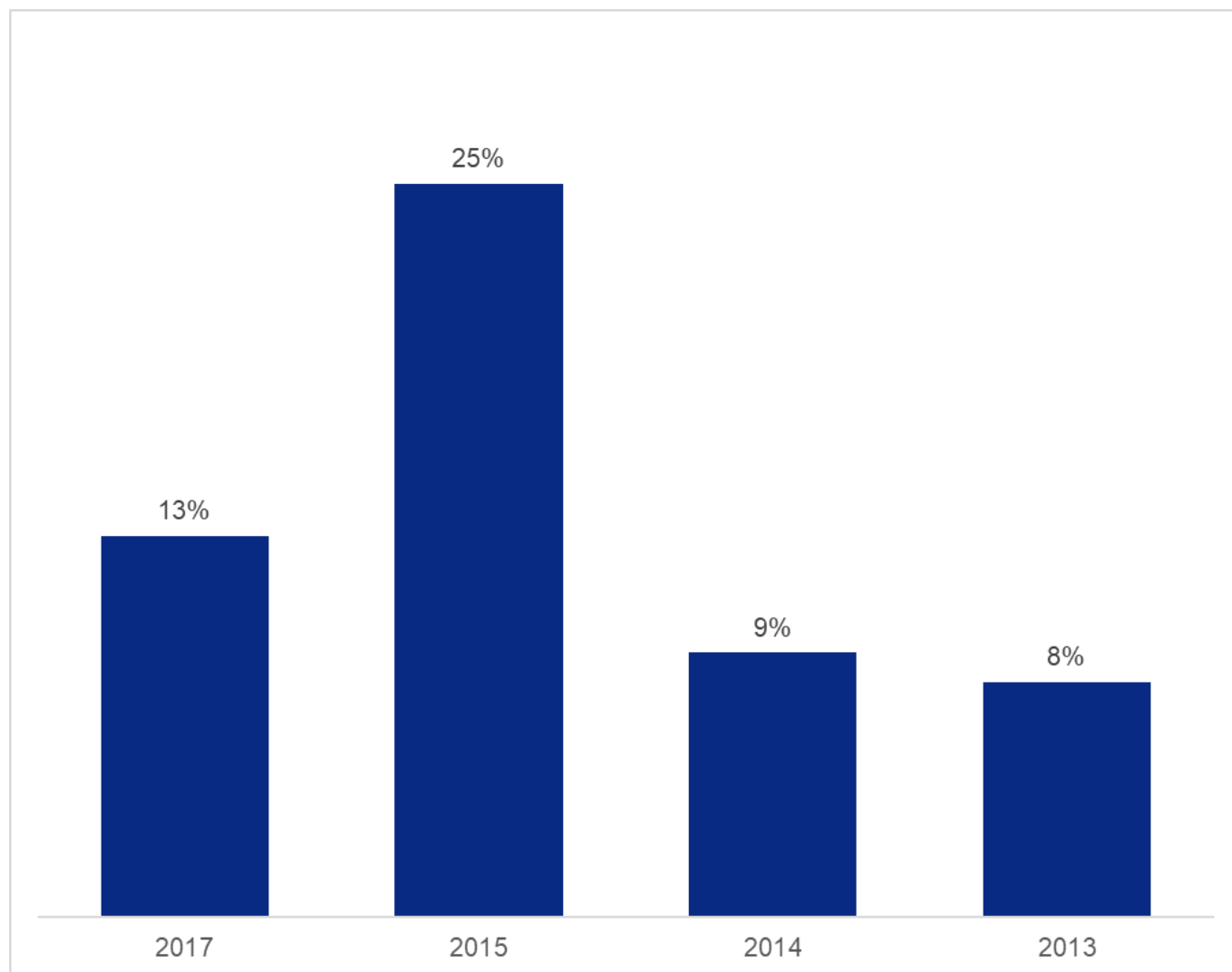
Introduction

8.1. This section presents analysis of businesses' awareness of SEMLEP and how it should help the local economy grow.

Awareness of SEMLEP

8.2. Overall, 13% of businesses said they had heard of SEMLEP prior to the survey. This has increased gradually since 2013 (8%) and 2014 (9%). However, it is a decrease on the 25% which were aware at the time of the last survey in 2015.

Figure 8.1: Awareness of SEMLEP over time



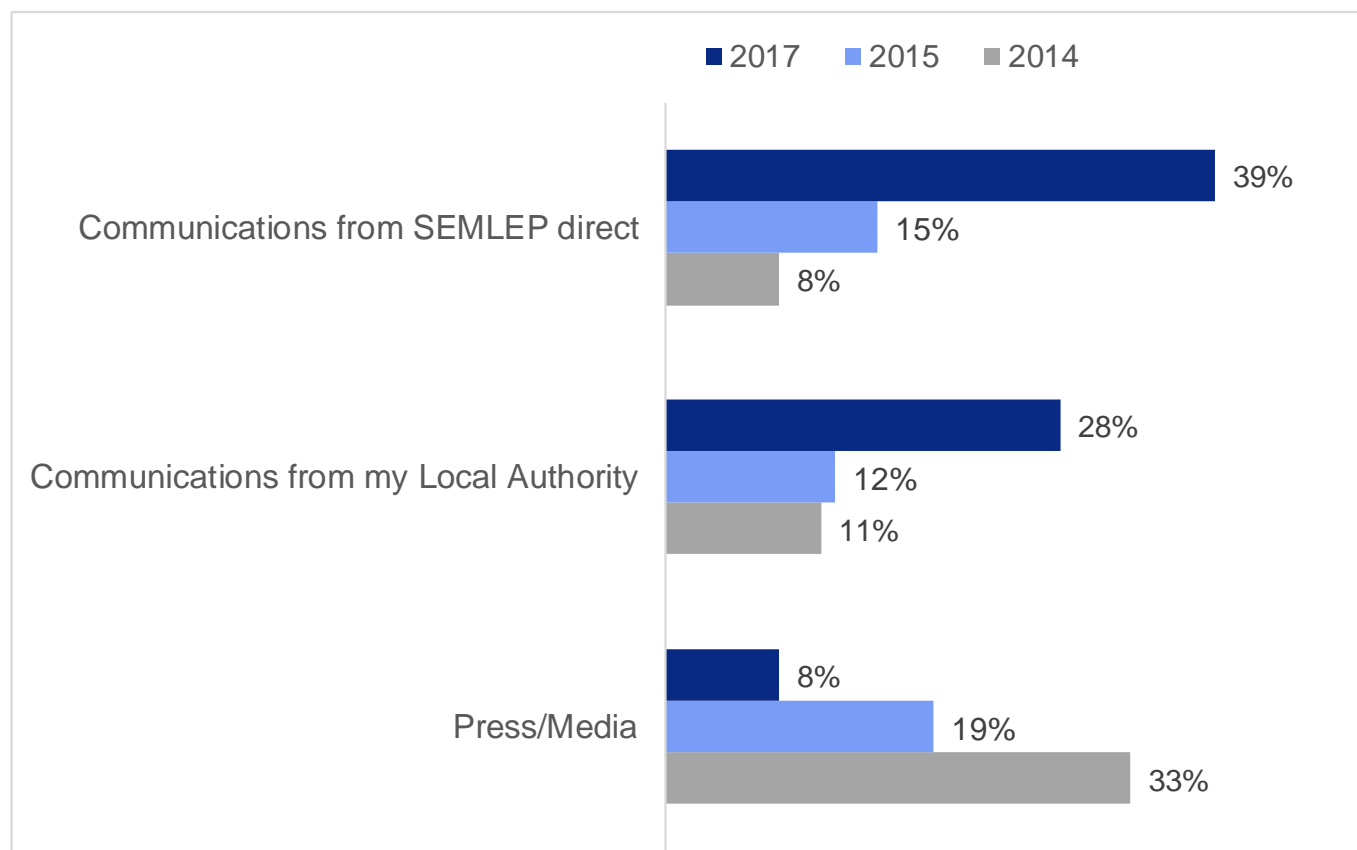
Number of respondents: 2017 2,299, 2015 1,918, 2014 1,573, 2013 924.

Question asked: Before today, had you heard of SEMLEP (South East Midlands Local Enterprise Partnership)?

- 8.3. Larger businesses were more likely to be aware of SEMLEP, with 21% of those with 50 or more staff aware compared to 13% of businesses with 1-4 staff and 12% of those with 5-9 and 10-49 staff²⁴.
- 8.4. Businesses aware of SEMLEP had most commonly heard of it through direct communications from SEMLEP (39%); 28% had heard of it through a local authority and 8% through the press/social media. This is markedly different from the information sources cited in previous years: the press, as the source of awareness, has been declining year-on-year, whereas direct communications from SEMLEP as the source has doubled year-on-year. This suggests that the decline in awareness may in part be due to a decline in press coverage.

²⁴ Awareness in the two new SEMLEP local authorities is as follows: East Northamptonshire (22%) and Wellingborough (10%).

Figure 8.2: Change in sources of awareness of SEMLEP over time



Number of respondents: 2017 201; 2015 357; 2014 152 (only businesses aware of SEMLEP).

Question asked: How had you heard of SEMLEP?

- 8.5. Businesses aware of SEMLEP had most commonly heard of it through direct communications from SEMLEP (39%); 28% had heard of them through the local authority and 8% through the press/social media. This is markedly different from the information sources cited in previous years: the press as the source of awareness has been declining year-on-year, whereas direct communications from SEMLEP as the source has doubled year-on-year. This suggests that the decline in awareness may in part be due to a decline in press coverage.
- 8.6. A decline in press coverage is likely to have a notable impact on awareness of SEMLEP amongst businesses, due to business and staff churn. For example, the Office for National Statistics puts the annual rate of business "births" at 14.3% for 2015 (the latest release) and "deaths" at 9.4%. In addition, in the 2017 survey, some 2% of businesses were looking to relocate outside of the SEMLEP area. The combination of "deaths" and relocations over a two-year period means that it is possible that 23% of the businesses that were aware of SEMLEP in 2015 are no longer in the area. This in turn would reduce the 25% awareness figure, if everything stood still, to under 20%, regardless of the proportion of new businesses further diluting levels of awareness.
- 8.7. In addition, the Chartered Institute of Personnel Development puts average annual staff churn at 16.5% for businesses that employ staff. This is probably only relevant for a small proportion of businesses in this survey's sample, as some 85% of businesses had under 10 staff. Interviewers were therefore most likely interviewing the Managing Director/owner (although not always). But in larger businesses, interviewers were not always interviewing the owner, just someone senior who could speak with authority. Therefore, staff churn

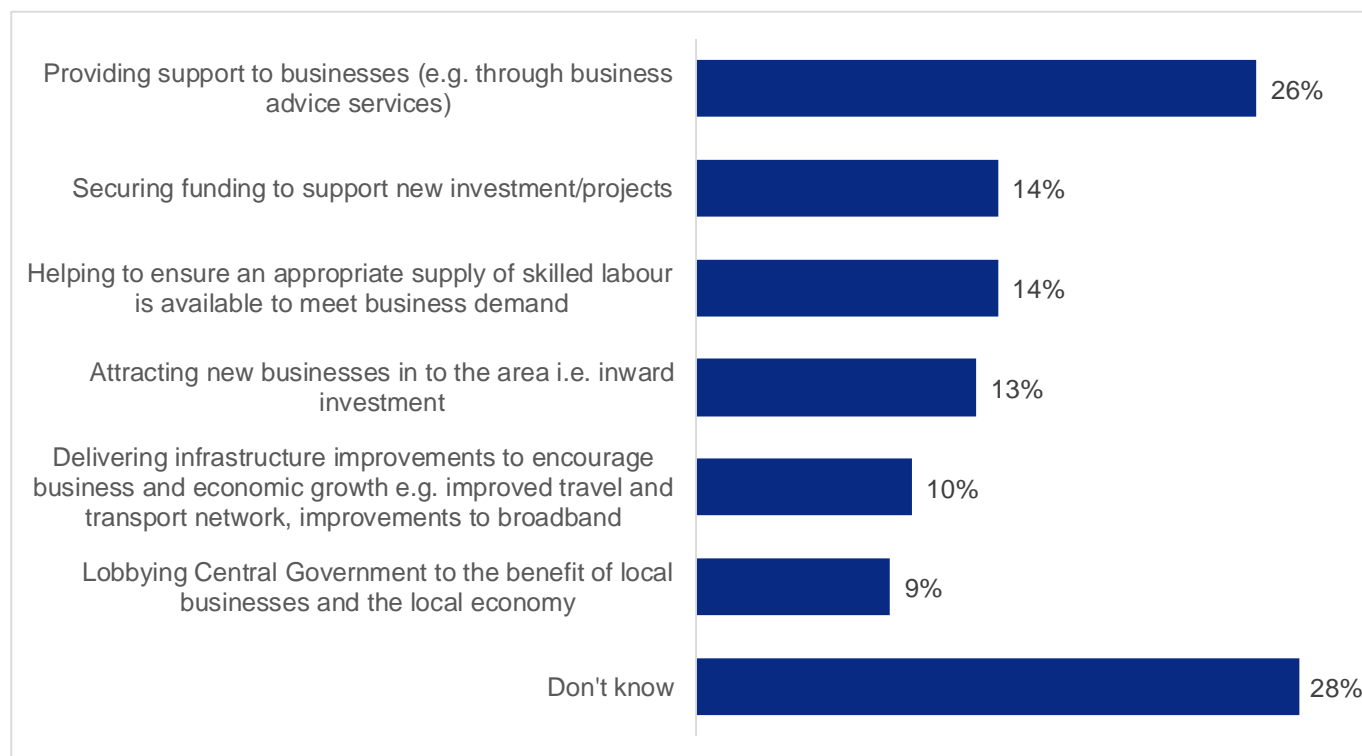
would also further reduce the level of awareness, if less awareness-raising work was taking place²⁵.

Strategic focus of SEMLEP

- 8.8. Businesses believe that the strategic focus of SEMLEP should primarily be on business support (26%). This is an increase since 2015, when business support was mentioned by 20%. Smaller businesses were more likely to want a focus on business support, with 28% of businesses with 1-4 staff stating this as a focus area compared to 20% of businesses with 50 or more staff.
- 8.9. The second most common focus area cited by businesses was helping to ensure the availability of an appropriate supply of skilled labour (14%) (8% in 2015). This was particularly true of larger businesses (who will be recruiting in higher volumes), mentioned by 40% of those with 50 or more staff.
- 8.10. Businesses also mentioned the importance of securing funding to support new investment or projects (14%), attracting new businesses to the area (13%), infrastructure improvements (10%) and lobbying Central Government (9%). Infrastructure improvements were of far greater importance to large businesses, they were the second most commonly mentioned issue among businesses with 50 or more staff at 31%.
- 8.11. Around a quarter of businesses (28%) said they did not know what SEMLEP's priorities should be, which is likely to be because they were either unaware of SEMLEP and/or did not understand their role.

²⁵ There is also possibly a method effect which would account for some of the difference between 2015 and 2017. In 2015, the survey was also provided as an open access online survey, which achieved 59 responses (about 3% of the sample). The survey would have been hosted on the SEMLEP website and promoted via mailing SEMLEP's contact list. It is likely that this 3% of respondents all said they were aware of SEMLEP (plus the mailing out may have further inflated awareness amongst some telephone respondents). If we account for this, then the comparable results for 2015 would be around 22% (before the aforementioned business and staff churn and press issues are taken into account).

Figure 8.3: Businesses' suggestions for SEMLEP focus areas



Number of respondents: 2,341.

Question asked: What do you think SEMLEP should focus on to help businesses and the local economy grow?

Section 9: Business Profile and Working Practices

Key Findings:

- Nearly all of the businesses in the survey were private sector businesses (98%), while 2% classified themselves as social enterprises. The majority of businesses were private limited companies (59%) but sole traders were also common (28%).
- 26% of businesses with employees are women-led, 9% ethnic minority-led and 4% disabled-led (i.e. 50% or more of the estimated partners or board directors are from these groups).
- In terms of the working practices offered to staff, almost two-thirds offered at least one of part time working, flexible working, or proactive policies in place to recruit from protected groups. However, 38% of businesses had none of these policies in place. The policies were almost universal among large businesses but far less common among smaller ones.
- Over a tenth of businesses are either pre-scale-up or scale-up businesses.

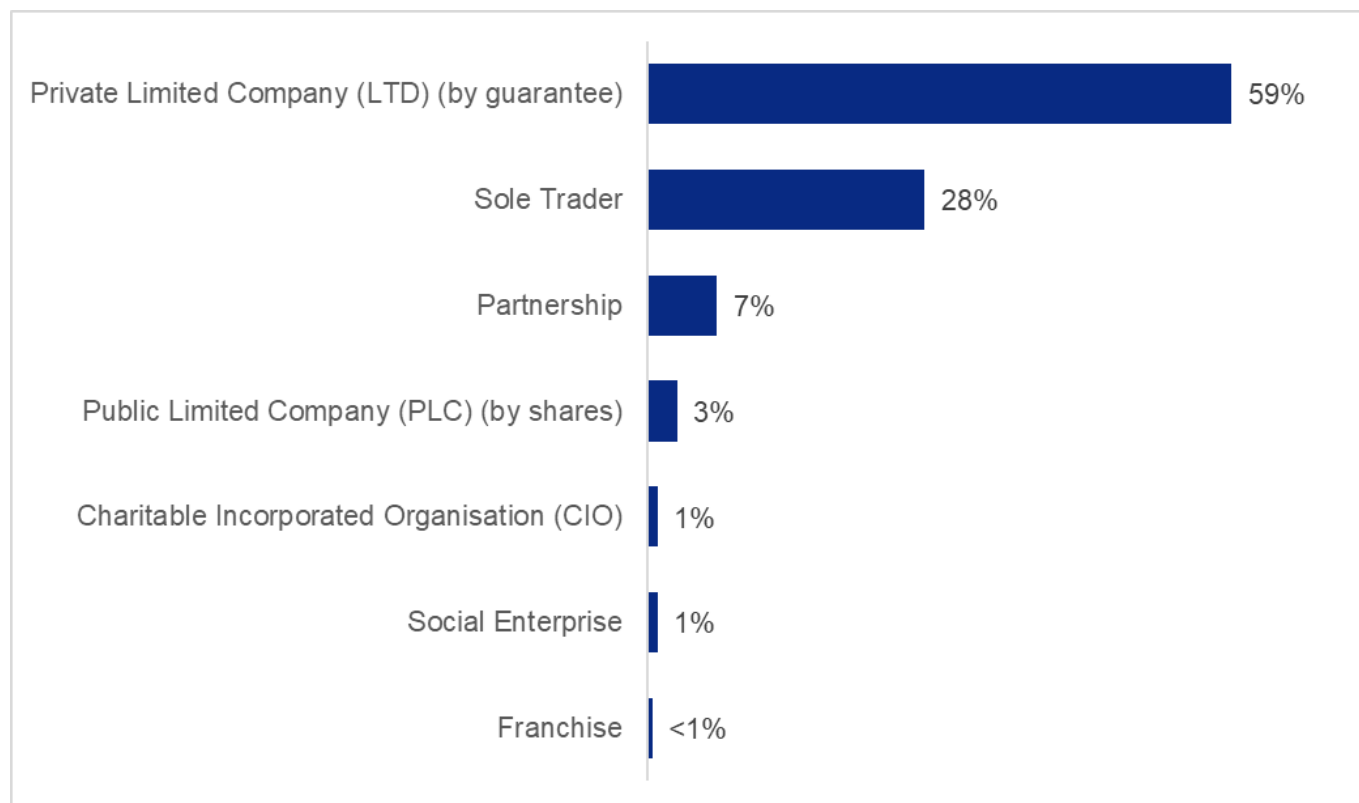
Introduction

- 9.1. This chapter outlines the profile of businesses operating in the SEMLEP region which completed the survey. This includes the legal status profile of businesses, and the profile of business ownership and leadership in the region.
- 9.2. It also covers business culture as defined by their working practices, such as access to flexible working.
- 9.3. This section also profiles “scale-up businesses”, which are businesses that have been identified as likely to grow significantly in the coming years.
- 9.4. Where the survey profile has been designed to match statistics from the Office of National Statistics (size, sector and local authority) the figures are not repeated here, although the size, sector and local authority profile of responses can be found in the Introductory chapter to this report.

Legal status

- 9.5. The vast majority of businesses in the survey were private sector businesses (98%), while 2% classified themselves as a social enterprise.
- 9.6. Looking at the legal status of businesses, around six in ten (59%) were private limited companies and just over a quarter (28%) sole traders. The remainder were a mix of partnerships, PLCs, CIOs, social enterprises and a handful of franchises (see Figure 9.1).

Figure 9.1: Legal status of SEMLEP businesses



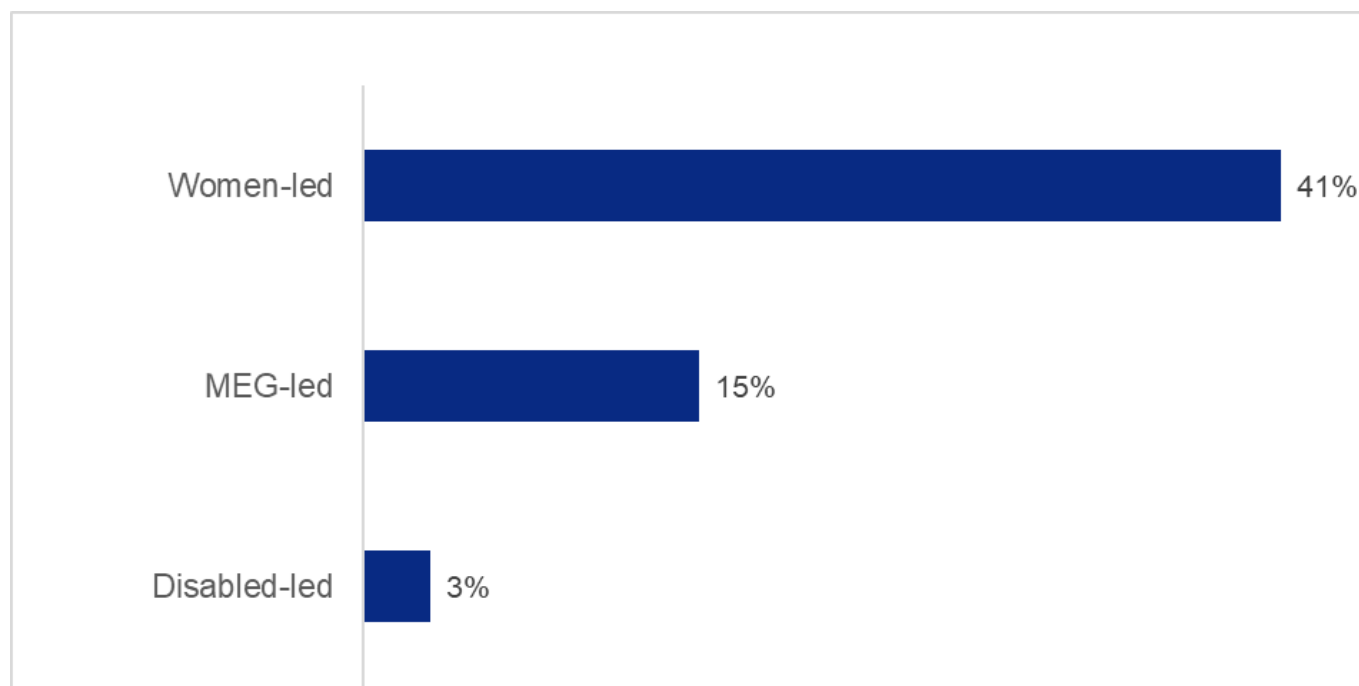
Number of respondents: 2,354.

Question asked: How would you describe your company status?

Business ownership and leadership

- 9.7. 76% of sole traders in the sample were men, which compares to 51% of the SEMLEP population being women. 35% of sole traders were from ethnic minority backgrounds, which is higher than the SEMLEP population, estimated at about 20% and much higher than the UK figure of approximately 15%. And 15% of sole traders have a disability, comparable to the SEMLEP population.
- 9.8. In addition, 41% of businesses with employees are women-led, 15% ethnic minority-led and 3% disabled-led (i.e. 50% or more of the estimated partners or board directors are from these groups).

Figure 9.2: Proportion of businesses led by women, minority ethnic groups and disabled people, over time



Number of respondents: 1,673 (not asked to sole traders). Excludes 'don't know' responses.

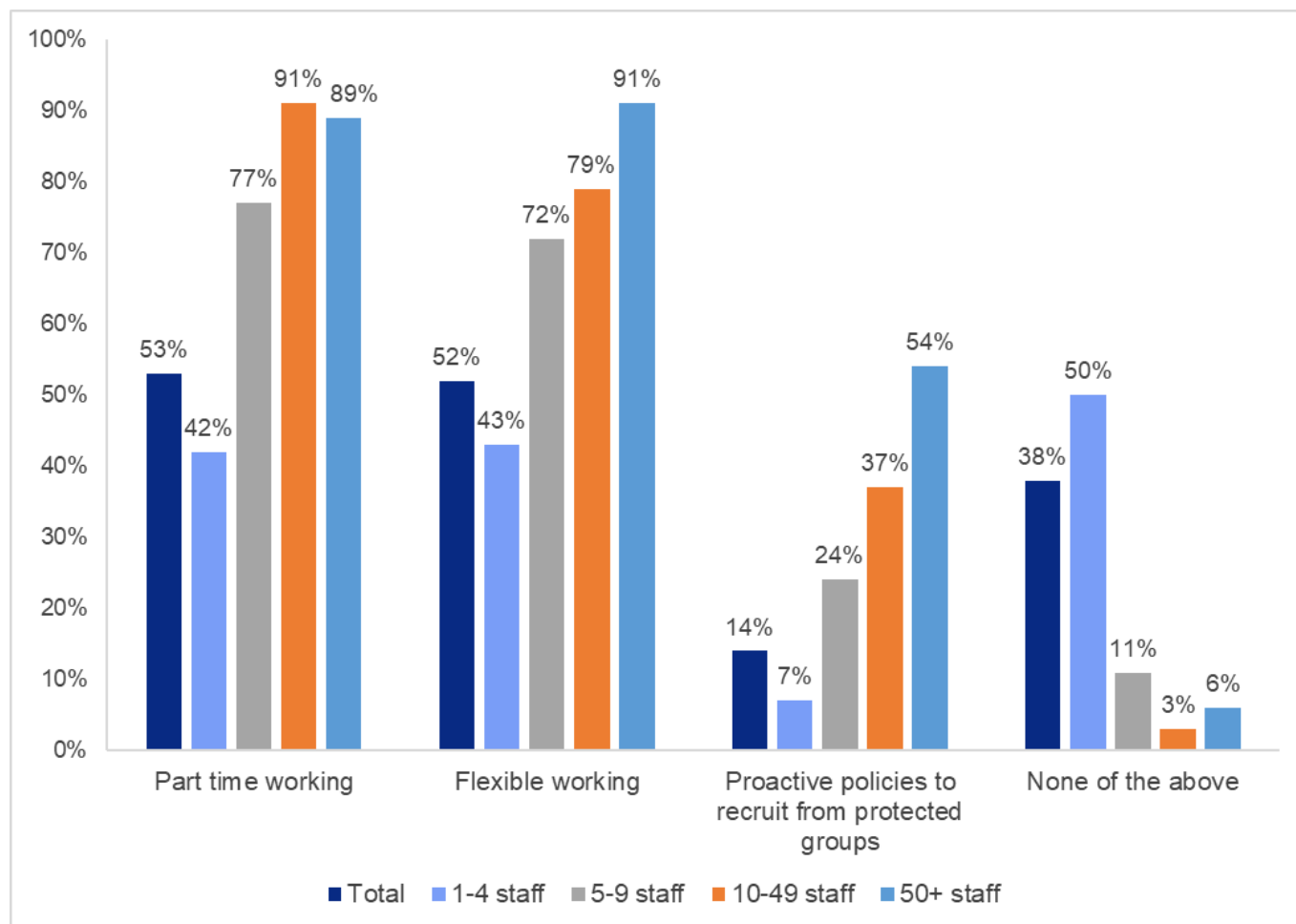
Question asked: For each of the following, please estimate the percentage of partners or board directors in your business that are . . .?

Working practices

- 9.9. Offering practices such as part-time working and flexible working to employees, and having policies to proactively boost recruitment from protected groups, is considered to be good practice for businesses and indeed has been linked to higher levels of business performance²⁶.
- 9.10. Just over half of businesses reported that they offer part-time working to staff (53%) and/or flexible working (52%). Around one in seven have proactive policies in place to recruit from protected groups. Overall, 38% of businesses had none of these policies in place.
- 9.11. Larger businesses were more likely to offer the policies than smaller businesses. This is not surprising as, with more staff, they are more likely to have faced instances of staff requesting part time or flexible working, they are more likely to have a dedicated HR function with the resource to implement such policies, and they have more staff to minimise the impact of irregular working patterns on their day-to-day business activities. Almost all of the businesses with 50 or more staff offered part-time and flexible working, and over half had proactive policies to recruit from protected groups.

²⁶ Tamkin, P (2004) "High Performance Working Practices" Institute for Employment Studies www.employment-studies.co.uk/system/files/resources/files/mp36.pdf (accessed 21/08/17).

Figure 9.3: Working practices of businesses by size



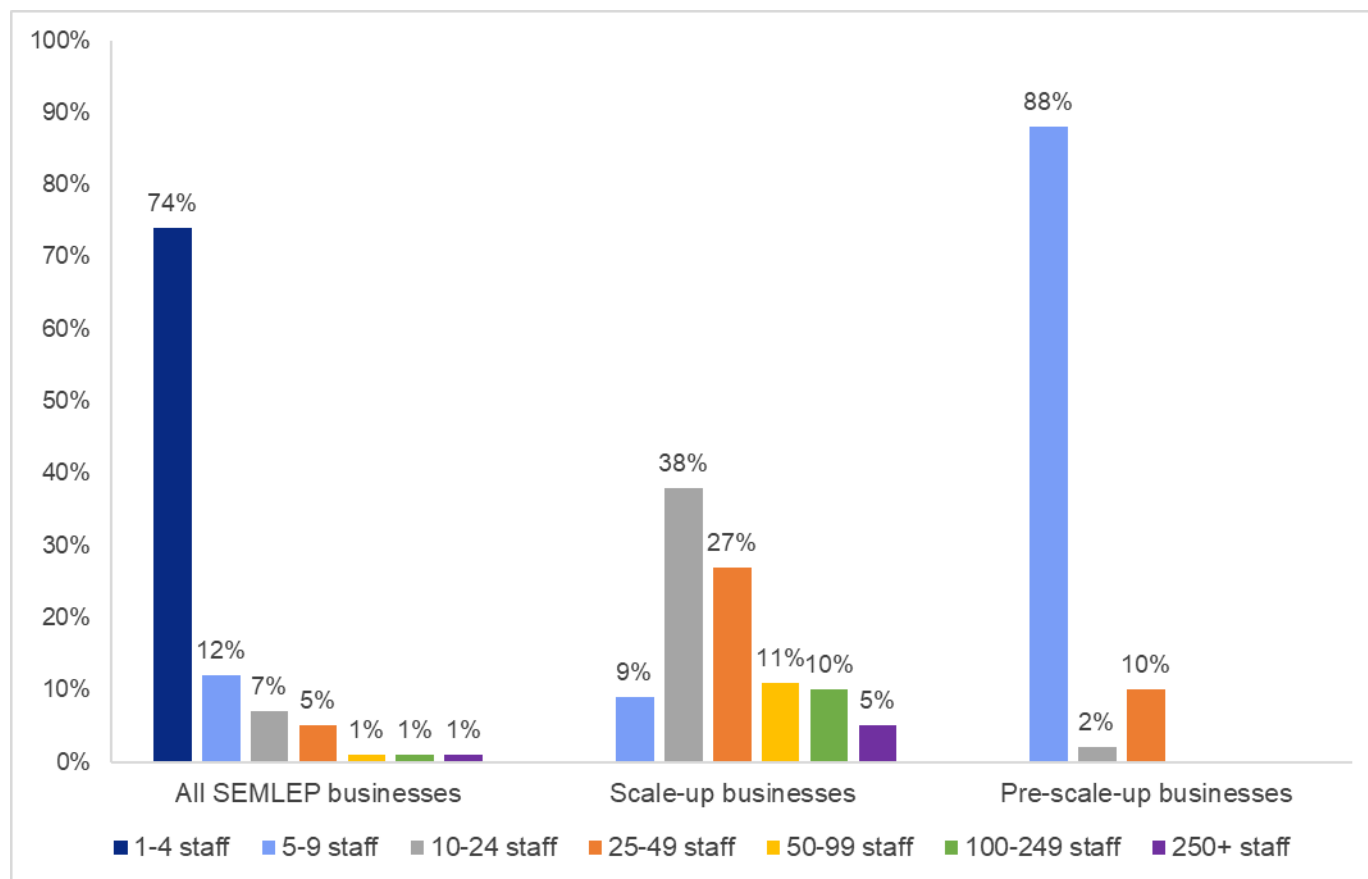
Number of respondents: Total 2,201; 1-4 staff 1,596, 5-9 staff 271, 10-49 staff 263, 50+ staff 71.

Question asked: Does your business offer any of the following working practices?

Scale-up Businesses

- 9.12. A “scale-up business” is one that has been identified as having potential for expansion through a number of characteristics of the business. A scale-up business is defined as one that has at least 10 employees, has been operating at least 3 years, achieved a turnover of £500,000 or more in the previous year and has the potential or aspiration to grow turnover and/or profit by 20% or more per year in the next 3 years.
- 9.13. A “pre-scale-up business” has at least 5 employees, achieved a turnover of £250,000 or more in the previous year, and has the potential or aspiration to grow turnover and/or profit by 50% or more per year in the next 3 years.
- 9.14. 13% of businesses fell into one or the other of these definitions: 8% considered they met all the criteria for a scale-up business, and 5% for a pre-scale-up business.
- 9.15. Scale-up businesses were well spread by size-band, whereas pre-scale-up businesses tended to be towards the smaller end of the scale, with 88% having 5-9 staff. It should be borne in mind when interpreting these figures that the size was collected for the **site** of the business – if the business has more than one site they may be reporting fewer staff than the business has as a whole. This is why some scale-up businesses fall into the 5-9 size band in Figure 9.4.

Figure 9.4: Size profile of scale-up and pre-scale-up businesses



Number of respondents: All 2,370, Scale-up 188, Pre-scale-up 118.

9.16. The sector profile of scale-up businesses was quite closely matched to that of the total population, with the exception that they were more common than average in the human health and social work sector; this was the most common sector for scale-up businesses to be in. The pre-scale-up businesses were more varied, with higher than average proportions in construction (17%), information and communication (15%) and education (14%) (please note: sample sizes are small and differences should be treated with caution as none of the results are statistically significant).

Figure 9.5: Sector profile of scale-up and pre-scale-up businesses

	Total	Scale-up businesses	Pre-scale-up businesses
Number of interviews (unweighted)	2,370	188	118
Local authority area	%	%	%
Accommodation and food service activities	5	5	2
Administrative and support service activities	9	10	8
Agriculture, forestry and fishing	4	<1	1
Arts, entertainment and recreation	3	5	3
Construction	11	13	17
Education	2	1	14
Financial and insurance activities	2	4	3
Human health and social work activities	5	14	-
Information and communication	8	7	15
Manufacturing	6	6	7
Other service activities	3	1	1
Professional, scientific and technical activities	16	9	9
Real estate activities	3	5	6
Transportation and storage	6	7	1
Motor trades	3	2	2
Wholesale	4	3	4
Retail	8	11	8

“-” denotes a figure of zero.

9.17. Scale-up businesses were most commonly found in Northampton South (19%), Aylesbury Vale (16%), Cherwell (14%) and Milton Keynes (13%). Pre-scale-up businesses were concentrated in Milton Keynes (33%) but also had higher than average numbers in Luton (13%) and Northamptonshire (12%) (please note: sample sizes are small and differences should be treated with caution).

Figure 9.6: Local authority profile of scale-up and pre-scale-up businesses

	Total	Scale-up businesses	Pre-scale-up businesses
Number of interviews (unweighted)	2,370	181	118
Local authority area	%	%	%
Aylesbury Vale	11	16	7
Bedford	8	-	1
Central Bedfordshire	14	7	6
Cherwell	8	14	6
Corby	3	2	-
Daventry	5	3	4
East Northamptonshire	4	2	5
Kettering	4	7	-
Luton	8	7	13
Milton Keynes	14	13	33
Northampton South	11	19	8
Northamptonshire	6	4	12
Wellingborough	4	7	6

"-" denotes a figure of zero.

Section 10: Showcase Sectors

Key Findings:

Creative and Cultural sector:

- The Creative and Cultural showcase sector had a higher than average level of awareness of SEMLEP and of the local growth hubs, but this has not translated into a higher usage. This is of note as business support and advice was the factor these businesses most commonly believed SEMLEP should be prioritising.
- Businesses in this sector were less positive than average about the local area, in particular the rail and road networks. However, they were no more likely than average to be looking to relocate.
- The sector is very active in the recruitment market, with just over half of businesses having a vacancy in the previous year. Around half of businesses with vacancies had suffered hard-to-fill vacancies, which is in line with figures across SEMLEP as a whole.
- Creative and Cultural businesses were, however, more likely than average to report skills gaps among their current staff, with around two-fifths of businesses facing this issue. The sector was most likely to offer internal training over other forms of skills development, but two-thirds still stated they were doing nothing to increase skills among their staff.

High Performance Technology sector:

- There has been a large drop in the proportion of High Performance Technology businesses reporting an improved performance over the previous 12 months since 2015. Optimism on performance for the coming 12 months was also much reduced on previous levels.
- These businesses' main priorities centred around the availability of suitably skilled staff: they listed this as a priority for SEMLEP to focus on, and rated the local area lower than average for the local workforce and the quality of schools and colleges. Lack of applicants with the required skills was also the main reason they struggled to fill vacancies (although their level of hard-to-fill vacancies was in line with the average).
- However, they reported their current staff to be well-skilled, with a small proportion reporting having one or more skills gaps among staff.
- Awareness of SEMLEP and of growth hubs was lower than average in this sector. However, they were less likely to list any type of support they wanted from councils or other local support agencies, suggesting many would not be receptive to this sort of assistance.

Logistics sector:

- Businesses in the Logistics sector had a lower than average awareness of SEMLEP and of growth hubs. They list financial-based considerations (e.g. lower business rates and financial support) as their priorities for support that could be offered by councils or other local support agencies.
- They had a lower than average level of optimism about their performance over the next 12 months.
- These businesses were, on the whole, positive about the local area, but were less positive about the local road network and about public transport. The former particularly may be why a higher proportion of these businesses are looking to relocate, with a higher proportion looking outside of the SEMLEP region.

Manufacturing and Advanced Technology sector:

- Businesses in the Manufacturing and Advanced Technology sector listed the supply of skilled labour as one of their priorities, and were less happy than average with the supply of skilled labour in their local area. However, they were comparatively quiet in the recruitment market and of the few that had had vacancies, they were no more likely than average to find these hard to fill.
- They were more likely than average to have anyone on apprenticeships, or to be open to taking on apprentices.
- Businesses in this sector had a higher than average awareness and use of the growth hubs.
- They had a lower than average level of optimism about their performance over the next 12 months.

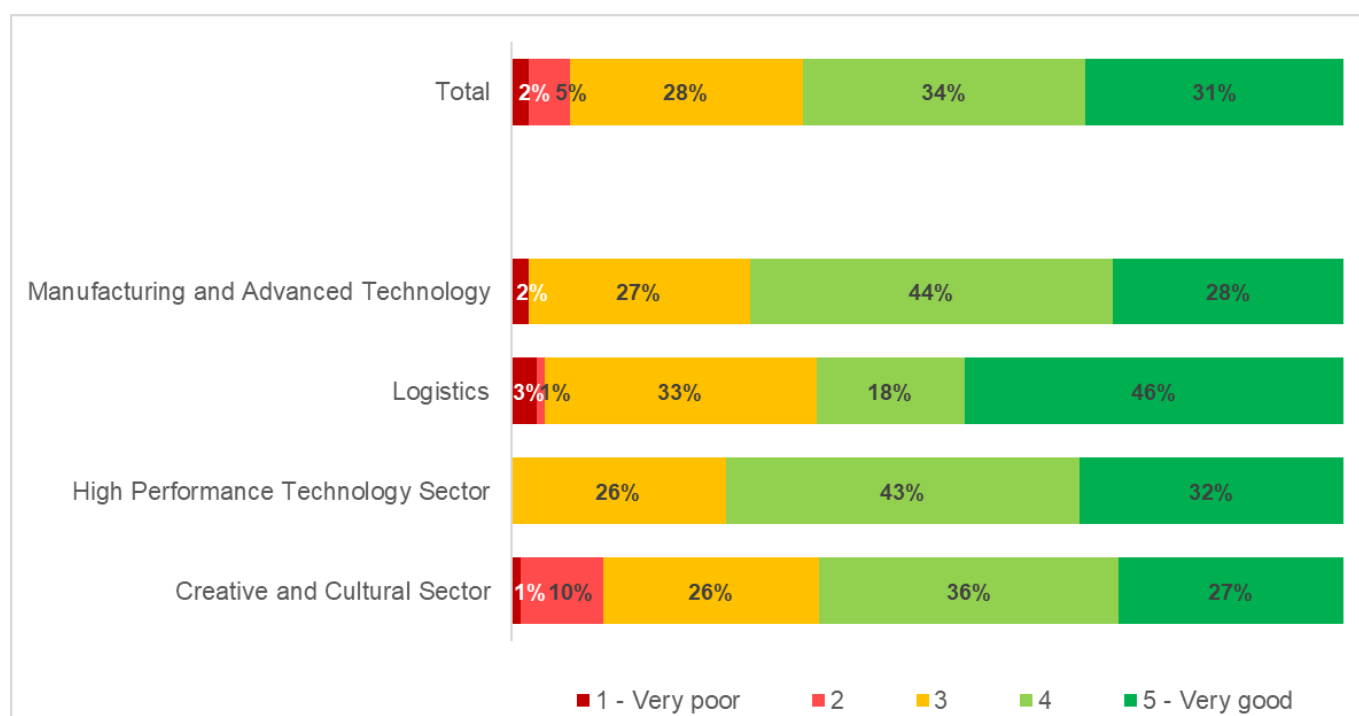
Introduction

- 10.1. SEMLEP has four priority “showcase” sectors, which have been identified as sectors in which the area demonstrates a particular strength. These sectors have been targeted as those with the greatest potential for growth. These are:
- Creative and Cultural
 - High Performance Technology
 - Logistics
 - Manufacturing and Advanced Technology
- 10.2. This section analyses the findings of the survey by these four showcase sectors. Please note, that due to low sample sizes, the differences between sectors should be treated indicatively rather than conclusively.

Quality of local area

- 10.3. Businesses in the showcase sectors were as likely as average to be happy with their local area as a place to do business, although businesses in the Logistics sector were more likely than average to give the very top rating of 5 out of 5.
- 10.4. Although they were as likely to rate the area “good” or “very good” as average, businesses in Creative and Cultural were more likely than average to give a “poor” rating to their local area.

Figure 10.1: Businesses’ rating of their local area as a place to do business, by showcase sector



Number of respondents: Total 2,284; Creative and Cultural 344, High Performance Technology 117, Logistics 206, Manufacturing and Advanced Technology 69.

Question asked: Overall, how do you rate your location as a place to do business?

- 10.5. Figures 10.2 to 10.4 show the proportion of showcase sector businesses that rated a number of aspects of their local area as either “good” or “very good”, giving a score of 4 or 5 out of 5.
- 10.6. There were very few aspects in this area that the showcase sectors were less likely to give positive ratings to. These were:
- Businesses in the High Performance Technology sector were less happy than average with the locally available workforce.
 - All showcase sectors bar Logistics were less likely to rate the local support available to businesses positively. (Logistics businesses were in fact more likely than average to give this aspect a positive rating.)
 - Manufacturing and Advanced Technology businesses were less positive than average about the availability of skilled staff in the local area.

Figure 10.2: Ratings of aspects of business and labour market conditions in local area by showcase sector

	Total	Creative and Cultural Sector	High Performance Technology Sector	Logistics	Manufacturing and Advanced Technology
Number of interviews (unweighted)	2,370	358	125	217	73
	%	%	%	%	%
Supply chain located locally	61	60	75	51	52
Availability of suitable premises	56	59	77	69	61
Skilled staff	45	44	51	52	28
Locally available workforce	45	45	22	53	46
Average pay scales/wage levels	45	45	43	50	38
Good value rent and rates	44	43	46	54	57
Local support available to businesses	32	25	26	48	20

Question asked: How do you rate the availability of, or quality of, the following aspects of your location from a business perspective?

10.7. In terms of the area as a place to live and work:

- Businesses in the High Performance Technology sector were less positive across the board, but in particular in relation to the quality of the schools and colleges in the area.
- Creative and Cultural businesses were less positive about the local services and amenities.
- Businesses in Logistics were less positive than average about local affordable housing (where ratings are generally low across the board), suggesting this is a particular issue for them.

Figure 10.3: Ratings of aspects of the local area as a place to live and work by showcase sector

	Total	Creative and Cultural Sector	High Performance Technology Sector	Logistics	Manufacturing and Advanced Technology
	%	%	%	%	%
Number of interviews (unweighted)	2,370	358	125	217	73
Good quality schools/colleges	66	62	32	87	75
Attractive surroundings	65	64	50	55	68
Availability of local services (such as retail and leisure)	61	50	56	60	64
Proximity to universities	53	51	42	59	54
Affordable housing	29	35	22	19	40

Question asked: How do you rate the availability of, or quality of, the following aspects of your location from a business perspective?

10.8. In terms of the local infrastructure:

- The Logistics sector, for whom one might imagine infrastructure is key, were generally quite positive. The exceptions to this were with the road network and with public transport, where ratings were considerably less positive than average.
- Creative and Cultural businesses were less positive than average about the road and rail networks.
- Businesses in High Performance Technology were only half as likely as average to give a positive rating about airport access.

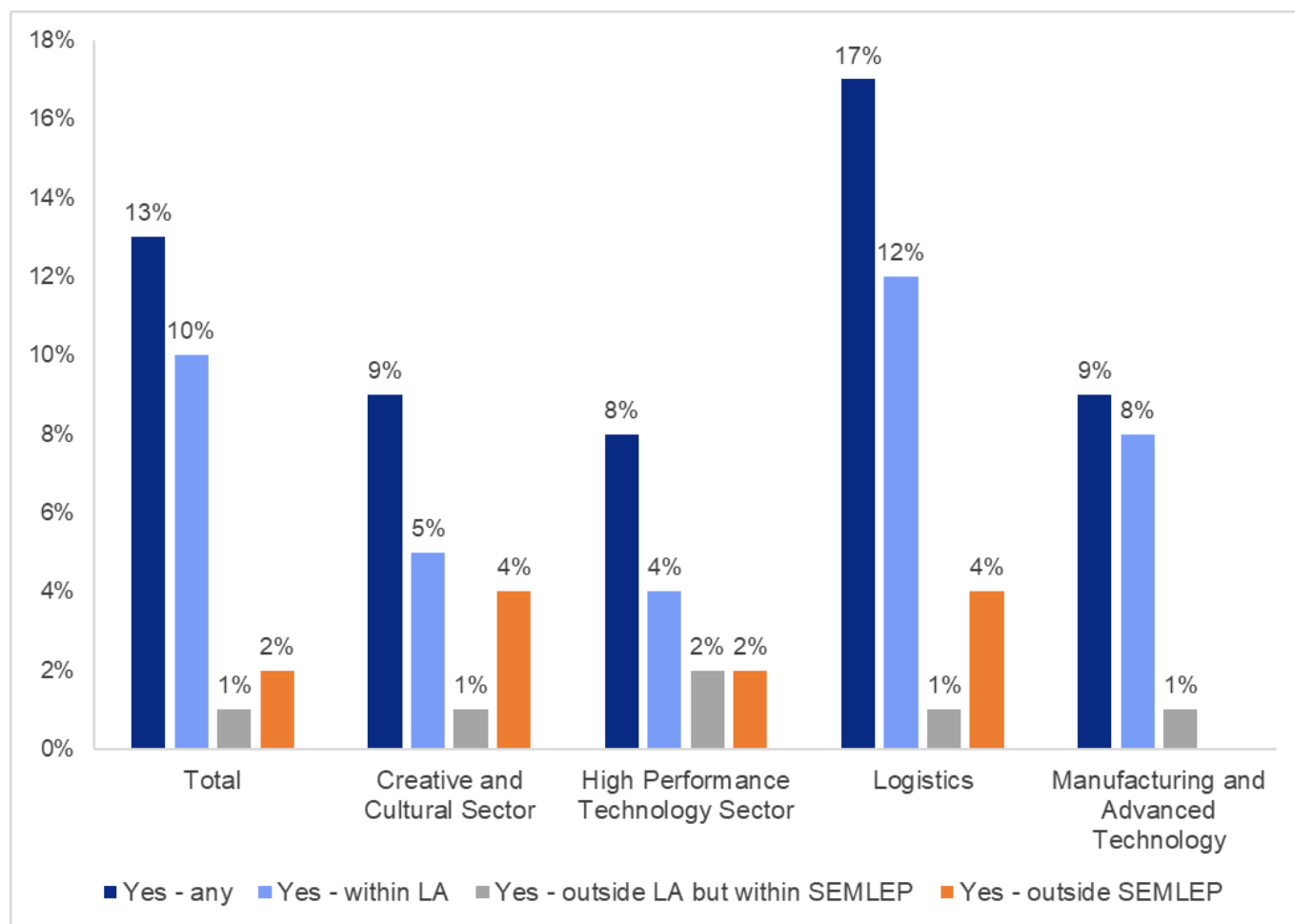
Figure 10.4: Ratings of aspects of local infrastructure by showcase sector

	Total	Creative and Cultural Sector	High Performance Technology Sector	Logistics	Manufacturing and Advanced Technology
Number of interviews (unweighted)	2,370	358	125	217	73
	%	%	%	%	%
Rail network	70	55	72	81	76
Road network	67	57	71	59	76
Ease of transportation of freight	64	61	77	82	86
Walking/cycling routes	58	65	53	60	51
Airport access	54	50	25	68	49
Public transport	51	53	46	38	67

Question asked: How do you rate the availability of, or quality of, the following aspects of your location from a business perspective?

- 10.9. Businesses in the showcase sectors were, on the whole, less likely than average to be considering relocating, but those with potential to move were more likely to be considering moving outside of the SEMLEP area.
- 10.10. Reasons given for this were similar to those given by businesses overall, with bigger premises and lower costs most common. However, a third of the Logistics businesses considering relocation indicated a desire to be closer to transport links.

Figure 10.5: Whether businesses are considering relocating and if so where to, by showcase sector



Number of respondents: Total 2,343; Creative and Cultural 358, High Performance Technology 125, Logistics 217, Manufacturing and Advanced Technology 66.

Question asked: Are you thinking of relocating your business?

Business support

10.11. Looking at the sources of business support that showcase sector businesses have already used gives an indication of the best ways to reach them.

10.12. Businesses in the Logistics and High Performance Technology sectors were more likely than average to have sought advice, particularly from accountants. Those in High Performance Technology were also much more likely to have sought the advice of a solicitor, but this group were less likely to have used web-based business advice, suggesting this would not be an effective means of reaching them.

Figure 10.6: Sources of business support used by showcase sectors

	Total	Creative and Cultural Sector	High Performance Technology Sector	Logistics	Manufacturing and Advanced Technology
Number of interviews (unweighted)	2,370	358	125	217	73
	%	%	%	%	%
Accountant	63	61	87	75	75
Other business owners	37	42	29	30	29
Bank	35	38	21	42	55
Central Government department or Government body	34	31	38	40	25
Family/friends	30	41	9	26	34
Solicitor	21	25	41	18	16
Web-based business advice	18	26	5	16	11
Trade association	17	14	16	12	21
Recruitment agency	15	14	22	18	9
Your local council	14	18	18	10	5
Marketing agency	10	16	-	10	15
University/college	8	10	5	6	8
National Apprenticeship Service	8	6	5	5	6
Chamber of Commerce	4	4	4	7	3
Government's Business Growth Service	3	3	1	3	6
Velocity (Growth Hub)	2	1	-	1	5
Northamptonshire Growth Hub	3	3	3	2	5
Your council's Business TimeBank service	1	1	1	3	-
None of the above	17	16	4	8	15

Question asked: Have you used any of the following for business advice or support in the past 12 months?

“-” denotes a figure of zero.

10.13. Use of growth hubs was higher than average in the Manufacturing and Advanced Technology sector at 5%. Businesses in this sector were also more likely than average to have heard of growth hubs, at 14%. Creative and Cultural businesses were also more familiar with the growth hubs (12%) although this has not translated into higher than average use of the service as a source of business support or advice.

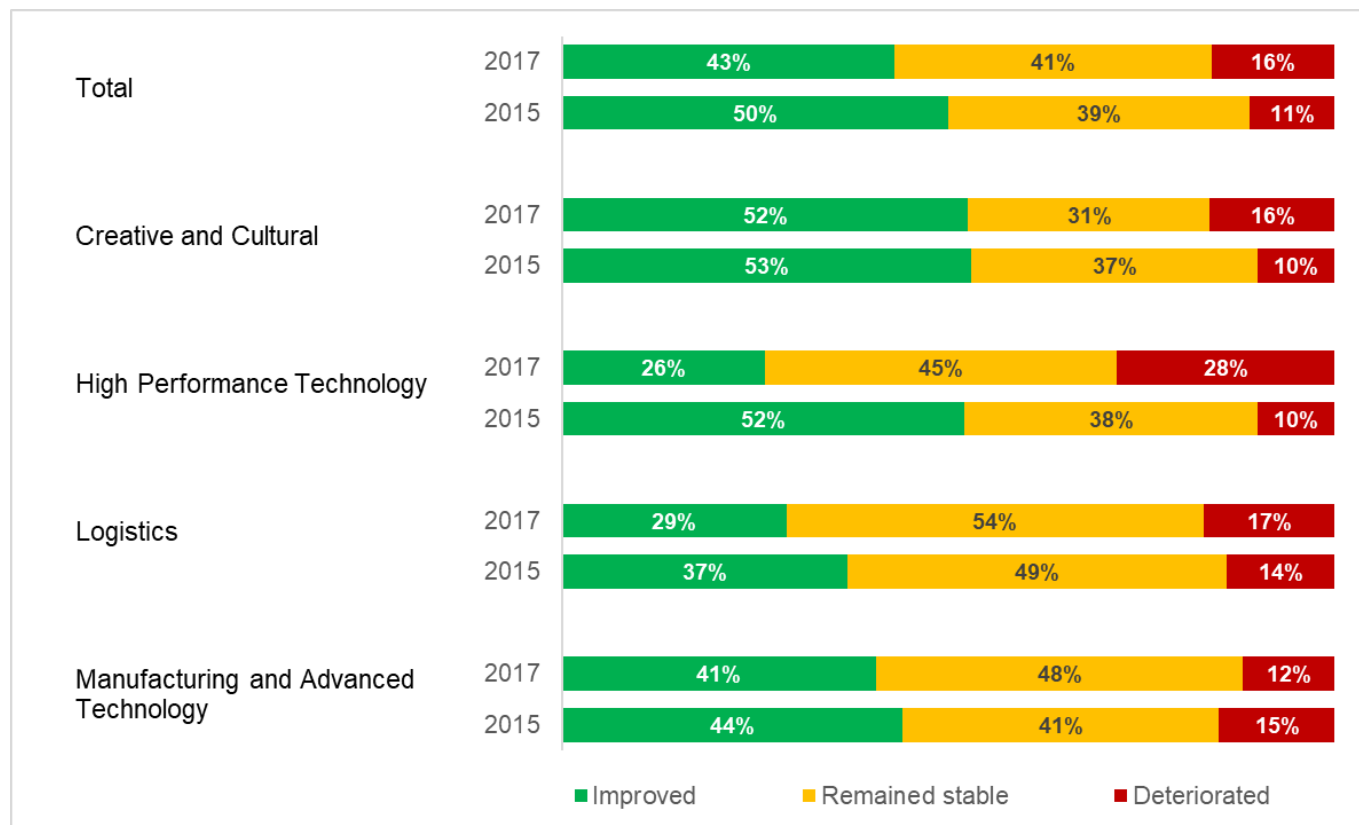
10.14. A smaller number of businesses in High Performance Technology (3%) and Logistics (4%) had heard of the growth hubs.

Business performance

10.15. The proportion of businesses in showcase sectors reporting improved performance in the past 12 months generally followed the overall pattern of a slight decrease from the 2017 survey. However, in the High Performance Technology sector there has been a large

decrease, accompanied by an almost three-fold increase in businesses saying their performance has declined over the period, suggesting a slow-down in this sector.

Figure 10.7: Business performance over the past 12 months, by showcase sector

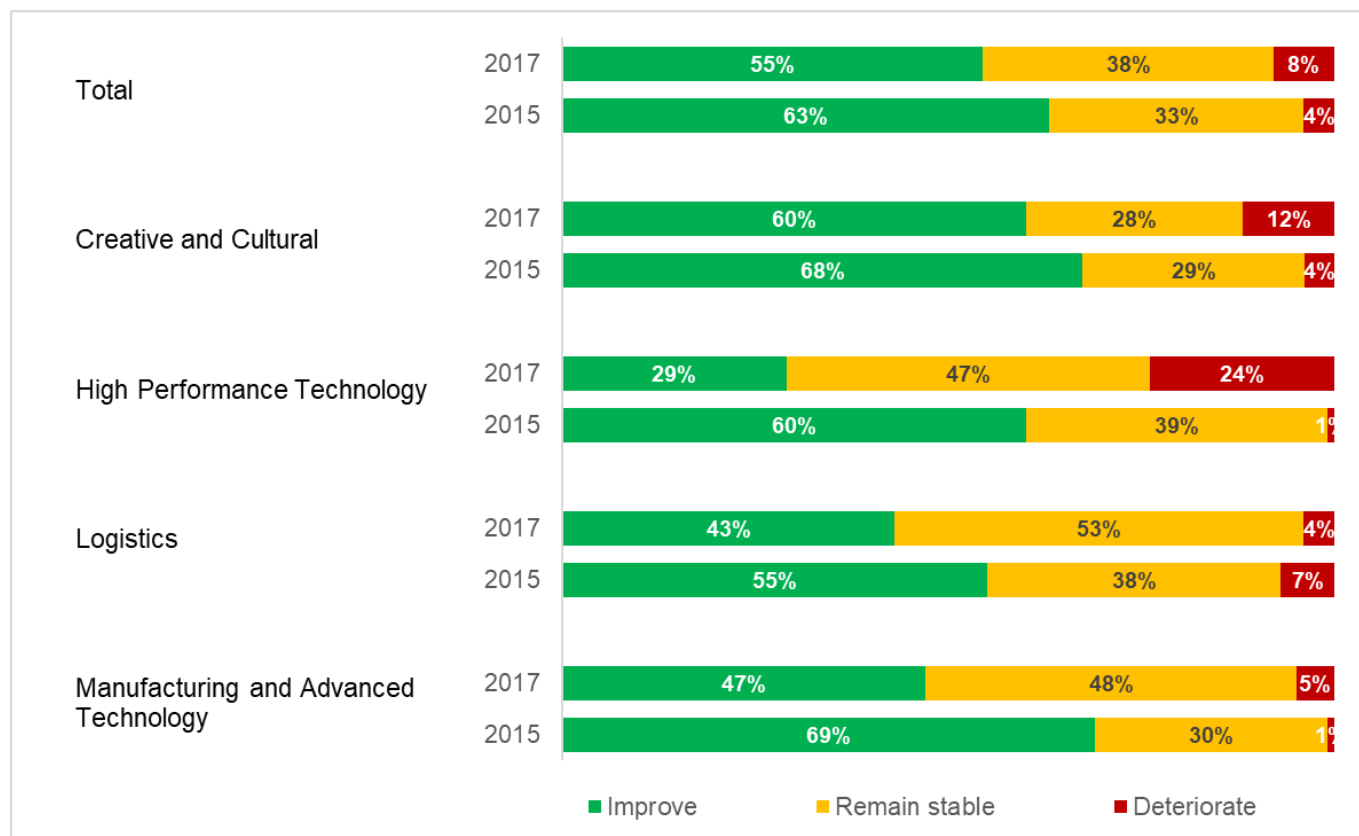


Number of respondents: Total 2017 2,365, 2015 1,918; Creative and Cultural 2017 358, 2015 513; High Performance Technology 2017 125, 2015 87; Logistics 2017 217, 2015 125; Manufacturing and Advanced Technology 2017 73, 2015 70.

Question asked: Would you say that, overall, your business performance in the past 12 months has improved, remained stable or deteriorated?

10.16. Similarly, optimism about future business performance has fallen across the board but particularly in the High Performance Technology sector and also in Manufacturing and Advanced Technology. The earlier section on business performance highlighted that this is not necessarily specific to SEMLEP.

Figure 10.8: Expected future business performance by showcase sector

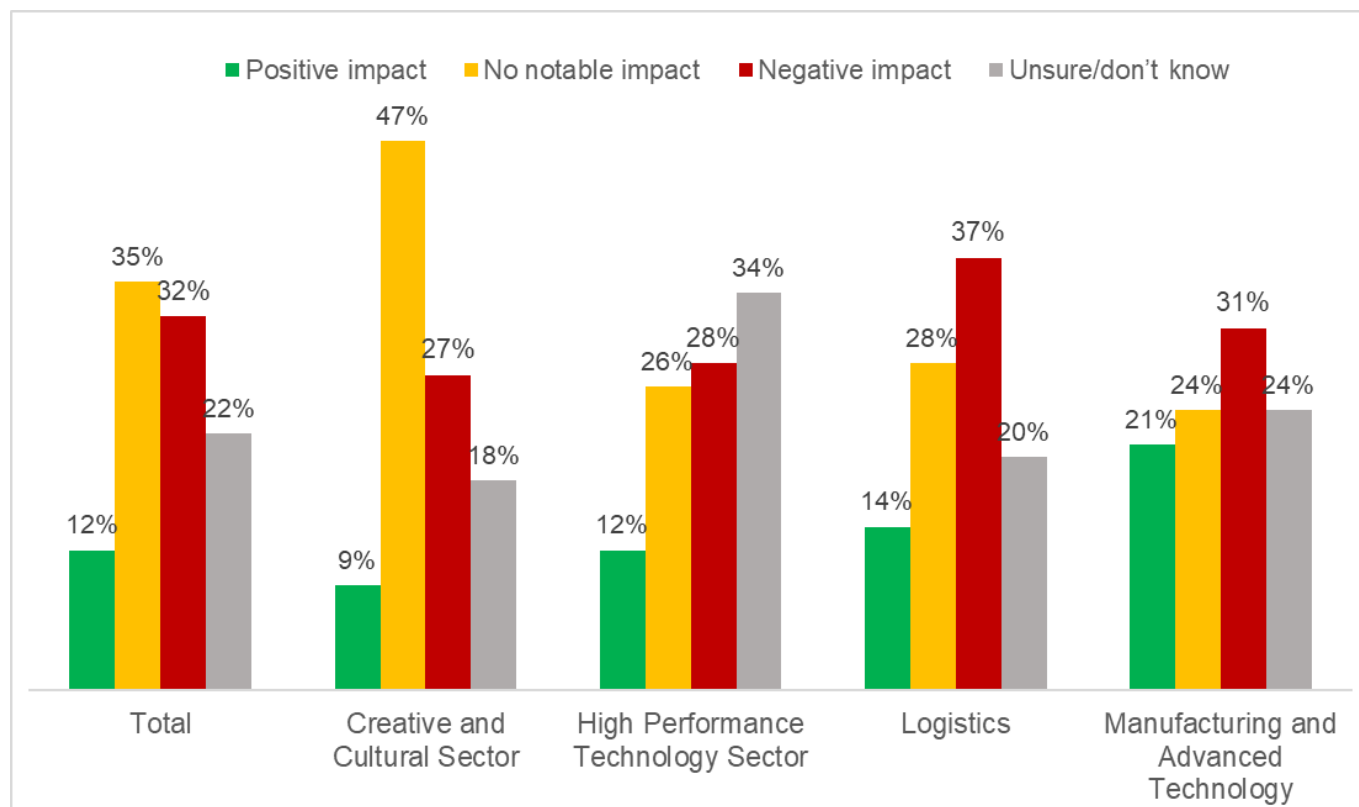


Number of respondents: Total 2017 2,338, 2015 1,918; Creative and Cultural 2017 357, 2015 513; High Performance Technology 2017 118, 2015 87; Logistics 2017 217, 2015 125; Manufacturing and Advanced Technology 2017 73, 2015 70.

Question asked: Over the next 12 months, do you expect your business performance to improve, remain stable or deteriorate?

10.17. There was a large variation among the showcase sectors when it came to the predicted impact of leaving the EU. Businesses in the Manufacturing and Advanced Technology sector were much more likely to be anticipating a positive impact, whereas those in the Creative and Cultural sector were less positive (they were most likely to expect no impact).

Figure 10.9: Expected impact of leaving the EU by showcase sector



Number of respondents: Total 2,370; Creative and Cultural 358, High Performance Technology 125, Logistics 217, Manufacturing and Advanced Technology 73.

Question asked: Overall, what do you think will be the impact on your business, if any, of leaving the European Union?

10.18. In terms of the priorities for the exit negotiations, the showcase sectors' priorities were broadly in line with those of the area as a whole. The only exception was that businesses in the Manufacturing and Advanced Technology sector were more likely to be concerned about access to the single market, with 47% citing it as a priority compared to 29% overall.

10.19. The showcase sectors also had slightly different priorities when it came to the top three areas they felt councils and other local support organisations should be helping them with. Figure 10.10 shows the data in full, but the following figures are noteworthy:

- Businesses in the High Performance Technology and Manufacturing and Advanced Technology sectors were much more likely than average to say there were no areas they would like support with (40% and 31% respectively, compared to an average of 17%).
- Logistics businesses were more likely to prioritise lower business rates and increased financial support.

Figure 10.10: Priority areas for local support by showcase sector

	Total	Creative and Cultural Sector	High Performance Technology Sector	Logistics	Manufacturing and Advanced Technology
Number of interviews (unweighted)	2,370	358	125	217	73
	%	%	%	%	%
Lower business rates	23	23	6	30	32
More financial support	13	10	2	21	10
Regenerate the area/more investment in the area	10	9	5	12	3
More business support/advice	9	15	5	2	10
Better/more/cheaper parking facilities	8	12	1	4	6
Improve transport infrastructure/links	8	11	3	6	6
Use local businesses for jobs/employ local people	7	4	2	5	-
Better communication with businesses/listen more to businesses	7	8	3	2	-
Help small businesses	7	11	6	1	2
Reduce red tape/paperwork	6	10	5	7	6
Help with marketing and promotion	6	9	2	-	6
Easier planning permission	5	2	10	5	5
More shops/local amenities (inc filling empty shops)	5	3	4	4	-
Assist/provide suitable premises	5	2	7	1	3
Help you to engage with training and education providers to identify new talent	5	7	-	4	2
Offer more/free training	4	2	-	2	-
Help with advertising	3	4	2	2	6
Improve other infrastructure such as broadband	3	4	5	3	2
Encourage new business to start up	1	-	-	1	1
Nothing	17	23	40	14	31

Question asked: What are the 3 most important things your local council and other support organisations should do to help you grow your business?

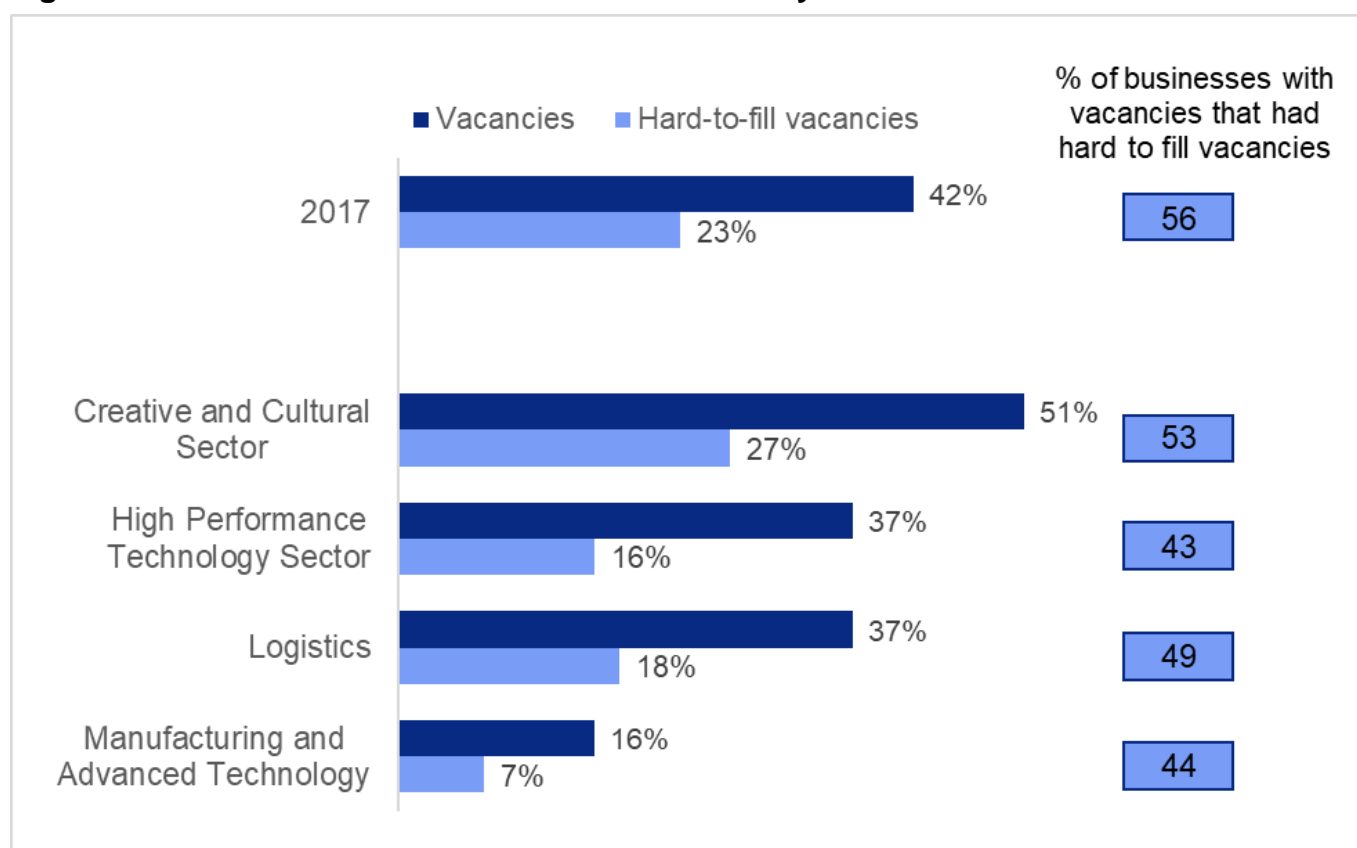
“-” denotes a figure of zero.

Employment and skills

10.20. Businesses in the Creative and Cultural sector were slightly more likely than average to have had vacancies in the previous year (51%, compared to 42% average). Conversely, those in the Manufacturing and Advanced Technology sector were less likely to have done so, at just 16%.

10.21. Creative and Cultural sector businesses that had had vacancies were as likely as average to have found any hard to fill; businesses in the other showcase sectors were less likely than average to have found any of these hard to fill, suggesting the local labour market is slightly more geared towards these sectors than it is the economy as a whole. However, this still represents a considerable number of businesses struggling to fill vacancies.

Figure 10.11: Vacancies and hard-to-fill vacancies by showcase sector



Number of respondents: Total 2,370; Creative and Cultural 358, High Performance Technology 125, Logistics 217, Manufacturing and Advanced Technology 73.

Questions asked: Have you had any vacancies in the last 12 months? Have you had any vacancies in the last 12 months that you have found hard to fill?

10.22. The number of interviews with businesses with hard-to-fill vacancies in the showcase sectors is generally too low to allow for statistical analysis. However, it is noteworthy that nearly all of the businesses in the High Performance Technology sector said the reason they struggled to fill their vacancies was a low number of applicants with the required skills.

10.23. In terms of their current staff, businesses in the Creative and Cultural sector were more likely than average to report skills gaps (38%, compared to 29% average). This was spread across a number of skills – there was no particular skill that was an issue for the sector. Conversely, businesses in High Performance Technology were much less likely than average to report skills gaps, at 8%. Manufacturing and Advanced Technology (22%) and

Logistics (26%) did not differ significantly from the average.

10.24. The showcase sectors were varied in the actions they had taken to improve skills among their workforce (see Figure 10.12).

Figure 10.12: Actions taken to improve skills among workforce, by showcase sector

	Total	Creative and Cultural Sector	High Performance Technology Sector	Logistics	Manufacturing and Advanced Technology
Number of interviews (unweighted)	2,370	358	125	217	73
	%	%	%	%	%
Offering in-house training & development	26	29	19	29	9
Outsourcing training & development	15	12	22	9	10
Investing in apprenticeships	2	1	2	2	2
Engaging with schools, colleges and universities	1	2	-	-	8
Relying on agencies to recruit skilled people	1	1	4	<1	3
Not doing anything	68	64	70	65	77

Question asked: What actions have you taken to increase skills?

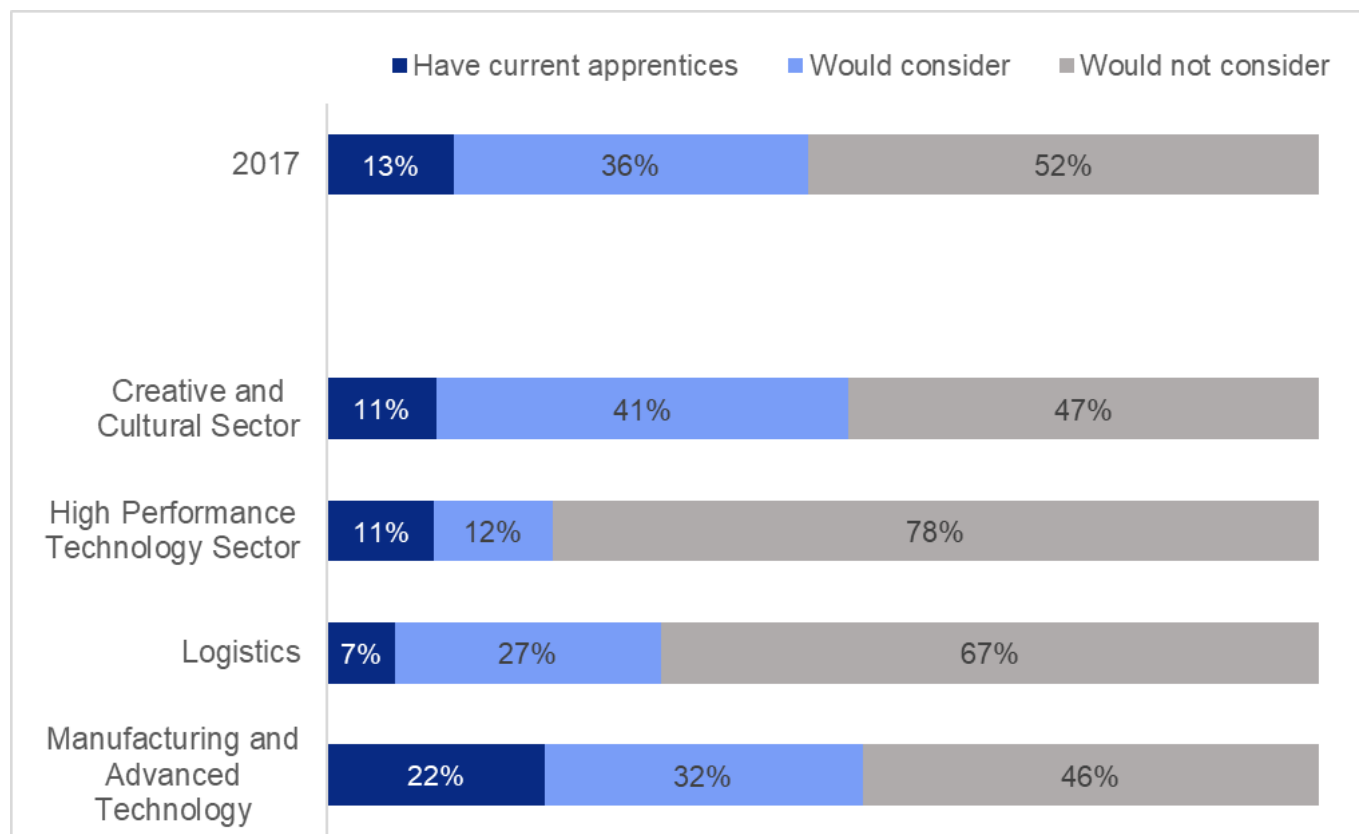
“-” denotes a figure of zero.

Apprenticeships and work experience

10.25. Businesses in Manufacturing and Advanced Technology were more likely than average to have current apprenticeships (22%, compared to 13% overall), and the remaining businesses in the sector were more likely than average to say they would consider taking an apprentice on in future (41%). Conversely those in Logistics were less likely (7%) to have a current apprentice, and less likely than average (29%) to consider taking one on in future.

10.26. One in nine (11%) of both Creative and Cultural businesses and High Performance Technology businesses had a current apprentice, but there was a large discrepancy in how likely the remainder would be to consider taking one on in future: just 13% of High Performance Technology businesses said they would consider doing so, compared to 46% of Creative and Cultural businesses.

Figure 10.13: Current and potential take-up of apprenticeships, by showcase sector



Number of respondents: Total 2,370; Creative and Cultural 358, High Performance Technology 125, Logistics 217, Manufacturing and Advanced Technology 73.

Questions asked: Do you employ anyone on an apprenticeship programme currently? Would you consider taking on an apprentice?

10.27. There was also a wide discrepancy in the proportion of businesses in each sector offering work experience placements. These were common among the Creative and Cultural sector (50%) and Manufacturing and Advanced Technology (45%) but rarer among the Logistics (30%) and High Performance Technology sectors (15%).

Figure 10.14: Work experience placements offered, by showcase sector

	Total	Creative and Cultural Sector	High Performance Technology Sector	Logistics	Manufacturing and Advanced Technology
Number of interviews (unweighted)	2,333	355	125	217	73
	%	%	%	%	%
School students age 14-16	27	32	11	20	28
School/college students age 17-19	25	30	3	14	9
Further or Higher Education students age 19-24	15	18	1	5	13
Traineeships	7	10	1	3	3
Internships	6	11	1	2	3
Adult schemes	5	7	-	5	2
Other	1	4	-	2	5
No work experience offered	58	50	85	70	55

Question asked: Which groups, or in what ways, do you offer work experience?

“-” denotes a figure of zero.

Innovation

10.28. Innovation is lower than average among most of the showcase sectors; the exception being Creative and Cultural.

Figure 10.15: Innovation by showcase sector

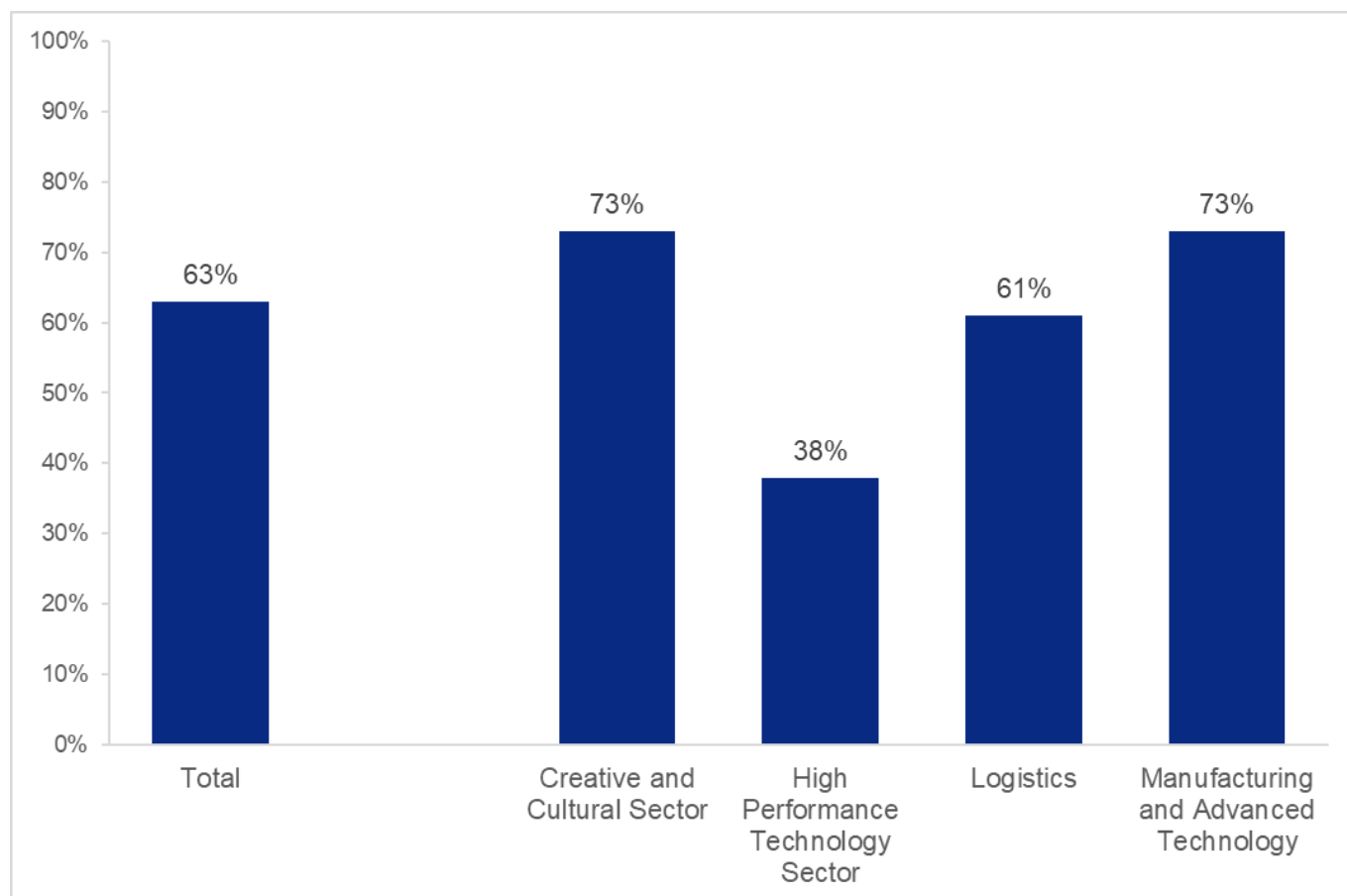
	Total	Creative and Cultural Sector	High Performance Technology Sector	Logistics	Manufacturing and Advanced Technology
Number of interviews (unweighted)	2,359	358	125	217	73
	%	%	%	%	%
Introduced new products, services, patents or processes in the last 12 months	25	28	17	13	13
Expect to introduce new products, services, patents or processes in the next 12 months	31	36	17	15	20
Links with universities or colleges for research and development purposes	8	9	6	3	7

Questions asked: Has your business introduced any new products, services, patents or processes in the past 12 months? And do you expect to introduce any new products, services, patents or processes in the next 12 months? Does your business have any links with universities or colleges for research and development purposes?

Regulation

- 10.29. Overall, businesses in the Creative and Cultural, Manufacturing and Advanced Technology and (to a lesser extent) Logistics sectors believe effective regulation supports their business activities. Businesses in High Performance Technology, however, are more likely to say it does not (Figure 10.16).
- 10.30. The reasons for disagreeing across sectors were generally in line with the population as a whole, that is to say, it was primarily due to a perception that there was too much regulation.

Figure 10.16: Agreement that effective regulation supports business activities, by showcase sector



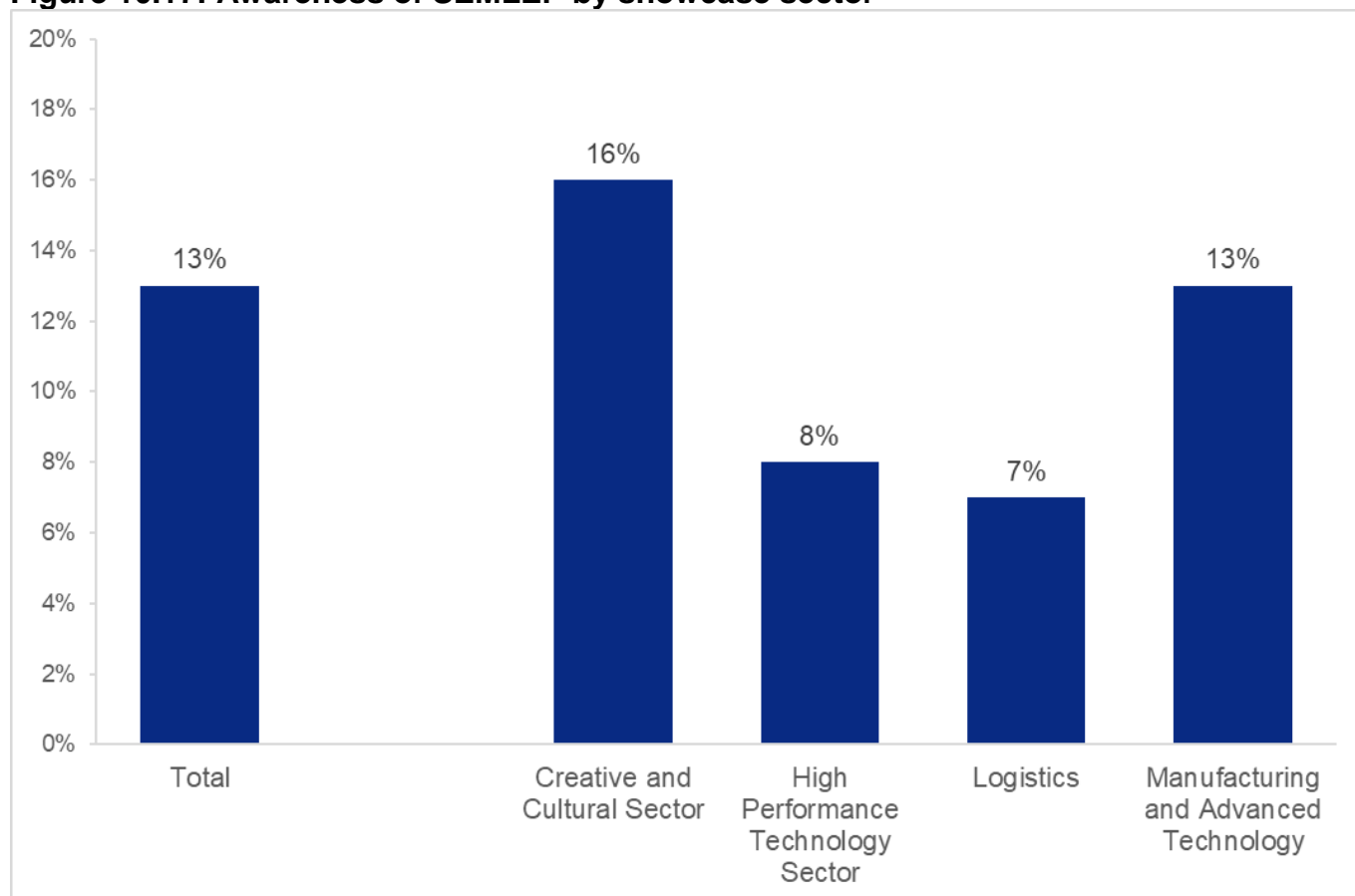
Number of respondents: Total 1,995; Creative and Cultural 314, High Performance Technology 107, Logistics 202, Manufacturing and Advanced Technology 52.

Question asked: Do you believe effective regulation supports your business operations?

Awareness of SEMLEP

10.31. Businesses in the Creative and Cultural sector were more likely to be aware of SEMLEP than average, but businesses in High Performance Technology and Logistics were less likely.

Figure 10.17: Awareness of SEMLEP by showcase sector



Number of respondents: Total 2,295; Creative and Cultural 352, High Performance Technology 123, Logistics 212, Manufacturing and Advanced Technology 67.

Question asked: Before today, had you heard of SEMLEP (South East Midlands Local Enterprise Partnership)?

10.32. Priorities for what businesses thought SEMLEP should be focusing on differed by sector.

Businesses in the Creative and Cultural sector were more likely to prioritise business support and advice, whereas those in the High Performance Technology sector were more concerned about the supply of skilled labour. Manufacturing and Advanced Technology also cited the latter as their priority, although to a lesser extent.

Figure 10.18: Areas businesses in each sector believe SEMLEP should focus on

	Total	Creative and Cultural Sector	High Performance Technology Sector	Logistics	Manufacturing and Advanced Technology
Number of interviews (unweighted)	2,370	358	125	217	73
	%	%	%	%	%
Providing support to businesses (e.g. through business advice services)	26	31	7	23	12
Securing funding to support new investment/projects	14	9	8	16	2
Helping to ensure an appropriate supply of skilled labour is available to meet business demand	14	13	22	10	17
Attracting new businesses in to the area, i.e. inward investment	13	13	5	5	3
Delivering infrastructure improvements to encourage business and economic growth, e.g. improved travel and transport network, improvements to broadband	10	10	7	13	14
Lobbying Central Government to the benefit of local businesses and the local economy	9	12	2	5	2

Question asked: What do you think SEMLEP should focus on to help businesses and the local economy grow?

Section 11: Summary and Conclusions

Introduction

This section summarises the survey findings, and draws these together to identify key themes and issues to consider.

Summary of findings

Quality of the local area for business

- The proportion of businesses which gave their local area the top rating (5 out of 5) as an area to do business in has risen from a quarter in 2015 to almost a third in 2017. Two-thirds of businesses overall gave a positive rating, which is comparable to previous years.
- Ratings of the area's infrastructure have improved considerably since 2015, particularly in relation to the ease of transportation of freight and the public transport network. There have also been marked improvements in the perceptions of the business and labour market conditions in the area, for example the value businesses perceive their rent and rates to represent, and the availability of premises. However, businesses were still not very positive about the local support that is available to them.
- 13% of businesses were looking at relocating their business; the majority still within the local authority or SEMLEP area. The main reasons given for this were a need for larger premises and to reduce costs.

Business Engagement

- The majority of businesses had used some form of business support or advice in the previous 12 months (83%). This was most commonly from accountants, other business owners and banks.
- Use of local and central government support schemes continues to be low. This is likely to be a national trend. The most relevant comparison is outdated but telling – the Employer Perspectives Survey 2010 shows the use of local authority business support was 3% and use of specific schemes from 1-5%.
- Over a tenth of businesses are aware of the Velocity or Northamptonshire growth hubs. Use of Velocity sits at 2% overall, although this is slightly higher among smaller and scale-up businesses.

Business Performance

- Business performance over the past year has been positive, with 43% of businesses reporting they had seen an improvement (and 16% a decline). Optimism for the coming year is also high, with 55% of businesses expecting to see an improvement (8% expect a decline). However, these figures are not as positive as they were in 2015 when 50% had seen an improvement over the previous year and 63% expected improvements in the coming year. Comparing this to nationally available figures suggests this wavering confidence is not limited to the South East Midlands. The Institute of Chartered Accountants in England and Wales (ICAEW) report that business confidence in 2017 is far lower than it was in 2015 (their index score has reduced

from 22.4 to -8 in the time period). They also found that 39% of businesses said they are less confident than they were 12 months ago.

- The main constraint on growth cited by businesses was a lack of skilled labour. This was particularly an issue for medium-to-large sized businesses (10 or more staff).
- Businesses believe the impact of leaving the EU will be, overall, negative with 32% expecting a negative impact compared to just 12% expecting a positive one. Small and micro businesses were more likely to expect a positive impact compared to larger businesses. The most common view, however, was that leaving the EU would have no impact on business, with 35% stating this to be the case.
- Over one-fifth of businesses (22%) said they did not know what the impact of leaving the EU will be, which demonstrates a large proportion of businesses living with uncertainty.
- Access to the single market is the priority for SEMLEP businesses in the EU negotiations, followed by the availability of labour and skills.
- Businesses are most commonly looking for support from their council and other support organisations that will help their finances, in the form of lower rates and increased financial support. Larger businesses would like to see more investment in their area, including transport infrastructure and improved parking.

Employment, Skills and Training

- Just over four in ten (42%) businesses had at least one vacancy in the 12 months preceding the survey. Over half of these (53%) had found at least one of these vacancies hard to fill, equating to almost a quarter (23%) of all businesses. This is higher than the figure seen in 2015.
- Around half of businesses with vacancies reported having trouble finding certain skills among applicants for roles. The skills they had most trouble recruiting for were job-specific, technical and practical skills. Whilst employers generally blame this on a low number of applicants or the low quality of applicants, there has been a significant increase in the number blaming a lack of work-ready education leavers.
- Most businesses report their current staff to be well skilled for the job, however 29% could list at least one skill that was lacking among their current staff (a “skills gap”). These businesses said this was due to a lack of training, caused by the time and expense involved in training or a lack of suitable courses. Overall, only a third of businesses (32%) had taken any action to increase skills among their workforce.
- 13% of businesses said they had one or more apprentices currently, this is slightly higher than the UK figure of 11%. A further 36% would consider taking on an apprentice in future.
- More than four in ten businesses (42%) had offered work experience, most commonly to school or college students. This is important given the finding that more businesses are finding it hard to recruit work-ready education leavers, or those with experience. Most businesses who did not offer work experience attributed this to a lack of opportunity or a lack of time.

Innovation

- A quarter of businesses (25%) reported that they had introduced at least one new product, service, patent or process in the previous 12 months. About a third expect to do so in the coming 12 months (31%). This is lower than innovation levels seen in previous years.

- Innovation was much more common among larger businesses, particularly in the case of innovation that has happened over the last 12 months. Larger businesses were also more likely to expect to innovate in the coming 12 months, but the gap between small and large businesses here was slightly smaller.
- Just 8% of businesses had links with colleges or universities for research and development purposes, again lower than the levels seen in 2015 (12%). This was far more common in businesses with 100 or more staff than in businesses smaller than this.

Regulation

- Almost two-thirds (63%) of businesses believe effective regulation supports their business operations, slightly higher than the 57% seen in 2015.
- Larger businesses were more likely to be positive about the impact of regulation.
- Of those who did not feel supported by regulation, the majority (75%) said this was because there was too much regulation. A sizeable minority (16%) also said they found regulation difficult to understand.
- A quarter of businesses which stated that regulation actively constrains business growth blamed planning regulations for this, and approaching a fifth blamed health and safety.

SEMLEP

- Awareness of SEMLEP has increased since 2013 up from 8% to 13%. There has been a decline since 2015, down from 25%.
- This looks to be due, at least in part, to a decrease in the amount of press coverage SEMLEP is receiving, with the number of businesses saying they had heard of SEMLEP via the press decreasing from 33% in 2014 to just 8% in 2017.
- Businesses feel the main strategic focus of SEMLEP should be in offering business support, and larger businesses in particular would like to see a focus on ensuring the supply of skilled labour.

Business profile and working practices

- Nearly all of the businesses in the survey were private sector businesses (98%), but 2% classified themselves as a social enterprise. The majority of businesses were private limited companies (59%) but sole traders were also common (28%).
- 26% of businesses with employees are women-led, 9% ethnic minority-led and 4% disabled-led (i.e. 50% or more of the estimated partners or board directors are from these groups).
- In terms of the working practices offered to staff, almost two-thirds offered at least one of part time working, flexible working, or had proactive policies in place to recruit from protected groups. However, 38% of businesses had none of these policies in place. The policies were almost universal among large businesses but far less common among smaller ones.

Issues to consider

The following represent themes and issues for consideration, based on the findings of this research.

Almost all businesses seek support, but few seek it from local or government-sponsored sources. Focusing support on smaller businesses could have the biggest impact.

Businesses are not overly positive about the local support available to them. Small businesses in particular list it as something they would like to see more of from SEMLEP and from other support organisations. It is likely a large part of this is an awareness issue, and the promotion of SEMLEP services will go some way to addressing this.

Addressing the key constraints to business growth is more important now than ever. Encouraging businesses to invest in staff skills could help address key concerns.

Business confidence has seen a reduction on previous years as businesses enter a period of uncertainty, with many not knowing what impact the UK's exit from the European Union will have on them and more predicting this will be negative rather than positive.

Lack of skilled labour was highlighted as a priority for businesses in a number of places throughout the survey. Almost a quarter of businesses in the region had trouble filling a vacancy in the past year, and half of businesses with vacancies had trouble finding particular skills. Furthermore, 29% reported skills gaps in their current workforce – a small but significant proportion. National surveys²⁷ report that skills gaps have an impact on business performance for two-thirds of employers who experience them.

Businesses are suffering from a lack of skills that they are having trouble sourcing from the workforce. Encouraging businesses to invest in training for their staff would therefore be an effective way of mitigating some of the impacts of this, with only a third currently taking any action to improve their staff's skills. Advice from the UK Government states the benefits of training: "You can improve the range and level of skills in your business by training up existing staff. Giving staff training opportunities can increase their loyalty to your company and their productivity – as well as your profits."²⁸ As well as general promotion of the benefits, support to collaborate with education providers or assistance sourcing training might be of benefit, although in many cases the job-specific skills that are most commonly lacking will need employers to make the time for internal training.

Work experience is a useful tool to develop the work-readiness of education leavers.

An increasing number of businesses report they are having trouble finding work-ready education leavers. Encouraging employers to offer more work experience placements to students and pupils may help in this respect, especially among larger employers who have more capacity to put this into effect. The most common reason for not offering work experience was the lack of opportunity.

²⁷ UKCES (2016) UK Employer Skills Survey 2015 <https://www.gov.uk/government/publications/ukces-employer-skills-survey-2015-uk-report> (accessed 05/09/2017)

²⁸ <https://www.gov.uk/growing-your-business/hire-and-train-staff> (accessed 05/09/2017)

Providing support by linking employers with education providers and potential candidates and helping employers understand what is involved, both in terms of the legal requirements and the sorts of activities they could be offering to candidates, could go some way to increasing placements. As a result, a proportion of local education leavers would be better prepared for the work available in the region.

The drop in business confidence has been accompanied by a drop in innovation activity.

UK-level surveys show us that constraints to innovation tend to be financial, both in terms of the investment required for achieving the innovation and the financial risk if the expected benefits are not realised. Schemes to encourage innovation through help with funding therefore have the potential to be most effective, but promoting and supporting innovation to give businesses the confidence to go ahead and facilitating links between businesses and universities for research and development purposes could also be beneficial.

Business ratings of the local area are positive, and marketing can focus on these positives to bring new investment into the area.

The local infrastructure is a particular strength, and ratings of the area as a place to live and work are also good. Promotion of this sort could not only bring new businesses to the area but also enforce the value current businesses are getting for the rents and rates they pay.

Keeping SEMLEP's profile high among businesses is a priority.

Although there has been a gradual increase in awareness since 2013, there has also been a notable drop-off since 2015. The data indicates that in the past press coverage has been the main source of awareness about SEMLEP, so a sustained focus on PR and press coverage could help ensure the SEMLEP name is regularly seen by businesses, especially given business and staff churn. Beyond this, it is important to engage with businesses regularly once contact is established, to ensure SEMLEP does not slip off their radar – increased social media activity, newsletter mailings and regular contact are all means by which this could be achieved, and the appropriate route may be different for different businesses. Increasing awareness of SEMLEP and its offer will also go some way to helping address businesses' need for support to grow.

Appendix: Marked-up questionnaire

Section A: Business details

Read out: I would like to begin by asking you some general questions about this business or site. By site I mean this single location, even if it encompasses more than one building.

Q1 Ask all: Are you . . . ? Note to interviewer: Read out. Single Code.

98% A private business - CONTINUE

2% A social enterprise organisation – CONTINUE

0% A voluntary or public sector organisation – THANK AND CLOSE (Thank you but we need to gather the views of businesses in the private sector or social enterprises)

Q2 Ask all: Including you and any working proprietors/owners, how many people are on the payroll at this location?

Note to interviewer: Single code.

74% 1 to 4

12% 5 to 9

7% 10 to 24

5% 25 to 49

1% 50 to 99

1% 100 to 249

1% 250 plus

0% Don't know/refused – Note to interviewer: take from database

Q3 Ask all: I have [SIC 2007 description from database] as a general classification for your business. Does this sound about right? Note to interviewer: Single code.

88% Yes

12% No

If 'No' to Q3, please continue, otherwise please go to Q5 - this is automated on-line

Q4 What is the main business activity at this site?

PROBE FOR DETAIL

IF NECESSARY: What is the main product or service of this business? What exactly is made or done at this site? What material or machinery does that involved using?

WRITE IN:

Q5 Ask all: How would you describe your company status? Note to interviewer: Read out. Single code.

- 28% Sole Trader
- 7% Partnership
- 58% Private Limited Company (LTD) (by guarantee)
- 3% Public Limited Company (PLC) (by shares)
- 0% Franchise
- 1% Social Enterprise
- 0% Community Interest Company Limited by Guarantee (CIC)
- 0% Community Interest Company Limited by Shares (CIC)
- 1% Charitable Incorporated Organisation (CIO)
- 0% Co-operative Models: IPS – Industrial Provident Society; Bencom – Employee owned
- 0% Other
- 1% Don't know

If 'Other', please specify:

If business has five or more employees, please continue. Otherwise go to Q7 - this is automated on-line.

Q6 Which of the following descriptions apply to your business? Note to interviewer: READ OUT. SINGLE CODE.

- 34% You have at least 10 employees; you have been operating for at least 3 years; you achieved a turnover of £500,000 or more in the last year; you have the potential and aspiration to grow turnover and/or profit by 20% or more per year over the next 3 years. (i.e. scale-up business – do not read this out)
- 23% You have at least 5 employees; you achieved a turnover of £250,000 or more in the last year; you have the potential and aspiration to grow turnover and/or profit by 50% or more per year over the next 3 years. (i.e. pre-scale-up business – do not read this out)
- 43% Neither of the above

Q6a Ask to Northampton only (N1): Do you currently have any problems with your broadband speed at this site? Note to interviewer: Select one answer only.

- 28% Yes
- 71% No
- 1% We do not have access to broadband at this site
- 1% Don't know

Section B: Quality of Local Area

Q7 Ask all: Overall, how do you rate your location as a place to do business? Please indicate by using a scale of 1 - 5, where 1 is very poor and 5 is very good. Note to interviewer: SINGLE CODE ONLY.

- 2% 1 -Very poor
- 5% 2
- 27% 3
- 33% 4
- 30% 5 - Very good
- 3% Don't know

Q8 Ask all: How do you rate the availability of, or quality of, the following aspects of your location from a business perspective? Could you please indicate by using a scale of 1 - 5, where 1 is very poor and 5 is very good.

Note to interviewer: READ OUT EACH ASPECT. SINGLE CODE PER ASPECT.

	1 - Very poor	2	3	4	5 - Very good	Don't know/not applicable
Supply Chain located locally	6%	6%	17%	25%	19%	27%
Skilled Staff	6%	13%	19%	19%	13%	30%
Locally available workforce	6%	14%	19%	18%	13%	29%
Local support available to businesses	11%	9%	19%	13%	5%	43%
Average pay scales / wage levels	1%	4%	24%	20%	4%	47%
Availability of suitable premises	7%	13%	13%	26%	17%	25%
Good value rent and rates	9%	12%	21%	22%	11%	24%
Affordable housing	16%	18%	20%	16%	6%	24%
Good quality Schools/Colleges	3%	5%	16%	34%	14%	27%
Proximity to Universities	4%	9%	22%	27%	13%	24%
Attractive surroundings	5%	7%	21%	34%	28%	4%
Availability of local services (such as retail and leisure)	5%	10%	23%	37%	21%	4%
Road network	5%	10%	18%	39%	28%	0%
Rail network	4%	7%	15%	40%	24%	9%
Airport access	9%	9%	25%	31%	19%	7%
Public transport	8%	11%	17%	29%	9%	28%
Walking/cycling routes	6%	8%	20%	32%	17%	17%
Ease of transportation of freight	1%	6%	12%	22%	12%	47%

- Q8s Ask for Central Bedfordshire Only (CBC1): On a scale of 1 - 5, where 1 is very poor and 5 is very good. How do you rate the quality of your local town centre? Note to interviewer: Single Code only.
- 9% 1 -Very poor
 - 17% 2
 - 44% 3
 - 19% 4
 - 6% 5 - Very good
 - 5% Don't know
- Q8t Ask for Central Bedfordshire Only (CBC2): In terms of attractive surroundings, what aspects are most important to your business? Note to interviewer: Read out. SINGLE CODE ONLY.
- 34% The attractiveness of Central Bedfordshire in general as a place to live and work
 - 20% The attractiveness of the area immediately around your business premises
 - 40% Both the above
 - 6% None of the above

Section C: Business engagement

- Q8u Ask for Central Bedfordshire Only (CBC3): To what extent do you agree or disagree that the Council provides value for money, where 1 is strongly disagree and 5 is strongly agree?
- Note to interviewer: SINGLE CODE ONLY.
- 3% Strongly disagree
 - 27% Tend to disagree
 - 43% Neither agree nor disagree
 - 16% Tend to agree
 - 3% Strongly agree
 - 8% Don't know
- Q9 Ask all: Have you used any of the following for business advice or support in the past 12 months? Note to interviewer: READ OUT. SELECT ALL THAT APPLY.
- 21% Solicitor
 - 63% Accountant
 - 34% Central Government department or Government body (e.g. HMRC, Job Centre Plus, Department for International Trade, Innovate UK)
 - 3% Government's Business Growth Service
 - 2% Velocity (Growth Hub)
 - 1% Northamptonshire Growth Hub
 - 14% Your local Council
 - 4% Chamber of Commerce
 - 35% Bank
 - 17% Trade Association
 - 30% Family/ Friends
 - 37% Other Business Owners
 - 8% University / College
 - 1% Your Council's Business TimeBank service / IF AYLESBURY VALE CHANGE TO: Buckinghamshire Business First (BBF)
 - 18% Web based business advice
 - 15% Recruitment Agency

- 10% Marketing Agency
- 8% National Apprenticeship Service
- 0% Ask to LUTON ONLY: Think Luton website
- 0% Ask to CENTRAL BEDFORDSHIRE ONLY: My Incubator Ventures (MIV)
- 1% Ask to MILTON KEYNES ONLY: Milton Keynes Council/Invest MK
- 3% Other
- 17% None of the above

If "Web based business advice" or "Other", please specify:

- Q9a1** Ask If not select 'Velocity' or 'Northamptonshire Growth Hub' in previous question. Had you heard of Velocity/Northamptonshire Growth Hub before today?
IF NECESSARY: Velocity is a free business support programme that has been set up to make it easier for businesses to maximise their growth potential. Note to interviewer: Single Code only.
- 10% Yes
 - 90% No
 - 0% Don't know
- Q9a2** ASK IF CENTRAL BEDFORDSHIRE AND USED ANY BUSINESS ADVICE/SUPPORT AT Q9 (CBC4): Overall, how do you rate the business advice or support you have received in the past 12 months? Please indicate by using a scale of 1 - 5, where 1 is very poor and 5 is very good. Note to interviewer: SINGLE CODE ONLY.
- 0% 1 - Very poor
 - 0% 2
 - 2% 3
 - 2% 4
 - 5% 5 - Very good
 - 90% Don't know
- Q9a3** ASK IF SOUTH NORTHAMPTONSHIRE (SN1): In which of the following ways would you like to engage with the council to receive support and information for your business? Note to interviewer: READ OUT. SELECT ALL THAT APPLY.
- 23% By an individual visit to your company
 - 14% Through participating in a business forum
 - 38% By receiving and responding to the Council's eBulletin
 - 33% Invitation to key Business Events hosted by the Council during the year
 - 11% Business Park information
 - 48% Finance and Grant information
 - 30% Land and Premises
 - 40% Business services and regulatory advice
 - 33% None of the above
- Q9a4** Ask if Cherwell (C1) or Daventry (D1): Would you like help for your business, from your local Council, in any of the following ways? Note to interviewer: READ OUT. SELECT ALL THAT APPLY.
- 13% By an individual visit to your company
 - 17% Through participating in a business forum
 - 37% By receiving the Council's E-bulletin
 - 60% None of the above

Section D: Business Performance

Q10 Ask all: Would you say that, overall, your business performance in the past 12 months has improved, remained stable or deteriorated? Note to interviewer: SINGLE CODE ONLY.

- 43% Improved
- 41% Remained stable
- 16% Deteriorated

Q11 Ask all: Over the next 12 months do you expect your business performance to generally improve, remain stable, or deteriorate? Note to interviewer: SINGLE CODE ONLY.

- 55% Improve
- 38% Remain stable
- 8% Deteriorate

Q12 Ask all: What do you consider to be constraints on your business growth? Note to interviewer: Read Out and SELECT ALL THAT APPLY.

- 33% Lack of skilled labour
- 9% High cost of labour
- 4% Lack of training available locally
- 25% Increasing competition
- 6% Transport infrastructure (road, rail and sea)
- 6% Transport costs e.g. fuel etc
- 2% Access to public transport
- 27% Constraints with premises or location
- 2% Difficulties with obtaining planning permission
- 4% IT infrastructure/lack of high speed broadband
- 21% Attracting or retaining customers
- 7% Interest rates/cost of finance
- 13% Access to finance
- 8% Cash flow
- 4% High cost of energy
- 10% Over regulation/red tape
- 12% Business rates
- 8% Lack of appropriate business support
- 31% The general economic climate
- 4% Reduction in public sector expenditure
- 24% Other
- 4% None of the above
- 1% Don't know

If 'Other', please specify:

Q13 Ask all: Overall, what do you think will be the impact on your business, if any, of leaving the European Union? Note to interviewer: SINGLE CODE

- 12% Positive impact
- 32% Negative impact
- 35% No notable impact
- 22% Unsure/don't know

Q14 Ask all: For your business, what do you consider to be the key issues for the negotiations to leave the EU? Note to interviewer: Select all that apply.

- 18% Labour availability
- 14% Skills availability
- 6% EU funding availability
- 7% EU legal directives
- 4% EU conformity mark (product standards)
- 29% Access to the single market
- 7% Access to International non-EU market
- 45% None of the above
- 11% Other

If 'Other', please specify:

Q15 Ask all: What are the 3 most important things your local Council and other support organisations should do to help you grow your business? Note to interviewer: DO NOT READ OUT. PROBE and SELECT UP TO 3 RESPONSES.

- 21% Lower business rates
- 6% Use local businesses for jobs/ employ local people
- 12% More financial support
- 8% More business support/ advice
- 6% Reduce red tape/ paperwork
- 5% Easier planning permission
- 6% Better communication with businesses/ listen more to businesses
- 8% Better/ more / cheaper parking facilities
- 7% Help small businesses
- 3% Help with advertising
- 4% Offer more/ free training
- 9% Regenerate the area/ more investment in the area
- 7% Improve transport infrastructure/ links
- 3% Improve other infrastructure such as broadband
- 1% Encourage new business to start up
- 4% More shops/ local amenities (inc fill empty shops)
- 6% Help with marketing and promotion
- 5% Assist / provide suitable premises
- 5% Help you to engage with training and education providers to identify new talent
- 25% Other
- 16% Nothing
- 6% Don't know

If 'Other', please specify:

Q15a Ask only if S. Northants (SN2): Looking ahead to the next 12 months, which of the following business priorities or issues would you like the Council to support you with?

1

Note to interviewer: Probe and Select all relevant answers.

- 29% Staff recruitment
- 35% Support around recruiting and employing apprentices
- 35% Skills and training
- 58% Access to finance
- 14% Accessing suitable premises
- 16% Business planning support
- 50% Marketing and business development support
- 37% Networking with other businesses
- 1% Exporting
- 2% Other

If 'other', please specify:

Q15b Ask only if Daventry (D2): Daventry District Council is currently reviewing future employment land requirements. What is the ideal size of premises to meet the needs of your business in the next 5-10 years? Note to interviewer: READ OUT and SINGLE CODE

1

- 46% Micro – 100 sq ft – 5,000 sq ft
- 6% Small – 5,001 – 10,000 sq ft
- 3% Medium – 10,001 – 25,000 sq ft
- 1% Large – 25,001 – 40,000 sq ft
- 6% Extra Large – 40,001 sq ft +
- 38% Don't know

Q15b Ask only if Daventry (D3): And what is the ideal type of premises? Note to interviewer: READ OUT and SINGLE CODE

2

- 17% Industrial
- 34% Office
- 11% Retail
- 21% Other commercial
- 17% Don't know

Q15b Ask only if Daventry (D4): And what is the ideal type of location? Note to interviewer: READ OUT and SINGLE CODE

3

- 66% Within Daventry District
- 5% Within SEMLEP area
- 1% Outside of SEMLEP area
- 29% Don't know

Q16 Ask all: Are you thinking of relocating your business? Note to interviewer: Probe and SINGLE CODE

- 10% Yes, within the Local Authority Area
- 1% Yes, within the SEMLEP area
- 2% Yes, outside the SEMLEP area
- 87% No
- 0% Don't know

If 'Yes' at Q16, please continue, otherwise please go to Q18 - this is automated on-line.

Q17 Why are you thinking of re-locating? Note to interviewer: DO NOT READ OUT. PROBE AND SELECT ALL THAT APPLY.

- 22% Lower cost
- 37% Larger premises
- 6% Smaller premises
- 6% Higher specification
- 1% Access to ICT
- 9% Improved parking
- 6% Closer to transport links
- 11% Closer to town centres
- 35% Other
- 1% Don't know

If 'Other', please specify:

100%

Q17a ASK IF CHERWELL (C2), SOUTH NORTHAMPTONSHIRE (SN3), Northampton (N2), 1 Daventry (D5) AND CODED 'YES' AT Q16: Would you consider staying in the district if the right premises were available? Note to interviewer: SINGLE CODE ONLY.

- 83% Yes
- 11% No
- 6% Don't know

Q17a ASK IF CHERWELL (C3), SOUTH NORTHAMPTONSHIRE (SN4) or Northampton 2 (N3) AND CODED 'YES' AT Q16: What factors would influence your decision? Note to interviewer: DO NOT READ OUT. PROBE AND SELECT ALL THAT APPLY.

- 24% Access to markets
- 17% Access to transport links
- 8% Proximity to suppliers/supply chains
- 3% Proximity to other firms in the same sector
- 0% Cost of labour
- 5% Access to skilled labour
- 17% Availability of suitable land and/or premises
- 14% Quality of local environment
- 12% Quality of premises
- 30% Size of premises
- 16% Personal/historic reasons
- 0% Proximity to higher education, research or other trade organisations
- 7% Financial support/assistance
- 38% Other
- 0% Don't know

If 'Other', please specify:

Section E: Employment, Skills and Training

Q18 Ask all: Have you had any vacancies in the last 12 months? Note to interviewer: Single code.

42% Yes

58% No

If 'Yes' at Q18, please continue, otherwise please go to Q24 - this is automated on-line.

Q19 Have you had any vacancies in the last 12 months that you have found hard to fill? Note to interviewer: Single code.

56% Yes

44% No

If 'Yes', please continue, otherwise go to Q22 - this is automated on-line.

Q20 Can you please tell me the job titles or functions you have found hard to fill? (Question coded at analysis stage)

7% Managerial

3% Plant and Machine Operatives

3% Metal Forming, Welding and Related Trades

13% Construction and Building Trades

4% Housekeeping and Related Services

4% Road Transport Drivers

3% Business, Research and Administrative Occupations

14% Sales Assistants and Retail Cashiers

0% Draughtspersons and Related Architectural Occupations

2% Design Occupations

11% Sales, Marketing and Related Associated Occupations

7% Science, Engineering and Production Technicians

2% Metal Machining, Fitting and Instrument Making

5% Information Technology and Telecommunication

7% Business, Finance and Related Associated Occupations

9% Other Administrative Occupations

4% Vehicle Trades

7% Childcare and Related Personal Services

2% Elementary Agricultural Occupations

1% Elementary Cleaning Occupations

4% Other Elementary Service Occupations

0% Production Managers and Directors

4% Electrical and Electronic Trades

11% Food Preparation and Hospitality Trades

Q21 What have been the main causes of having hard-to-fill vacancies? Note to interviewer: **DO NOT READ OUT. PROBE AND SELECT ALL THAT APPLY.**

- 53% Low number of applicants with the required skills
- 12% Lack of qualifications the company demands
- 12% Lack of work experience the company demands
- 24% Low number of applicants with the required attitude, motivation or personality
- 25% Low number of applicants generally
- 4% Poor terms and conditions (e.g. pay) offered for post
- 0% The growth of the business / increase in workload
- 13% Too much competition from other employers
- 3% Remote location/poor public transport
- 2% Poor career progression / lack of prospects
- 4% Job entails shift work/unsociable hours
- 1% Seasonal work
- 11% Other
- 0% No particular reason
- 0% Don't know

If 'Other', please specify:

Q22 Ask if 'Yes' at Q18: Have you found any of the following skills difficult to obtain when recruiting staff in the last 12 months? Note to interviewer: Read Out. **SELECT ALL THAT APPLY.**

- 2% Literacy
- 2% Numeracy
- 1% Basic IT skills
- 2% Advanced IT skills
- 2% Managerial Skills
- 14% Technical or practical skills
- 2% Communication skills
- 3% Customer Service skills
- 7% Sales and Marketing
- 0% Foreign Languages
- 2% Knowledge of English among non-native speakers
- 0% Team working skills
- 0% Problem solving skills
- 0% Planning and organisational skills
- 26% Job specific skills
- 6% General employability
- 5% Other
- 47% None

If 'Other', please specify:

If selected a skill above, please continue, otherwise go to Q24 - this is automated on-line.

Q23 Why have you found these skills difficult to obtain? Note to interviewer: DO NOT READ OUT. PROBE AND SELECT ALL THAT APPLY.

- 12% Lack of work ready school leavers
- 11% Lack of work ready college/further education leavers
- 8% Lack of work ready university higher education leavers
- 33% Poor quality applicants generally
- 39% Low quantity of applicants available
- 7% People applying for jobs they are not suited to
- 26% General lack of skills in available workforce
- 5% High and unaffordable salary expectations
- 12% Other
- 5% Don't know

If 'Other', please specify:

Q24 Ask all: Do you have skills gaps in your *existing* workforce in any of the following areas? Note to interviewer: Read Out. SELECT ALL THAT APPLY.

- 1% Literacy
- 0% Numeracy
- 3% Basic IT skills
- 4% Advanced IT skills
- 3% Managerial Skills
- 6% Technical or practical skills
- 1% Communication skills
- 2% Customer Service skills
- 4% Sales and Marketing
- 1% Foreign Languages
- 1% Knowledge of English among non-native speakers
- 1% Team working skills
- 0% Problem solving skills
- 0% Planning and organisational skills
- 7% Job specific skills
- 2% General employability
- 2% Other
- 71% None

If 'Other', please specify:

Q25 Ask all: What actions have you taken to increase skills? Note to interviewer: Probe and Select all that apply.

- 1% Engaging with schools, colleges and Universities
- 2% Investing in apprenticeships
- 26% Offering in-house training & development
- 15% Outsourcing training & development
- 1% Relying on agencies to recruit skilled people
- 2% Other
- 10% Not doing anything
- 58% Not applicable - no skills gaps

If 'Other', please specify:

If Skills gaps in existing workforce, please continue, otherwise please go to Q27 - this is automated on-line.

Q26 Why do you think there are skills gaps amongst your existing workforce? Note to interviewer: DO NOT READ OUT. PROBE AND SELECT ALL THAT APPLY.

- 17% Lack of appropriate training or courses
- 2% Inflexible times/durations for training or courses
- 6% Not prepared/able to release staff during work hours
- 1% Staff judged not capable of progression
- 9% Lack of investment in staff training and development
- 9% Insufficient budget to provide training courses
- 13% Existing staff not seeking upskilling
- 3% No workforce development plan
- 30% Other
- 28% Don't know

If 'Other', please specify:

Q27 Ask all: What level of qualifications do your staff hold? Note to interviewer: READ OUT. Select all relevant answers.

- 23% No qualifications
- 9% Level 1 qualifications
- 25% Level 2 qualifications (GCSE A*-C)
- 25% Level 3 qualifications (A Level A-E)
- 15% Level 4 qualifications (HNC)
- 13% Level 5 qualifications (HND, Foundation Degree)
- 26% Level 6 qualifications (Degree)
- 7% Level 7 qualifications (Masters)
- 9% Other
- 8% Don't know

Q27a Ask if Milton Keynes only (MK1): Over the past 12 months, have you funded or arranged any of the following training for your employees? Note to interviewer: READ OUT. Select all relevant answers.

- 58% Off-the-job (i.e. training away from the individual's immediate work position, whether on your premises or elsewhere)
- 42% On-the-job training
- 30% No training offered

1% Don't know

Q27b Ask if Milton Keynes only and 'No' training offered: (MK2): What are the reasons for not
1 funding or arranging training? Note to interviewer: Probe and select all relevant answers.

- 2% Not a business priority
- 9% Too expensive/do not have the funds
- 5% Lack of appropriate training/courses available locally
- 0% Unable to release staff
- 0% Need more information
- 87% Staff already have the skills/qualifications they need
- 0% Staff not interested in training
- 5% Do not have the time to organise/deliver training
- 0% Other

If 'Other', please specify:

Q28 Ask all: I would now like to ask you a few questions about apprenticeships. By “apprenticeships” I mean an apprenticeship scheme that follows a formal framework and leads to a nationally recognised qualification.

Do you employ anyone on an apprenticeship programme currently? Note to interviewer: SINGLE CODE ONLY.

- 13% Yes
- 87% No

If 'No', please continue, otherwise please go to Q31 - this is automated on-line.

Q29 Would you consider taking on an apprentice? Note to interviewer: SINGLE CODE ONLY.

- 41% Yes
- 59% No

If 'No', please continue, otherwise please go to Q31 - this is automated on-line.

Q30 Why would you not consider employing apprentices? Note to interviewer: DO NOT READ OUT. PROBE AND SELECT ALL THAT APPLY.

- 34% No current business need
- 7% Cost
- 6% Poor experience of apprenticeships
- 3% Cannot find suitable candidates
- 11% Apprentices don't have the necessary skills / experience / qualifications / we want to employ people that are ready to do the job
- 2% Over complex process
- 20% Size of business is too small
- 15% Business / type of work is unsuitable for apprentices
- 13% Other
- 5% Don't know

If 'Other', please specify:

Q30a 1 Ask to Milton Keynes only (MK3): Has the introduction of the Apprenticeship Levy had an impact (good or bad) on your business, or do you expect it to have an impact in the future? Note to interviewer: DO NOT READ OUT. SELECT ONE ANSWER ONLY.

- 14% No, we are not a levy payer [i.e. wage bill less than £3 million per annum]
- 3% No, we are a levy payer but already have an apprenticeship model in place
- 0% Yes, it has or will have an impact
- 83% Don't know

Q30a 2 Ask if Milton Keynes only and answered 'Yes' to previous question (MK4): What have/will be the impact? Note to interviewer: DO NOT READ OUT. Select all relevant answers.

- 0% We will be taking on new apprentices
- 0% We will be placing existing employees on apprenticeships
- 100% We will be investing less in other elements of workforce development or training
- 0% Other

If 'Other', please specify:

Q31 Ask all: Which groups, or in what ways, do you offer work experience? Note to interviewer: DO NOT READ OUT. Select all relevant answers.

- 27% School students age 14-16
- 24% School/College students age 17-19
- 15% Further or Higher Education Students age 19-24
- 7% Traineeships
- 6% Internships
- 5% Adult schemes
- 1% Other
- 57% No work experience offered
- 1% Don't know

If 'Other', please specify:

If 'No work experience offered', please continue, otherwise go to Q33 - this is automated on-line.

Q32 Why do you not offer work experience? Note to interviewer: DO NOT READ OUT. Select all relevant answers.

- 28% Lack of time
- 32% Lack of opportunities
- 14% Do not see value
- 4% Do not know how to arrange
- 44% Other
- 6% Business too dangerous/not appropriate

If 'Other', please specify:

Q32a Ask if Milton Keynes only (MK5): What links do you have with local schools? Note to interviewers: DO NOT READ OUT. Select all relevant answers.

- 33% Offer work experience for pupils
- 14% Conduct talks/seminars/presentations in local schools
- 7% Local schools visit our business/site of work
- 1% Other
- 63% None of the above

If 'Other', please specify:

100%

Q32b Ask if Luton only (L1): Does your business currently engage with schools and colleges? Note to interviewer: DO NOT READ OUT. Select all relevant answers

- 29% Yes
- 70% No
- 0% Engage with schools/colleges outside Luton
- 0% Not sure/don't know

Ask if Luton or Northampton only - Section: Suppliers and Customers

Q32b ASK IF LUTON (L2) or Northampton (N4): Do you buy from local suppliers that are within a 5 mile radius? Note to interviewer: SINGLE CODE ONLY.

- 70% Yes
- 29% No
- 1% Don't know

Q32b ASK IF LUTON (L3) or Northampton (N5) AND CODED 'YES' to previous question: Which, if any, of the following aspects of the local supply chain do you feel need improving? Note to interviewer: READ OUT AND SELECT ALL THAT APPLY.

- 19% Reliability of local suppliers
- 35% Cost of local suppliers
- 16% Customer service provided
- 18% Ability to meet quality standards
- 4% Other
- 39% Don't know

If 'Other', please specify:

100%

Q32c ASK IF LUTON (L4) AND CODED 'NO' AT Q32b2: Which of the following aspects of the local supply chain explain your reasons for choosing not to buy locally? Note to interviewer: READ OUT AND SELECT ALL THAT APPLY.

- 19% Reliability of local suppliers
- 30% Cost of local suppliers
- 0% Customer service provided
- 31% Lack of ability to meet quality standards
- 40% Other
- 26% Don't know
- 20% Lack of supply

If 'Other', please specify:

Section F: Innovation

Q33 Ask all: Does your business have any links with universities or colleges for research and development purposes?

Note to interviewer: SINGLE CODE ONLY.

7% Yes

93% No

1% Don't know

Q34 Ask all: Has your business introduced any new products, services, patents or processes in the past 12 months?

Note to interviewer: SINGLE CODE ONLY.

25% Yes

75% No

0% Don't know

Q35 Ask all: And do you expect to introduce any new products, services, patents or new processes in the next 12 months?

Note to interviewer: SINGLE CODE ONLY.

30% Yes

69% No

2% Don't know

Q35a Ask to Central Bedfordshire only (CB5) and if answered 'No' to both Q34 and Q35: Does your business consider that any of the following are potential barriers to innovation? Note to interviewer: Read out and Select all relevant answers

1% Availability of finance

0% Direct innovation costs too high

0% Excessive perceived economic risks

0% Cost of finance

0% Lack of qualified personnel

0% Lack of information on markets

0% Lack of information on technology

0% Market dominated by established business

0% Uncertain demand for innovation, goods or services

0% UK Government regulations

0% EU regulations

99% Other

If 'Other', please specify:

Section G: Regulation

Q36 Ask all: Do you believe effective regulation supports your business operations? Note to interviewer: SINGLE CODE ONLY.

53% Yes

32% No

15% Don't know

If 'No', please continue, otherwise go to Q38 or Q39 - this is automated on-line

Q37 Which of the following reasons describe why regulation does not support your business operations? Note to interviewer: READ OUT AND SELECT ALL THAT APPLY.

16% Regulation is difficult to understand

75% There is too much regulation

9% There is a lack of access to regulation

9% You have unproductive relationships with regulators

21% Other

If 'Other', please specify:

ASK If selected option 16 under Q12 (i.e. you consider regulation/red tape to be a constraint to business growth), otherwise go to Q39 - this is automated on-line

Q38 Which type of regulation is an issue? Note to interviewer: READ OUT/PROBE AND SELECT ALL THAT APPLY.

26% Planning

1% Fire Service

18% Health and Safety Executive

7% Environmental Health

3% Environment Agency

9% Trading Standards

1% Border Agency

23% Other

39% None of these

If 'Other', please specify:

Section H: SEMLEP

Q39 Ask all: Before today, had you heard of SEMLEP (South East Midlands Local Enterprise Partnership)? Note to interviewer: SINGLE CODE ONLY.

13% Yes

87% No

If 'Yes', please continue, otherwise go to Q41 - this is automated on-line

Q40 How had you heard of SEMLEP? Note to interviewer: DO NOT READ OUT. SELECT ALL THAT APPLY.

- 6% Press/Media
- 21% Communications from my Local Authority
- 30% Communications from SEMLEP direct
- 24% Other
- 23% Can't recall

If 'Other', please specify:

Q41 Ask all - READ OUT: "SEMLEP is a Local Enterprise Partnership which aims to create the right environment for businesses to grow locally."
What do you think SEMLEP should focus on to help businesses and the local economy grow? Note to interviewer: DO NOT READ OUT. PROBE AND SELECT ALL THAT APPLY.

- 10% Delivering **infrastructure** improvements to encourage business and economic growth e.g. improved travel and transport network, improvements to broadband
- 13% **Attracting new businesses** in to the area i.e. inward investment
- 14% Helping to ensure an appropriate **supply of skilled labour** is available to meet business demand
- 14% Securing **funding** to support new investment/projects
- 9% **Lobbying Central Government** to the benefit of local businesses and the local economy
- 26% Providing **support to businesses** (e.g. through business advice services)
- 32% Other
- 28% Don't know

If 'Other', please specify:

Section I: About your business

It is important we can understand the profile of business owners in the region. As such we would like to ask you some questions about your own personal situation. IF NECESSARY: Please remember all of your answers are given in confidence and will never be reported in any way that could allow you to be identified.

Q42a ASK SOLE TRADERS only: Which of the following apply to you? Note to interviewer: READ OUT. Select all relevant answers.

- 35% You would describe yourself as belonging to an ethnic minority group
- 15% You would describe yourself as having a long-term illness or disability which has a substantial and long-term negative effect on your ability to carry out normal day-to-day activities
- 59% None of the above

Q42b Ask sole traders only: Interviewer: Please record gender of respondent (do not ask)

- 76% Male
- 24% Female

Q42c Ask to non-sole traders: For each of the following, please estimate the percentage of partners or board directors in your business that are . . . ? Note to interviewer: READ OUT. SINGLE CODE.

	0-10%	11-24%	25-49%	50%+	Don't know
Women	38%	4%	11%	36%	11%
Belong to minority ethnic groups	70%	2%	2%	13%	13%
Have a long-standing illness or disability IF RESPONDENT UNSURE READ OUT: The Equality Act defines a person as having a disability if he or she 'has a physical or mental impairment, which has a substantial and long-term negative effect on his or her ability to carry out normal day-to-day activities'	77%	3%	1%	3%	16%

Q43 Ask all: Does your business offer any of the following working practices? Note to interviewer: READ OUT and Select all relevant answers.

- 53% Part time working
- 52% Flexible working
- 14% Proactive policies to recruit from protected groups
- 0% Other
- 38% None of the above

If 'Other', please specify:

Q44a Ask all: Would you be interested in finding out more about the following? [Inform respondent that we will pass their details on to the appropriate organisation] Note to interviewer: Read out and select all relevant answers.

Ask all: Growth Hub (i.e. Velocity or Northamptonshire Growth Hub) - which is a FREE business support programme that has been set up to make it easier for businesses to maximise their growth potential (i.e. increase sales, improve productivity and employ more people). It provides advice from local business advisers, access to grant funding, a dedicated online portal, a telephone helpdesk and a whole range of events and training.

Ask all: Business information and support from SEMLEP or your local Council

Ask all: Opportunities to engage in further research or consultation about local economic and business issues

Ask if selected 'Yes' to apprenticeship questions at Q28 or Q29: Apprenticeships

Ask if selected a positive answer at Q9a3 and South Northamptonshire Council: Business support from South Northamptonshire Council

Ask if selected a positive answer at Q9a4 and Daventry Council: Business support from Daventry Council

Ask if selected a positive answer at Q9a4 and Cherwell District Council: Business support from Cherwell District Council

Ask if selected 'Yes' at Q17a1 and Daventry Council: Information from Daventry District Council (which owns and develops commercial premises) about accessing commercial premises

Ask if selected 'Yes' at Q17a1 and Cherwell District Council: Information about relocating your premises from Cherwell District Council

Ask if selected 'Yes' at Q19 and Cherwell District Council: Support from Cherwell District Council regarding your hard-to-fill vacancies

Ask if Milton Keynes only: Information from Milton Keynes Council/Invest MK to support your business

Ask if South Northamptonshire only: Information about future events relevant to local businesses

Q44b ASK IF CHERWELL (C4) OR SOUTH NORTHAMPTONSHIRE (SN5)

Your Council operates a free recruitment service through its Job Club and Job Match Service which many local businesses have benefitted from. Would you be interested in using either of these Services to support your business?

IF YES: Can we pass your details on to the Council for this purpose? Note to interviewer: SINGLE CODE ONLY.

Yes, pass on my details

Yes, but do not pass on my details

No

Q44c Could you confirm your name, contact number and e-mail address? Interviewer record:
Name:

Business:

Contact number:

E-mail:

Q45 Do you have any other comments or points you would like to make about the issues discussed in this survey? Note to interviewer: If the respondent has any additional comments or points to raise, please record here. Only ask this if the respondent has time.

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