Supporting Leicestershire's Rural Economy - A Sector Scoping Study

A Final Report to Leicestershire County Council

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16th January 2009

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Executive Summary

This Sector Scoping Study provides a range of detailed recommendations to be considered by the Leicestershire Rural Partnership (LRP) and its key partners to facilitate the growth and development of the rural economy in Leicestershire. This will result in strengthening existing activity, forging new opportunities, and, most importantly, providing more joined up sector support for existing and new enterprises across the County.

Leicestershire – a good place to do business….

In reviewing current socio-economic trends for Leicestershire, the County shows itself to be good place for businesses to locate, and provides a strong foundation for the five sectors of the economy analysed by this study to grow and expand. Of the five sectors considered through the study, Equestrian and Outdoor Recreation and Land Based sectors are all more significant to the Leicestershire economy than the Region. Knowledge, and Food and Drink sectors are the largest in terms employment of the five sectors considered in this study. The study has reaffirmed many of the outcomes arising from the 2006 Leicestershire Rural Economy Baseline report which identified the opportunity to add value and expand niche markets and create new products in the County. Support focused on the five sectors will contribute significantly to ensuring this vision is realised.

Whilst there are high levels of employment and economic activity across the area, there are also significant challenges which need to be addressed. In the face of the current economic climate, it will be important for the outcomes of this study to support enterprises in each sector, and encourage investment, expansion and growth for the benefit of the County.

…with strong foundations to build on key strengths and opportunities….

Leicestershire has significant strength on which it can more forward with delivering sector support across the County. Firstly, it has a good tradition of partnership working that aims to work more effectively together to deliver improved services to rural areas – the Leicestershire Rural Partnership is recognised across the Region as a ***'model of good practice'***.

There are a number of factors which can support and facilitate the growth of each of the five sectors:

- The County has a strong tradition and history with high quality countryside and natural assets.
- An entrepreneurial, proactive and resourceful business community.
- A significant growth in distinctive and unique brands, particularly in Food and Drink.
- There are significant geographic and area based opportunities across Leicestershire – the chance to facilitate improved networking and collaboration.
- A strong location for businesses – a central and accessible County.

- Unexploited potential across the County – for example, to facilitate improved integration between the sectors and a more co-ordinated, robust tourism offer.
- To take greater advantage of urban rural interdependencies.
- To seize new opportunities to kick start local procurement of food and drink and renewable energy generation, for example through public private partnership.

…and a range of opportunities across the five sectors….

Of the five sectors considered to be key in developing a sector support programme, it is suggested that, initially more detailed assessment is given to focusing on the needs of Land Based Industries, Food and Drink, and Equestrian and Outdoor Recreation sectors. These sectors are well defined, have well established business networks (such as Leicestershire Equestrian Enterprise Partnership) and specific funding opportunities like the Rural Development Programme for England (RDPE). The results of the business survey and stakeholder consultations support this view, indicating that through more co-ordinated delivery, further expansion and growth of these sectors will be achieved.

With regards to the Renewable Energy and Knowledge Based sectors, it is considered that more detailed research is required to define these sectors for Leicestershire, to facilitate the development of a long term strategy for both sectors.

The Seven Key Themes of Future Sector Support….

As part of any programme of sector support, seven themes have been identified that will encourage growth of identified sectors, facilitate collaborative engagement between businesses, and, where appropriate, lever RDPE funding into the County.

- An Information Hub – improved provision of information to the business community – where to go in Leicestershire or around the five sectors.
- Facilitating improved access for key sectors to RDPE – to break down the barriers and work to achieve greater cross collaboration amongst business in the priority sectors.
- Networking and Collaboration – to move beyond a grant support programme – better utilisation of other funding streams and focusing on strategic, business issues.
- Supply Chain Development – improving the connections between supply chains (customers and suppliers) across the county.
- Marketing, Promotion and Awareness – providing support for improved and more bespoke marketing, promotion and awareness of business activities for each sector.
- Embedding Knowledge, Innovation and Design – establishing a comprehensive training and skills programme that develops knowledge across all priority sectors in the county.

- Infrastructure Grants – to target infrastructure support towards key market failures within the rural economy that are infrastructure related.

1.0 Introduction

1.1 ECOTEC Appointment

ECOTEC Research and Consulting Limited was appointed by Leicestershire County Council (LCC) in September 2008 to undertake a sector scoping research study with a specific focus on five initial priority sectors for Leicestershire's Rural Economy – Land Based, Knowledge Based, Food and Drink, Renewable Energy and Equestrian and Outdoor Recreation.

1.2 The Purpose, Scope and Expectations of the Study

The aim of this research is to support the Leicestershire Rural Partnership (LRP) in considering the need and priorities for a future Rural Economy Support Programme. A continuation scheme was submitted to the East Midlands Development Agency (*emda*) in spring 2008; however, this application met with complications – mostly due to the imminent Business Support Simplification Programme. The LRP has seen this as an opportunity to re-consider how to take forward future rural economy support under new sub regional arrangements for economic development.

1.2.1 The overarching purpose of the study is to:

- To identify the key barriers to growth (or threats / opportunities) for identified rural sectors.
- To map existing sector specific support which is currently provided by other agencies e.g. NFC, Leicestershire Promotions, NFU, CLA, Ride Welland, Leicestershire Food links, LANTRA, Business Link etc.
- To identify which sectors within Leicestershire have the most opportunity for collaborative working in terms of accessing RDPE funds/.
- To identify any opportunities for added value support to enhance collaborative working within the sub region to access RDPE funds, which does not duplicate support provided at a regional level via *emda*?
- To review the added value of previous LCC sector support and identify requirements / benefits for mirrored support moving forward.
- To make recommendations for future sector development work that will support growth within specific sectors and strengthen local supply chains.
- To identify opportunities through sector development to help secure local investment via the 2012 London Olympics.
- To make recommendations for development of future sector support and delivery options.

1.3 Our Methodology

In order to meet the requirements as set out above, the research team undertook the following key activities, guided by the LCC-led Steering Group:

- A rapid desk based review that considered relevant statistical and contextual information underpinning the research.
- A review of best practice delivery mechanisms in rural areas of Local Authorities.
- Detailed face to face and telephone interviews with key stakeholders across Leicestershire and the East Midlands, with particular reference to the identified priority sectors.
- A ‘rural business survey’ with 50 small and medium sized enterprises across the county who fit within the five identified sectors.
- Development of key recommendations from the research based upon findings and stakeholder consultation.
- A presentation to the LRP Rural Economy Scoping Event and co-ordination of a sector programme workshop.

1.4 Background to the Study

1.4.1 The Leicestershire Rural Partnership

The Leicestershire Rural Partnership was first established in 1993, and has a formal membership of 19 organisations. The Partnership was created to enable stakeholders across Leicestershire to work more effectively together to deliver improved services to rural areas. This results in residents, communities, voluntary organisations and businesses in rural areas of Leicestershire benefiting from increased co-ordination, greater efficiency and improved service delivery.

Leicestershire County Council provides support to enable the facilitation of the LRP. This includes acting as the partnership's accountable body and providing dedicated resources to oversee the work of the partnership.

1.4.2 New Sub Regional Arrangements

In July 2007, the Government published the Review of Sub National Economic Development and Regeneration (SNR)[1]. The Review has placed greater emphasis on the delivery role of principal local authorities alongside a more holistic, strategic responsibility for Regional Development Agencies that could potentially include regional planning. In the East Midlands, the principles of SNR and greater devolution to local authorities has been supported by *emda* on the basis that delivery management and governance structures are put in the place at city / sub regional levels.

In Leicester and Leicestershire, developments are on-going and proposals include the establishment of a ‘Leadership Group’ for the sub region which will oversee strategic development and activity concerning Economic Development, Housing, Transport Infrastructure and the Environment. It has been agreed that an Economic Development Company (EDC) will be formed to lead on delivery activity in relation to urban development and infrastructure, business support, and innovation, investor development and inward investment.

[1] HM Treasury (2007)

1.4.3 Developing a Revised Sub Regional Economic Programme

The emergence of new sub regional arrangements presents a new opportunity for the LRP. The partnership has been identified as the strategic co-ordinating body to lead on rural economic development across the County. The Partnership will be seeking to ensure effective representation is made of the rural needs of the County in the new structure, and the LRP is well placed to take a leading role in ensuring that sufficient resources are allocated for rural economic development. In connection to this study, the LRP is seeking to identify key priorities for potential interventions that will support the growth and development of the rural economy for the County.

1.4.4 Leicestershire's Rural Economy

England's rural areas are home to just under a fifth of the population, but are responsible for 30% of the country's economic activity[2]. Leicestershire is a good example of how diverse the rural economy is becoming with new market opportunities such as sustainable tourism and renewable technologies, and increasing numbers of home workers. It is therefore very important that the LRP have evidence and understanding of how it can support the business community in an ever-changing business climate.

The developments arising in Leicestershire from the Sub National Review provide a significant opportunity for the LRP to become responsible for overseeing and co-ordinating rural economic development on a broader scale. To achieve this, Leicestershire County Council and partners need greater knowledge and understanding of the following key questions:

- Is rural sector support required, and if so, what kind of support is needed?
- Which rural sectors are in most need of support and provide the greatest opportunity for growth and development?
- How might this support be aligned to existing delivery mechanisms, or are new initiatives required?
- Who are the key stakeholders to involve in any process of improvement for rural Leicestershire?

1.4.5 Priority Rural Sectors for Leicestershire

Historically, the County Council has provided a range of business grants and support activities to a number of key sectors in the rural economy. In particular, the Food and Drink sector, the Equestrian sector, the Woodland economy (in partnership with the National Forest Company), and the Tourism sector (via its service level agreement (SLA) with Leicestershire Promotions). Grant support has been targeted at the Land-Based sector to encourage diversification and the reuse of redundant buildings.

[2] Commission for Rural Communities, *England's rural areas: steps to release their untapped potential; Advice from the Rural Advocate to the Prime Minister,* June 2008, p.7

The LRP currently oversees a Rural Business Support Programme which is in its final year (completion in March 2009). Therefore, the Partnership is taking this opportunity to assess its approach and consider how to take forward future support for the rural economy (with a particular emphasis, initially, on five sectors) under the new sub regional arrangements. These sectors have been identified through previous sector support provided by the LRP, potential opportunities presented by the Rural Development Programme for England (RDPE) and those sectors identified within the Leicestershire Rural Strategy 2007-2014.

1.5 Report Structure

The remainder of our report is structured as follows:

- Chapter 2: Sector Scoping – Socio-economic review
- Chapter 3: Rural Sector Support – A Contextual Assessment
- Chapter 4: Existing Sector Support across Leicestershire
- Chapter 5: Strengths, Weaknesses, Threats, and Opportunities Appraisal
- Chapter 6: Analysis of the Rural Business Survey
- Chapter 7: Review of Rural Delivery Mechanisms
- Chapter 8: Sector Support Analysis
- Chapter 9: Delivery Options for Future Sector Support within Leicestershire
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- Annex One – List of Consultees
- Annex Two – Glossary of Terms
- Annex Three – Strength of the Customer and Supplier Chains for the Five Sectors
- Annex Four – Business Survey
- Annex Five – Data for Statistical Analysis

2.0 Sector Scoping – Socio-Economic Review

2.1 Introduction

This section of the report provides a brief assessment of the key socio-economic trends in relation to Leicestershire's rural economy. It provides only an overview of key, overarching trends[3] for the economy across Leicestershire, and with specific reference to the five sectors. A more comprehensive outlook on the Leicestershire economy is provided by two reports published in 2006[4] - Leicester Shire Baseline Study 2006 and Leicestershire's Rural Economy 2006.

2.2 The role of the Five Sectors in Leicestershire

The focus for this study is to consider the role and opportunity for supporting the development of five sectors – Knowledge; Food and Drink; Equestrian and Outdoor Recreation, Land Based, and Renewable Energy.

These sectors have been identified through previous sector support provided by the LRP, potential opportunities presented by the Rural Development Programme for England (RDPE) and those sectors identified within the Leicestershire Rural Strategy 2007-2014.

2.3 Defining Rural Leicestershire

Leicestershire is a predominately rural county, with 55% of the population living in 210 rural parishes. The outcomes of this study will primarily be focused on Leicestershire's rural areas.

Table 2.1 Urban / rural 2004 Leicestershire population[5]

	Population by Urban / rural area	Percentage of Leicestershire population
Urban	425,401	68%
Town and Fringe	122,273	20%
Village and Hamlet	76,182	12%
Total	623,856	100%

However, the application of a strict rural definition to the five sectors will not always be the most effective approach. Within the context of this study, the majority of businesses in each sector are

[3] All statistics used throughout the document refer only to Leicestershire and do not include the city of Leicester.
[4] Leicestershire County Profile, Leicester Shire Baseline Study 2006, Leicester Shire Economic Partnership, 2006; and Leicestershire's Rural Economy, Final report produced for the Leicester Shire Economic Partnership, Land Use Consultants, February 2006
[5] Leicestershire Rural Strategy 2007-2014

located within rural areas. However, the study has identified a strong inter-relationship between rural and urban (mainly market towns and suburban fringe areas). This is particularly important for the knowledge and renewable energy sectors. Moving forward, partners will need to tailor elements of sector support activity dependent on where businesses in each sector are located.

2.4 The Labour Market in Leicestershire

The Leicestershire economy is functioning in a strong and positive manner; the economic activity[6] rate (working age) for the County in 2007 was 82.9%. This is higher than the East Midlands (80%) and national (78.6%) average. However, between 2004 and 2007 the economic activity rate only increased by 3.8%, which is slightly lower than the regional and national position. Although the Leicestershire economy is still strong, these figures suggest that growth has stabilised, indicating that there may be opportunities for new, niche sectors of employment.

Unemployment

In unemployment terms[7] (working age) Leicestershire has not seen much change (2004 - 2007) in worklessness (2.9% in 2007) compared to regional (5.1%) and national (5.4%) figures.

Entrepreneurship

The percentage of working age (2007) who are self employed[8] in Leicestershire is 9.5%, which is higher than the regional and national figures (9.1% and 9.5% respectively). Furthermore, Leicestershire has seen a larger increase in self employment between 2004 and 2007 of 12.5%, compared to the regional (9%) and national (7.1%).

This is extremely important in relation to the five sectors as diversification into new business markets and establishing niche and lifestyle businesses has become an evolving strength of the rural economy. It is important that individuals consider they are able to seize opportunities and act on new business ideas. This also reaffirms underlying key findings from the Baseline Study in 2006.

2.4.1 Occupation and Skills in Leicestershire

The most common types of occupations of those employed in Leicestershire in 2007 were corporate managers, administrative occupations, and elementary administration and service occupations. This illustrates that, increasingly, fewer are keen to pursue careers in traditional rural industries. There is also likely to be an increasing effect of 'out commuting' from rural settlements.

[6] Economic Activity Rate – working age, Annual Business Inquiry, NOMIS, 2005
[7] Percentage of working age who are economically inactive, Annual Business Inquiry, NOMIS, 2005
[8] Percentage of working age who are self employed, Annual Business Inquiry, NOMIS, 2005

Skills – Low Wage, Low Skill

There are a lower percentage of people in employment (working age) in Leicestershire (7.1%) with no qualifications[9] compared to the regional (9.3%) and national (8.3%) figures. The County has a higher percentage of those employed (working age) with NVQ Level 1 and 3 compared to the Region. The County has a lower NVQ Level 4 compared to the national picture.

However, there are parts of the County such as Melton Mowbray, which have a particular challenge to address issues related to traditional low wage, low skill employment. In particular, manufacturing, land based industries, equestrian, and food and drink sectors are mainly low wage, low skill employers in these areas. This presents a challenge for the County – to identify what support is required to build knowledge, innovation and design within the five sectors to enable the long term growth and viability of these industries. Equally important, however is to provide new skilled employment opportunities in order to benefit communities across the County.

2.4.2 Interdependencies between Urban and Rural Areas

Generally the rural areas of the East Midlands (including Leicestershire) are performing well in terms of providing and offering economic opportunity. Increasingly though, a stronger degree of linkage and interdependency is being demonstrated between rural and urban areas, in supporting economic development, with rural businesses operating in more than one location[10]

As identified by the 2007-2014 Leicestershire Rural Strategy, and the Rural East Midlands 2008, rural areas across the Region tend to have low numbers of jobs available relative to the numbers of economically active residents, with net out commuting either from choice or necessity, or a mix of both. The high employment rates sustained in rural areas thus depend to some degree on employment opportunities in urban areas.

This presents a real challenge to partners in Leicestershire – it is important that the County's accessible nature is harnessed to jointly support local communities from a socio-economic perspective.

2.4.3 Overview of Key Sectors for Leicestershire

In 2006, the County Council produced the Leicestershire Rural Economy Baseline Study which identified five embedded sectors for the County's rural economy. These were identified as manufacturing, transport and warehousing, tourism and hospitality, food and drink, and land based industries. Our approach has sought to benchmark against this more comprehensive baseline but with one important difference – focusing on five sectors of the rural economy.

In employment and size terms, the top three sectors in Leicestershire have been identified as 'Wholesale and retail trade; repair of motor vehicles and personal household goods' (19.8%),

[9] Percentage of people in employment, Skills, Annual Population Survey, NOMIS, 2007
[6] Enterprise and entrepreneurs in rural England, State of the Countryside 2007, Commission for Rural Communities

'Manufacturing' (16.9%), and Real estate, renting and business activities' (13.7%). The same sectors are amongst the top three at a regional level, subject to some slight variations in the percentages.

This broadly reaffirms the findings of the 2006 Rural Economy Baseline Study. We have, however, identified a number of sectors which play a more prominent role to the County's economy compared to the regional and national economy. With specific reference to the five sectors under consideration for this study, agriculture hunting and forestry is much more significant to Leicestershire than the national and regional average. However, this sector and a number of others make up less than 5% in terms of number of workplaces and their size (number of employees) in the County.

Although the five sectors under investigation in this study account for relatively small proportions of employment; this should not undervalue the purpose and objective of developing specific programmes of support. The 2006 report identified the opportunity to add value and expand niche markets and create new products in the County. Support focused on the five sectors will contribute significantly to ensuring this vision is realised.

2.5 Employment in the Five Sectors

Analysis of the Standard Industrial Classification (SIC) codes in relation to Leicestershire has enabled the composition of table 2.1. This illustrates the breakdown of employment in the five sectors of this review compared to the regional and national figures. The SIC codes for each sector are shown in Appendix 2.

Table 2.2 Employment in the Five Sectors

Table header	Leicestershire [nb]	East Midlands	England
Knowledge	12.0%	13.5%	17.7%
Food and Drink	8.5%	8.9%	8.2%
Equestrian and Outdoor Recreation	1.7%	1.4%	1.2%
Land Based	0.5%	0.4%	0.2%
Renewable Energy	Sector SIC codes are to be confirmed yet.		

Nb: please note these figures are not split by the DEFRA Rural Urban Classification

Table 2.1 demonstrates that in terms of size, the knowledge sector is relatively small in Leicestershire compared to the regional and national figures. The Rural Economy Study indicated that rural areas provide 40% of Leicestershire's knowledge economy but the outcomes of qualitative analysis suggest Leicestershire has an under representation of knowledge based companies. Further work is required to understand why this is the case but qualitative findings suggest that information technology and limited workspace provision could be an issue.

The food and drink sector is the second largest sector (in terms of employment) to Leicestershire, but it is slightly behind the regional statistics. Whereas, the equestrian and outdoor recreation sector is much more significant to the Leicestershire economy, compared to the regional or national picture.

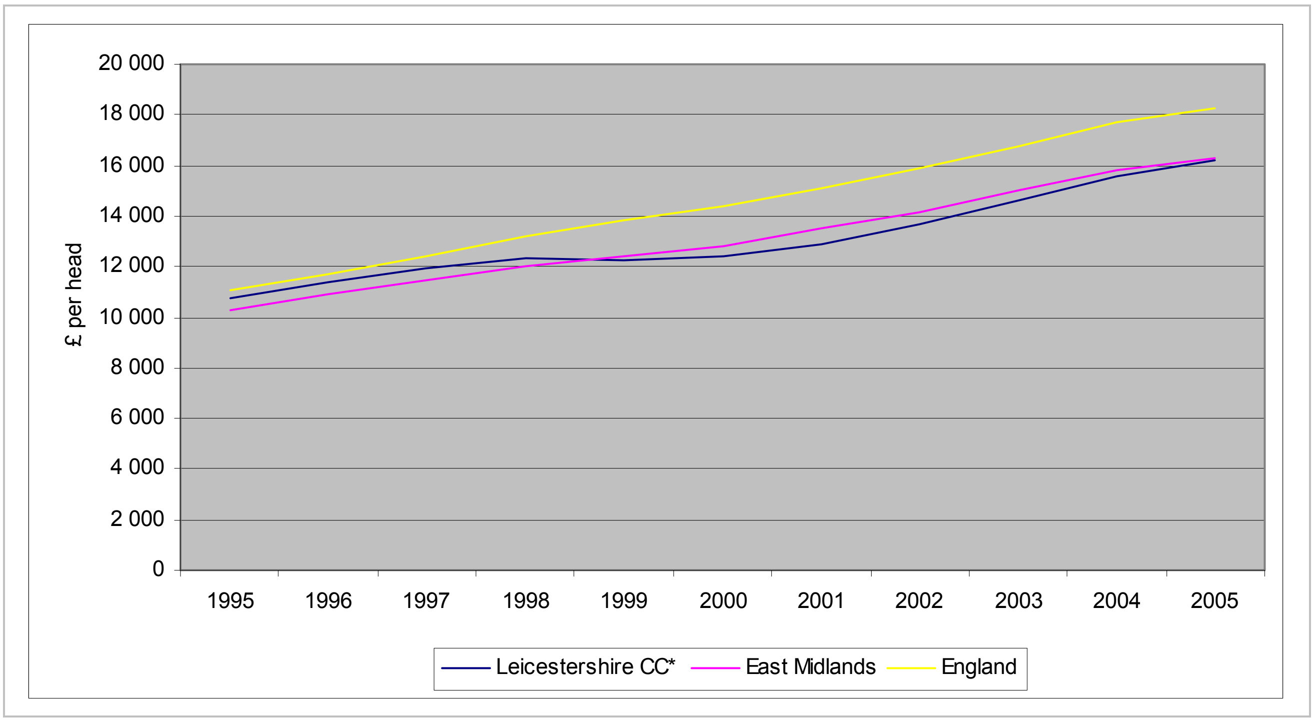
The land based sector is also more significant across the County compared to the regional and national figures. Although this industry is still one of the smallest sectors within Leicestershire it plays a fundamental role in supporting the wider economy in rural areas through its role in managing the natural environment and countryside to encourage tourism, and recreation and leisure.

The renewable energy sector has been very difficult to quantify. Across the country, the numbers of businesses in this industry is very small, and this is therefore an embryonic sector for the County.

2.6 Productivity in Leicestershire

The gross value added (GVA) in Leicestershire was higher than the regional GVA from 1995 until 1998 where it dropped below the regional figure. Since then, GVA for the County has been growing at a steady rate and has almost closed the gap between the regional and sub regional figures. The regional and sub regional GVA has remained below the national figure and the gap seems to be increasing each year.

Figure 2.1 Headline gross value added (GVA)2 per head by NUTS3 area at current basic prices 1995-2005



Source: GVA, ONS, 2005

**Leicestershire CC includes Rutland*

Also note that 2005 figures are provisional

2.7 Summary of Key Points

The preceding analysis highlights some of the key contextual trends relating to the rural economy in Leicestershire and the influence this has on the five sectors under consideration in this study. It is evident that Leicestershire performs well against the regional and national averages across a range of indicators. In particular, the levels of employment and economic activity highlight the overall prosperous nature of the County. However, there are significant challenges for Leicestershire (and the Region) in terms of improving productivity and supporting traditional industries in rural areas.

Of the five sectors, equestrian and outdoor recreation, and land based sectors are all more significant to the Leicestershire economy than is the case across the Region. In addition, it is clear that Leicestershire is an entrepreneurial County which, over the last three years, has seen a high increase in self employment.

In comparison to other parts of the East Midlands, GVA per head in Leicestershire appears to be improving, and although GVA tends to be relatively lower in the rural districts[11]. In addition, as the industrial structure of rural areas begins to change over time, this may lead to consequences for

[11] Rural East Midlands 2008, *emda*

traditional rural industries. Although land-based industries such as agriculture are relatively important employers in rural areas (particularly in Leicestershire), the service sector and manufacturing account for a larger proportion of employment and are expected to experience significant growth in the future. The challenge is how to encourage an increase in knowledge, innovation and design in the traditional industries to ensure they can remain viable and competitive in the future.

3.0 Rural Sector Support – A Contextual Assessment

3.1 Introduction

This chapter presents an overarching analysis of the key contextual drivers for developing a rural economy support programme across Leicestershire. To supplement the statistical analysis review, this section of the report aims to 'set the scene' and outline objectives within current (and emerging) key strategic and policy drivers.

3.2 Drivers for Rural Economy Intervention

At the National level between 1999 and 2006, a range of strategies and policies have provided the broad context and direction for economic development in rural England. This began with the production of 'Our Countryside: the future – a fair deal for Rural England', the Rural White Paper 2000 (DETR/MAFF). The White Paper recognised and addressed the need for tailored, regional rural priorities – moving away from a 'one size fits all' approach across the country. With specific reference to the economy, The White Paper provided an increased remit for Regional Development Agencies concerning rural development, and providing increased resources (from £1.2bn to £1.7bn by 2003/04). The devolution of responsibility was on the basis that a 'new rural vision' would be facilitated by RDAs, to realise the potential of the rural economy.

Alongside the Rural White Paper, in 2000 the England Rural Development Programme (ERDP) was approved and launched. Over the seven years of the programme £1.6 billion of EU and Government money (£31.2m to rural businesses in the East Midlands between 2000 and 2006) was made available to rural areas with the aim of increasing opportunities to conserve and improve the countryside, to develop enterprise and innovation, and to help rural communities to thrive.

However, in 2001 any optimism was stunted with the widespread outbreak of foot and mouth disease across England and other parts of the UK. The wider impacts caused by the disease exposed the frailties of partnership working, communication and delivery across rural England. The outbreak highlighted the close links between the environment and economy and how fragile local economies are within rural areas. In response, the Government launched a complete reassessment of rural policy and delivery across the country[12].

Subsequently, in 2004, the Government launched its response to the Haskins Review of Rural Delivery, and produced the Rural Strategy 2004 (DEFRA). The Rural Strategy set out a new approach to rural policy and identified three key priorities, including a specific focus on economic and social regeneration – supporting enterprise across rural England, but targeting greater resources at areas of greatest need.

[12] Lord Haskins Review of Rural Delivery, 2003

The Modernising Rural Delivery Programme (MRD) was introduced as DEFRA's mechanism to implement the bulk of the Rural Strategy 2004. MRD was a change programme aimed at delivering rural services more efficiently, in a streamlined and customer focused way, through a smaller number of organisations with clearer and more accountable roles. Although the programme officially ended in December 2006, the government's commitment to its ethos continues. With specific influence on the LRP's potential programme activity DEFRA's priority to *"increase capacity of the delivery framework to enable vibrant rural economy with successful and sustainable rural businesses"* is particularly relevant.

In terms of the food and drink industry, in 2002 the UK government launched the Strategy for Sustainable Farming and Food. The report of the 'Curry Commission' set out a vision to achieve greater integration between the farming and food industry, the government and consumers[13]. The strategy identified that the food sector was underperforming. In particular, that profitably is low and extremely variable; the wider food chain utilises ten tonnes of raw material to produce one tonne of processed food; and, that the whole food chain has to reconnect with its customers, the world economy, the countryside and the environment.

3.3 Addressing Rural Economy Priorities in Leicestershire

The LRP responded with great effectiveness to the rural challenge. In 2006, the Partnership agreed to develop a long term, strategic approach to the rural economy. The Partnership undertook a comprehensive and objective review of the strengths, weaknesses, threats and opportunities facing the Leicestershire rural economy[14] culminating in a baseline report that provided a critical evidence base to examine the current situation, but more importantly, inform the LRP where the Partnership need to be in 20 years time.

One of the key outcomes from the report was that it recognised and identified the importance of *'key embedded sectors'* across the County. These were identified as Transport and Warehousing; Tourism and Hospitality; Food and Drink; and the Land Based Industries. The study also suggested that future support should seek to encourage the location and growth of knowledge-based and creative industries across the County as this was seen to offer greater opportunity than was currently being exploited.

3.3.1 The Leicestershire Rural Strategy

The completion of the baseline report, in conjunction with an evaluation of Rural Transport in Leicestershire[15] provided a firm basis for the development of the Leicestershire Rural Strategy (2007-2014). The Strategy sets out an overarching strategic vision for rural Leicestershire that by 2026 the County will be made up of thriving and sustainable, safe and secure, communities, towns and villages, each of which will have at least one key community resource (e.g. schools, church,

[13] The Strategy for Sustainable Farming and Food – Facing the Future, DEFRA, 2002
[14] Leicestershire's Rural Economy, Landuse Consultants, 2006
[15] Leicestershire Rural Transport Study, STAR Consultants, 2006

pub, shop, post office, village hall. The vision also identifies supporting economic activity, and profitable and entrepreneurial businesses.

The strategy sets out a series of priorities that will influence the rural economy[16]. These priorities have been aligned with the Leicestershire Local Area Agreement (LAA), and are monitored as part of the *economic development theme*. The LRP has appointed 'leads' to act as rural champions, and forms part of the partnership function to scrutinise and rural proof the delivery plans of the LAA themes.

The Strategy sets out the following objectives in terms of the rural economy:

- Support rural businesses to start up, and expand.
- Encourage entrepreneurial activity and emerging sectors of the rural economy.
- Support the development and creation of social enterprise.
- Improve employment and skills opportunities.
- Increase the contribution of rural tourism to the rural economy.
- Support the role of market towns and rural centres.

3.4 Rural Economy – a new approach and context for Leicestershire

Looking to the future, it is clear supporting the rural economy is still valued as an important priority on a national, regional and local agenda. The recent publications of the Matthew Taylor Review[17]and the EFRA Inquiry[18]have reinforced the message that rural areas play a vital role in the country's economy and that there is an untapped potential from rural businesses of between £236 billion and £347 billion per annum[19].

The Taylor Review encouragingly states that "…*most rural communities are enterprising and increasingly reflected by the growing numbers of home workers. These home based businesses represent a direct and diverse contribution and a catalyst for business growth in rural areas…"*[20]. However, the report also sounds a note of caution with regard to the difficulties facing rural firms in identifying suitable premises. If these rural firms are to grow and expand, the planning system needs to account for this ambition. Greater understanding is needed about rural businesses, and, what their needs are in terms of, pathways to growth.

The Sub National Review (SNR) will give *emda* greater powers and responsibility in respect of regional planning in addition to economic development, with the abolishment of the East Midlands

[16] 2007-2014 Leicestershire Rural Strategy
[17] Matthew Taylor Review – Living Working Countryside, 2008
[18] EFRA Inquiry – The potential of England's rural economy, 2008
[19] Commission for Rural Communities, *England's rural areas: steps to release their untapped potential; Advice from the Rural Advocate to the Prime Minister,* June 2008, p.7
[20] Taylor Review – Living Working Countryside

Regional Assembly in 2010. For Leicestershire County Council and other local authorities this is an important change, as this proposes a more formal, significant and stronger role for local councils in leading economic development in their areas.

Similarly, the launch by the Government in March 2008, of "Simple Support, better business: business support in 2010" outlines what the support landscape will look like in the future for businesses. The Business Support Simplification Programme (BSSP) aims to simplify the support Government provides for businesses, making it easier for companies and entrepreneurs to understand and access government funded grants, subsidies and advice with which to start and grow their businesses.

The Regional Development Agency (*emda*) has been leading the simplification of business support in the East Midlands and has moved to using a Regional Business Link model through the establishment of East Midlands Business (EMB Ltd) which is a joint venture formed by the three Chambers of Commerce that previously provided Business Link services across the Derbyshire, Leicestershire and Northamptonshire areas. It will be important to align any new business support to this new business support simplification programme and to EMB Ltd who are a fundamental deliverer of sector programme support.

However, the evaluations of recent economic programmes overseen by the LRP – the Woodland Economy Business Support Programme (WEBS) and the Leicestershire Rural Business Support Programme (RBSP) indicate that sector specific support is vital, particularly when many of the businesses do not consider themselves to be 'business experts[21]'. In addition, most businesses sought to find local business advice and support, and would not tend to seek support from mainstream providers without encouragement. The reports highlight the positive impacts that have been achieved through the LRP and make a strong case for developing a future rural – specific economic programme.

[21] An evaluation of the Woodland Economy Business Support Programme, ERS Consultants, 2007

4.0 Existing Sector Support Across Leicestershire

4.1 Introduction

This chapter of the report sets out the findings of the stakeholder consultation in order to establish the impact of current support overseen by the LRP. The analysis sets out the existing availability of sector support for the five sectors across Leicestershire, and sets out the strengths and limitations of the current approach.

4.2 Our Approach to Consultation Engagement

The following two chapters present the analysis and findings of the substantial stakeholder consultation the project team has undertaken to complete this study. The research team has undertaken 31 semi structured stakeholder interviews (face to face and telephone) with a range of regional, sub regional and local agencies, organisations and individuals (see Annex 1 for full details). The consultations aimed to identify and capture views on sector support that is already available and the type of support stakeholders felt was missing or required.

4.3 Existing Availability of Sector Support for the Five Sectors across Leicestershire

In order to understand what future support for the five sectors might be required, the research team carried out face to face meetings with key representatives of Leicestershire County Council, who have overseen activities which have sought to deliver a range of grant, advice and information to businesses.

The purpose of the meetings was to gain greater understanding of what sector development work has previously been delivered by the County Council (under the auspices of the LRP). The second objective was to consider whether this support is still available and whether demand for the service has diminished. Finally, to assess what support might be required in the future and whether any sector specific support is required?

The following table provides a top-level outline of the activities that are delivered through the County Council and its key partners, specifically aimed at the five sectors.

Table 4.1 Provision of Sector Support Programmes across Leicestershire

Sector	Existing / Previous[22] LCC Activity	Stakeholder Sector Support Activities
Food and Drink	Sub Regional Food Group – production of a Strategy and 3 year Action Plan Leicestershire Food and Drink Network – encompassing development of a food and drink guide, virtual networking website, and networking events (between producers and restaurateurs and hospitality sector)	**Melton Food Partnership:** Annual East Midlands Food and Drink Festival; Marketing; Promotion and Awareness campaigns – encompassing Leicestershire Food Fortnight **Leicestershire Food Links:** provide co-ordination of five Leicestershire Farmers Markets and **Food and Drink Innovation Network**: region-wide initiative encourages innovation within the food and drink sector. Operating this programme within Business Link Information, Diagnostic and Brokerage services, and, where appropriate provision of innovation grants.
Land Based Industries	Provision of grants through the Rural Business Support Programme – focused on reuse of redundant buildings, farm business development grant, rural visitor grant scheme, rural micro business grant	**National Farmers Union:** offer a range of services to members ensuring all members have a route into Westminster, Cardiff and Brussels; and secondly, unlimited access to agricultural and legal experts to assist with business issues. Examples include business networking, Farm Woodland Service, NFU Business Guides **County and Land Business Association:** provide a full range of advisory services including: a land use team – single farm payment, planning, flooding; legal services team – public law, health & safety, employment law, taxation; and advice/advisory service for members but this doesn't provide consultancy services. **Forestry Commission:** stimulating demand for woodfuel products by supporting the implementation of National Woodfuel Strategy by developing the regional Biomass Sector. Providing woodland owners with an opportunity to improve the biodiversity value of their woodland by developing a market for unsaleable timber. **LANTRA:** The Sector Skills Council for the environmental and land-based sector – supporting skills and business development (management and leadership), up-skilling and recognising the abilities of workforce amongst land based industries, networking and collaboration on a skills basis, and facilitating entry to employment / valuing volunteers **Business Link Land Based Consortium:** assisting in the provision of land based support in the co-ordination of RDPE, developing a land based engagement handbook for Business Link advisers, and delivering advice through the Information, Diagnostic, and Brokerage function.

[22] support provided by LCC within the past 12 months

Sector	Existing / Previous[22] LCC Activity	Stakeholder Sector Support Activities
Knowledge Based Businesses	No specific sector support, however the Rural Business Support Programme gave greater priority to 'knowledge based businesses as part of the grants package. **Creative Leicestershire:** Creative Industries programme in place providing bursary grants, sector specific advice, networking and training development	
Renewable Energy	Wood fuel and Biomass: Woodland Economy Business Support (in conjunction with The National Forest) Research into the feasibility of implementing Anaerobic Digestion	**Groundwork Leicester and Leicestershire:** seeking to enable the development of the renewables sector in the area. No sector specific initiatives in place but aims to assist private, public, and voluntary sectors. **Leicester and Leicestershire Energy Agency:** to improve the energy efficiency of up to 5,000 businesses, resulting in an average saving of 10% on their current energy bills; to attempt to create up to five new small to medium enterprises to provide energy services to homes and businesses; and to set up an Energy Services Company (ESCO)
Equestrian Sector	Provision of grants through the Rural Business Support Programme – focused on reuse of redundant buildings, farm business development grant, rural visitor grant scheme, rural micro business grant Sector support including the production of an Equestrian Strategy and support for LEEP (brochures and events). An on-line equestrian network was launched earlier in 2008 – the maintenance of which has not been maintained.	**Leicestershire Equestrian Enterprise Partnership**: a sub regional sector representative for the equestrian sector. Services include networking opportunities, facilitating advice for members seeking to develop business proposals; and understanding requirements in connection to health & safety, risk assessment etc **Ride Welland:** aimed at the profitable development and integration of equestrianism, with leisure and tourism opportunities underpinned by mainstream business support. Seeking to network and signpost equine businesses, facilitation of training, linkage to TROT
Generic Support – impacts on the Five sectors		**Business Link:** provision of mainstream business support activities across the Region. Do have champions for sectors – rural and food and drink are identified but these advisers are just a point of contact not specifically tasked with engaging with these sectors. **Leicester Shire Promotions:** the lead agency for providing services to the tourism industry, and have a strategic role for attracting inward investment, and developing services for investors and visitors

The table demonstrates that the County Council has overseen a range of activities over the last three years. The activities have mainly focused delivery on the priorities of funding which has been secured via the Regional Development Agency (*emda*), rather than addressing specific sector support or business issues.

Most of the activity has provided a delegated grant of up to £5,000 per business, which has funded catalyst projects, and developing new and innovative business ideas. Elements of delivery have been in conjunction with other partners, but largely they have been LCC focused. Good examples of partnership delivery include the Woodland Economy Business Support Programme (WEBS) and a renewable heat initiative with Rural Energy ltd.

A good example of LCC sector support is Creative Leicestershire (see section 7 for more details). Although this model sits slightly outside the priority sectors, it represents a good model approach for sector support.

4.4 Effectiveness of Previous LRP Rural Business Support Programmes

As part of the consultation, engagement was undertaken with key stakeholders who have a particular involvement or interest in the rural economy or specific sectors and the research team sought to collate and appraise partners' views of LRP interventions. We have distilled the analysis into a 'strengths and weaknesses' review of the existing LRP approach.

4.4.1 Added Value of Previous LCC Sector Support

As part of the brief, we were asked to review the added value of previous LCC sector support. Stakeholders have been extremely complementary about the co-ordination and facilitation of activities by the County Council. Over the last five years, the rural business support provided has delivered significant benefits to businesses and rural Leicestershire. The positive evaluation undertaken by ERS in December 2007 supported this statement and indicated that, with some refinements, this activity should continue.

The added value provided by previous LCC sector support is considered to be:

Leverage

i. Meeting gaps in regional funding programmes. The previous LCC support fills critical gaps in regional funding programmes. Without this activity, many businesses in Leicestershire would have been unable to secure pump priming support and thus not meet their potential or worse have gone out of business. Stakeholders regularly commented that the County Council had filled a niche gap.

Synergy

ii. Facilitated improved, more joined up business support activity across Leicestershire. The quarterly Rural Business Advice Fair is an excellent example of innovative networking and facilitation that the County Council has convened.

iii. Integrated business grants and client referral opportunities. The County Council developed a single joint application form to simplify the funding process for businesses, and, in general this has been well received. Through referrals from Business Link and Leicester Shire Promotions, the County Council has also been able to provide more hands on, capacity building support to rural businesses that has enabled better understanding of how to submit good quality application forms, where to access information, and an on-going contact point should a micro / small business need it.

Strategic Influence

iv. Combined use of existing resources. There are many examples cited by stakeholders and businesses of how engagement with the Rural Business Support Programme led to integrated business funding applications e.g. utilising RDA funds more effectively through the Project Appraisal Panel. It is also clear that Business Link and Leicester Shire Promotions have actively referred rural businesses to the County Council for potential support.

Strategic Leadership and Catalyst

v. A good practice, local delivery solution. The previous County Council sector support is co-ordinated under the umbrella of the LRP. This mechanism is very much in keeping with the on-going plans concerning 'devolved delivery' through the Sub National Review (SNR). This approach in Leicestershire has ensured significant joint co-ordination of service delivery and seeking added value through improved partnership working and collaboration.

Looking forward it will be for the County Council and its key partners to decide whether this sector support approach should be revised and continued. From our perspective, it is clear there has been significant benefits from joined up, partnership working and that the LRP is well position to bring stakeholders who engage with the five sectors.

There are question marks around whether it is necessary to provide the types of grants previously offered by the County Council. Although a few businesses cited accessing funding is still important to them, the view of stakeholders is that any support provided to the five sectors should facilitate businesses with improved knowledge and skills to access regional RDPE funding or the other funding streams available to businesses in Leicestershire.

4.4.2 Strengths of the Existing Programmes

In general, the LRP approach received a very positive response. The types of initiatives put in place, particularly the Rural Business Support Programme, Woodland Economy Business Support Programme (in conjunction with The National Forest Company) and the Food and Drink activities were highlighted as excellent, collaborative projects bringing a range of key partners together to address clear, defined purposes.

Other particular benefits of the LRP approach included 'the excellent people' involved and the co-ordination of the Rural Business Advice Fairs. Collectively, these initiatives have made important links to other grant / business support providers such as Business Link, *emda*, and other mainstream providers.

The impact for the business community has been to offer an 'informal' network of support for businesses that have engaged with the LRP. This contact has offered significant benefits to businesses, ensured the retention of key rural services like Post Offices and enhanced the retail provision in Market Towns and Rural Centres such as supporting new retail outlets like shops, cafes and delicatessens.

Other key points made by consultees included:

- The initiatives put in place by the LRP have functioned well and served a clear and effective purpose.
- The delegated grant schemes in place across Leicestershire have met important gaps within larger, regional funding programmes.
- The LRP programmes were well defined. The Rural Business Support Programme had clear objectives and good links made to other grant and business support providers.
- Clear, simple guidance with uncomplicated grant application forms.

4.4.3 Limitations of the Existing Programme

There are also areas, which require further consideration by the LRP. The feedback from stakeholder consultations and the business survey have highlighted five main points:

- Addressing clear priorities – although the sectors that were targeted as part of the Rural Business Support Programme were clearly defined, it is considered that the criteria and type of support available could have been better focused. In addition, it was suggested by stakeholders that the Rural Business Support Programme has tried to offer too much, and does not always offer good return for the investment made in terms of the level of economic impact for the broader rural economy.

- Dissemination of information to the business community – more work is required at local levels to distribute information and engage with the business community. Sub regional partners need to improve their outward communication functions to achieve this goal. The findings of the interim RBSP evaluation highlighted that more referrals were made to LCC funding via Business Link and Leicester Shire Promotions than businesses directly engaging with the LRP.

- Improving communication between the LRP and its key partners – through analysing the findings of stakeholder consultations, it is our opinion that key sector partners such as CLA, NFU, Forestry Commission, and The National Forest are better placed to facilitate sector development. However, a number of key stakeholders recognised they have not done enough to identify opportunities or break down barriers in conjunction with the LRP.

- Limited resources and capabilities of the public sector to provide sector and technical specialist support – significant improvements will be required to the current delivery mechanisms if it is to oversee sector support activities.

- Bureaucracy and limitations of the public sector – stakeholders considered that it would be difficult for public sector organisations to provide a quick and speedy response to solve business issues. This was often cited as a limitation of the public sector and the existing rural business programme approach in Leicestershire. The public sector is not best placed to communicate directly with the five sectors and to have the ability to quickly identify and address key market failures for the business community.

5.0 Strengths, Weaknesses, Opportunities and Threats for the Priority Sectors

5.1 Introduction

This chapter of the report sets out the findings of the stakeholder consultation in order to gain a more detailed understanding of the key barriers, opportunities, and threats for the five identified sectors. This has been analysed in conjunction with the rapid desk based review to inform the development of a Rural Economy Programme.

5.2 Approach to SWOT Analysis for Five Sectors of Leicestershire's Rural Economy

To gain a more detailed understanding of the five sectors, the outcomes of the desk based review and the consultations have been synthesised to develop a top level SWOT appraisal. This approach provides a mechanism to outline what are the specific opportunities and strengths for the five identified sectors. It also enables the identification of areas for improvement and future consideration by partners across Leicestershire as to how and what needs to be addressed if a sector based approach is to be taken forward.

The analysis commences by giving consideration to the main weaknesses and threats facing growth in the identified rural sectors, followed by opportunities and potential areas for focus by the partnership. In order to provide a concise report, the commonalities have been drawn out and highlighted and where appropriate, specific reference has been made if a particular sector has a niche or complex issue that needs greater consideration.

5.2.1 Weaknesses and Threats for the Five Sectors

The interpretation of the stakeholder consultation and business survey has identified ten specific weaknesses which are affecting business growth across the five sectors. For a more detailed breakdown of the weaknesses and threats impacting on the five sectors, please refer to Figure 5.1. The analysis has demonstrated that these are not just specific to one sector but they are common across all sectors. In addition, they could potentially have a greater effect on small and micro businesses compared to medium and large enterprises.

It is not possible to indicate whether one issue is more prevalent than another, but it is likely that combinations of these factors are creating a real blockage and frustration for businesses in each of the five sectors. Importantly, the first three points are all planning related. We suggest that further discussion and engagement is sought with key sector representatives and the business community to understand how to move forward with these issues.

1. **Difficult to expand and grow within existing premises** – a real challenge facing many businesses, particularly those who are proving to be successful, is growing within their existing

location. There is a lack of appropriate premises for expanding businesses to move into, in order that new businesses can locate in smaller offices/workspace across rural Leicestershire. This has been compounded by the planning system (in some instances) and stakeholders regularly commented that greater understanding and awareness within the planning system of supporting economic development in rural areas and the interpretation of PPS 4 and 7.

2. **Frustration with the planning system** – as indicated in point 1, tensions between the business community in rural Leicestershire and the planning system have not been improved. It is still considered to be a major restriction of business growth and development for all of the priority sectors. It is acknowledged however that the inputs from transportation and highways authorities are also a key part of this barrier.

3. **Lack of employment land** – across Leicestershire more land is required for providing opportunities for managed workspace and enterprise centres. Currently parts of the county, particularly Melton, are deficient in supply. It is understood that a countywide study by LSEP is looking in more detail at this issue but further work is needed to understand what the demand is and what the current supply is.

4. **Shortage of skilled workforce** – a number of stakeholders were concerned that this study has focused on five sectors which are predominantly low wage, low skill industries. This is a concern for Districts and Boroughs who are seeking to address the shortage of skilled jobs in parts of the County, and aim to take a more holistic approach to increasing the knowledge and skills base within each sector. In addition, some parts of the county have identified that they have a shortage of skilled labour in rural areas. Future delivery should seek to harness the opportunity of urban rural interdependencies in relation to sector development.

5. **Limitations in use of ICT and poor connection to high speed broadband** – whilst some parts of the county are able to access and utilise good quality broadband not all areas of Leicestershire are able to. Areas of Melton Mowbray, Harborough, Charnwood and North West Leicestershire are suffering substantial difficulties in a consistent and good quality access to broadband.

6. **Increasing effects of Regulation and Legislation** – continually cited through all the consultation activity undertaken. The demands of meeting the latest legislation and protocols were a common challenge for all businesses (including those outside of the five identified sectors). In particular, the land based industries, and equestrian and outdoor recreation sectors are finding this the hardest issue to deal with.

   Land based businesses, particularly livestock holders, are feeling driven out of business by the forthcoming regulations as the Nitrate Vulnerable Zones (NVZ) and concerns about Water Protection Zones (WPZ) as part of the European Water Framework Directive. As one consultee suggested "*farmers are setting retirement dates against the implementation dates for these directives*".

Equestrian and outdoor recreation sector need for meeting rigorous Health and Safety and Risk Assessment legislation is becoming increasingly onerous and difficult to achieve. There was acceptance that it was in their interests to have accomplished the requirements. However, as more livestock farmers diversify into livery yards, increasing competition the standard is slipping across the board with new enterprises not to the same standard and rigorous assessment as long term, specific equestrian businesses.

7. **Challenges for business of an accessible and local workforce** – at a more strategic level a number of consultees cited the implications for rural businesses linked to the Taylor Review – living working countryside. It is harder than ever to employ a diverse local workforce who are able to afford to live in rural areas (see point 4 – shortage of skilled labour). A number of stakeholders expressed a view that this issue is compounded by a weak rural transport system that is not connected to key service centres (market towns). Increased understanding of how urban rural interdependencies support the Leicestershire rural economy is a requirement.

8. **Increasing input and resource costs** – in an increasingly globalised world, the effects of rises in fossil fuels (gas and oil), production costs for chemicals (fertiliser) and the instability of financial markets is creating real difficulties for all sectors. The impacts of the 'credit crunch' are affecting different industries in different ways. The consultations suggest that across Leicestershire, the present difficulties are limiting businesses cash flow the hardest. This is restricting their willingness to invest in their own company beyond their current abilities.

9. **Facilitating creativity and innovation** – a new programme needs to support embedding knowledge, innovation and design within the business community across rural Leicestershire. There appears to be little interaction between the further and higher education establishments in the sub region and rural enterprises. Supporting traditional rural industries to up-skill and improve knowledge and business growth needs to be a fundamental part of a new programme. In some cases, improvements need to be made through greater understanding of networks operate, for example 'virtual networks'.

10. **Restrictive delivery models** – a new rural economy programme will need to establish a delivery model that can move faster, and provide a more responsive service to the needs of the business community.

Summary of Key Weaknesses

Many of the practical weaknesses can be overcome, or the impact on businesses minimised through simple, improved joint working – for example, provision of better distributed information, education and promotional work with key partners, and better utilisation of existing resources. There are also opportunities to remove barriers through new interventions and increasing the provision of funding to break down barriers. For example, partners could provide extra resources to facilitate a programme of events to improve understanding and awareness of the planning function for businesses within the five sectors and how to submit good quality planning applications.

The strategic challenges will require more detailed, complex problem solving but these will need to be addressed in order that rural Leicestershire is a prosperous and viable place to start new business. Examples include, co-ordinated policy to encourage and enable the expansion of existing premises, more coherent, consistent and informed planning policies, increased investment in improving access to ICT and high speed broadband, and tackling the areas of the County which have low wage, low skill difficulties.

Figure 5.1 Weaknesses and Threats for All Five Sectors

Weaknesses	Threats
Fluctuating and volatile commodity prices which are out of the control of land based businesses – constantly influenced within an increasingly globalised market	Increasing regulation and legislation set by Government: - Land based businesses are setting retirement dates by the start date for new acts.
Lack of integration (businesses not effectively working together) within the supply chains, particularly for food and drink producers and retailers	- Equine businesses are finding the challenge of Health & Safety and Risk Assessment an overbearing task on their business.
The affect of meeting onerous amounts of regulation and legislation for all five sectors	Increasing influence and impact of Climate Change – what will it mean in the future?
Communication and collaboration between businesses across most sectors is still limited – concerns over competition, wary of losing out and unsure as to the benefits	Increasing input and resource costs for all businesses
Previous sector strategies (Food and Drink) needed to be led by people who understand what the businesses actually need	Improved access and connectivity is needed in the development of routeways and bridleways for equine tourism growth
Elements of the sectors like Food and Drink and Equestrian have become too fragmented and better champions are required.	Low skills base in certain parts of the County
Reaching saturation levels for diversification in some sectors – for example, livestock businesses who have begun livery yards but don't operate to the same standards as specific equestrian businesses	Impact of a low wage economy, particularly for the traditional rural industries
Leicestershire (and the wider Welland Valley) has a low representation of knowledge based businesses compared to the regional and the National average	Current economic climate isn't conducive for all businesses wanting to invest in growth and expansion – cash flow problems are beginning to impact across sectors of the economy
Weak infrastructure and distribution networks within Leicestershire food and drink supply chain – e.g. adequate local abattoirs for multi species and connecting producers, retailers, hospitality and restaurateurs	Inadequate levels of rural funding (through RDPE) reaching businesses – a concern
Limited supply of employment land for business growth across the County's rural areas	Changing regional and sub regional structures and what this means for rural development across Leicestershire?
Use and training in ICT particularly within land based and equine businesses	Planning – need for greater understanding which supports economic development without having detrimental impacts for rural areas
Over reliance on EU / migrant workers particularly in food and drink processors/ manufacturers and land based businesses	The good accessibility routes across the County means out commuting and loss of business to other parts of the East Midlands / UK can be high
	Continued loss of essential rural services particularly Post Offices in isolated areas

5.2.2 Strengths and Opportunities for the Five Sectors

Overall it is considered that Leicestershire is in a strong position to move forward. The strength of the LRP – and its recognition across the Region as a *'model of best practice'* means that stakeholders can act effectively for the benefit of businesses and communities across the county.

We have identified a series of key opportunities that underpin each of the five sectors. For a more detailed breakdown of the strengths and opportunities impacting on the five sectors, please refer to Figure 5.1. Each of these factors provides a real function as part of an integrated rural economic programme that supports the development of each sector:

1. **Tradition and History of Rural Leicestershire** – a recurrent theme throughout engagement with consultees was the quality of the countryside and the under estimated value of these natural assets[23]. The accessible nature of Leicestershire's countryside means a diverse range of communities can enjoy different offers within parts of the county.

2. **Entrepreneurial, Proactive, and Opportunistic Businesses –** the analysis of the consultations and the survey of businesses strongly suggests that there is a positive and entrepreneurial culture across Leicestershire. There is a strong feeling that businesses are trying to make new opportunities and diversification happen – irrespective of grant support programmes. The majority of businesses surveyed were positive and excited about the future even within current economic climate. In terms of the stakeholders, the general feeling was the LRP has tried to do as much as possible to support economic development and this should remain part of its core approach.

3. **Unique Brands and Local Identity –** the growth of unique and distinctive food and drink brands in Leicestershire has really come to the fore over the last 3 years. For example, recent developments such as the recognition of 'Melton Mowbray – Rural Capital of Food' particularly for Stilton Cheese and Melton Mowbray Pork Pie are an important step forward. This brings greater awareness and publicity to Leicestershire – as a food and drink hub – and provides opportunities to move the sector forward through improving networks, encouraging collaboration and seeking to build new markets and products.

4. **Geographic and Area Based Opportunities** – there are a range of different geographic and area based opportunities which could facilitate improved networking and collaboration (business to business) across Leicestershire. The model of The National Forest was highlighted several times as an approach to penetrate new markets, develop new products and strengthen existing and develop new supply chains. Other opportunities suggested include spreading existing equine activity (Ride Welland Model), Outdoor Pursuits (linking good cycling/walking routes with visitor accommodation and food and drink), and design (outside of London, Leicestershire has the 2nd biggest design network).

[23] These assets include attractive rural centres, the landscape, The National Forest, cultural and archaeological assets, small, medium and large tourist attractions to enjoy a whole range of outdoor activities including walking, cycling, and horse riding.

5. **An Accessible County** – the central location within the country and the excellent road, rail and airport links within the County make Leicestershire a strong place to conduct business. For example, a land based business indicated that they saw the accessible nature of the County as an attraction to relocating to Leicestershire. The consultee mentioned that *“moving to Leicestershire has put our business on a stable footing compared to our previous location in the East Midlands”.*

6. **Integration between the Sectors underpinned through a Robust, Co-ordinated Tourism Offer** – the role of tourism within the five sectors has been identified as an unexploited opportunity within the county to date. Food and Drink, Land Based Industries and Equestrian & Outdoor activities are heavily reliant on diversification and growth into tourism. It is clear from the consultations that the current approach has lacked integration to ensure a co-ordinated and effective tourism offer is in place across the county that benefits the key sectors identified. This should not detract from the good work of key partners in conjunction with Leicester Shire Promotions but further work is required to understand how to move it forward in the future.

7. **Taking advantage of Urban Rural Interdependencies** – greater understanding is required to see how urban and rural areas are mutually reinforcing each other across the County. It was identified in the 2006 baseline study that this played an important employment and service function, but for the five sectors there are significant opportunities. For example, new markets for food and drink producers and potential new housing extensions provide the opportunity to incorporate renewable energy technologies that will bring benefits for rural businesses. This perspective also applies when considering the proximity of Derby and Nottingham.

8. **Public Private Partnership** – there are more opportunities for the County Council to show leadership and use its influence and power to kick start use of renewable energies and the purchasing of local products.

Summary of Key Strengths and Opportunities

The opportunities and strengths for the five sectors are areas that need to be given greater focus and investment. This can be achieved through the provision of more resources (including existing officer time) and funding, utilising more joint working opportunities, better co-ordination of joint service delivery and thinking innovatively e.g. use of internal procurement processes, stimulating demand and kick starting private sector through changes in internal policy e.g. energy use.

The best results for Leicestershire in the future will arise from bespoke support covering a range of sectors. We recommend a range of providers would deliver the support but the activities co-ordinated in a strategic fashion under the auspices of the LRP. Currently, the approach is fragmented – different organisations and agencies undertaking a range of activities but not guided by or reporting into the collective LRP vision (through the Leicestershire Rural Strategy) or economic priorities. For example, two agencies working on quite distinct, separate approaches to the food and drink sector (Melton Food Partnership and Leicestershire Food Links) but as neither is connected together, a more significant impact is lost and further added value is not achieved.

Moving forward, this provides real opportunity for Leicestershire and the LRP – greater ownership and responsibility for channelling the direction of partner delivery is required if the sub region is to meet jointly agreed economic aims.

Figure 5.2 Strengths and Opportunities for All Five Sectors

Strengths	Opportunities
Strong history and tradition of key sectors across Leicestershire – agriculture, equestrian, food and drink Central location, good accessibility and well connected to important urban centres Good sector representatives like Leicestershire Equestrian Enterprise Partnership (LEEP) – but currently under utilised by stakeholders as a method to deliver sector support on behalf of public sector agencies High quality, attractive natural environment where the public can enjoy recreation and outdoor pursuits in an accessible countryside Entrepreneurial individuals and businesses across the County who are prepared to invest in new business ideas. This applies across all sectors but land based businesses who want the challenge are actively seeking to improve their business Strong capital base (rural businesses appear willing and motivated to invest in the growth of their business) for small medium enterprises who have a flexible approach to changing business practice Benefits of having a number of Higher / Further Education establishments in the County and City – the ability to embed innovation and knowledge within the five sectors Strong market towns and rural centres who are developing 'offers' which support their rural hinterland – such as Melton Mowbray 'Rural Capital of Food'	Clear opportunities to develop rural economy activities around The National Forest – a good cluster model for others to follow New opportunities for business growth such as energy crops, wood fuels and biomass (Renewables) Increasing cost of fossil fuels / resources could lead to new competitive advantages for local producers and micro businesses – to support the growth of regional and sub regional supply chains Strong Food and Drink brands (Stilton Cheese and Melton Mowbray Pork Pie) – speciality and unique food and drink (PDO / PGI – Annex Two Glossary of Terms) Increasing public procurement particularly with Food and Drink enterprises Better connected, more integrated tourism offer across Leicestershire which underpins the five sectors – increasing staying visitors Local energy opportunities, stimulating renewable energy markets with a strong catalyst provided by public sector organisations 'as high users' of energy Improved distribution networks for food and drink across Leicestershire – better connecting the supply chain Growth in the application renewable technologies could present real opportunities to link urban and rural industries – new manufacturing and processing opportunities Undervalued assets which offer real potential – potentially new cluster opportunities around the promotion of access to the countryside – better utilisation of the natural assets to support economic development in rural Leicestershire

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6.0 Analysis of Business Survey

6.1 Introduction

This section considers the potential of business support from the perspective of businesses that are part of the target audience for any future support programme.

The geographic scope of the survey was the rural areas of Leicestershire. Businesses in this area were surveyed using the questionnaire in Appendix 3. The scope of the survey was as follows:

- The business perspective on doing business at their current location.
- The business experience of previous business support received.
- The business perspective on current and future business support needs.
- The business perspective on future business support and delivery mechanism.
- The business perspective on the strength on the supply chain in Leicestershire.

6.2 Survey Sample

The findings emerge from the results of a telephone-based survey. The fieldwork was undertaken during October and November 2008. This was supplemented with face-to-face surveys at the October Rural Business Advice Fair in Billesdon. The target was 50 businesses – ten businesses from each priority sector: land based; food and drink; equestrian and outdoor recreation; knowledge; and renewable energy.

A total of 42 businesses participated in the survey, the shortfall of businesses were all in the renewable energy sector where only two businesses responded to the survey. Businesses in this sector proved difficult to consult, largely due to the lack of a robust database of businesses and the fact that many renewable energy businesses were located in an urban area (Loughborough and Leicester).

All businesses consulted were located in the rural parts of Leicestershire. The source of the business contact information to initiate the survey was a mixture of Leicestershire Rural Partnership database (those who had previously not been engaged as part of the Interim Rural Business Evaluation), businesses who had not received business support, stakeholder referrals, and finally supplemented with an internet search for businesses.

In total, 93% of respondents were micro businesses (1-10 employees), 5% are SMEs (11 + employees)[24] and the remainder did not state their business size. It should be noted that the weighting towards micro businesses as this may influence on some of the responses received.

Half of the respondents were a member of a trade association / forum such as:

- Federation of Small Business
- National Farmers Union
- Leicestershire Equestrian Enterprise Partnership
- Country Land and Business Association
- British Horse Society
- Guild of Fine Food
- British Equestrian Trade Association
- Corn Millers Guild
- Glass Association
- Creative Leicestershire
- British Show Jumping Association
- National Farmers' Retail & Markets Association
- Business Network International
- National Sheep Association
- Organic Farmers Organisation

More than half of the land based, knowledge and equestrian and outdoor recreation businesses were members of an association. All of the associations listed above, except the Federation of Small Business, are sector specific support organisations.

6.3 Key Business Findings

6.3.1 The Business Perspective on Doing Business at their Current Location

Strengths of the location as a place to do business

The majority of responses all quoted 'accessibility' as the major strength of their location to do business. This included easy and convenient access to markets, trade, resources, towns, transport links and customers.

The next most commonly cited strength was an 'attractive location', followed by easy 'access parking', 'cheaper rent' and 'being able to cater for the locality'. Other strengths included the availability of 'cheaper labour' and 'being able to serve the local community' which made some businesses feel quite proud in being able to deliver this local service.

[24] Business size categories follows the standard EU definition of SMEs. Micro enterprises are defined as enterprises which employ less than 10 persons, small enterprises employer fewer than 50 persons and medium enterprises employ no more than 250 persons.

Examples of responses include:

- Being situated near market towns and motorways provide good links and access.
- Good links to an urban population, convenient location for passing trade and distribution.
- The access to green lanes, public bridleways, and relatively car free roads provide a good environment to teach all ages to ride.
- The business uses hedgerow fruits so countryside location is essential for the raw material.

Weaknesses of the location as a place to do business

'Lack of access' was cited as the main weakness of businesses current location as a place to do business. Businesses stated that customers and clients often found it difficult to find their business location, and the lack of transport put a heavy reliance on cars which not only has a negative effect on increasing the customer base but recruitment of staff.

This was closely followed by the constraints of the planning department. Importantly, these respondents included businesses that were not located in conservation areas or listed buildings. These businesses strongly felt that their growth, diversification and being able to implement cost effective, greener and efficient practises were being hindered by planning departments.

"It has taken us four years to finally get the planning permission for the barns and buildings that we needed in order for us to run the business."

"The Local Authority has allocated the field opposite our business (a Bed and Breakfast) as a gypsy site. This will effectively close down our business and others close by."

"The Local Authority will not allow us to promote the farm shop with a sign therefore no-one knows we are here and open."

"The Local Authority will not allow solar panels to be erected on the farm shop."

Some businesses in conservation areas and listed buildings also found it difficult to expand.

The next commonly cited weaknesses included the limited or no access to broadband and lack of infrastructure, including finding suitable new buildings or renovated old buildings with modern facilities and parking.

Some of the equestrian businesses cited that the lack of off-road riding was a major problem for them.

Other quoted weaknesses include:
- No passing trade

- Low density of population
- Post code lottery - excluded from grant support
- Space to expand business
- Rural areas reliant on cars especially in areas not covered by public transport
- Need to travel long distances for collection and deliveries
- Lack of resources i.e. water
- Threat of greater urban expansion (more houses being built).

Moving in the next 3 - 5 years

The majority of businesses were not planning on moving. Only 12% of respondents claimed to be considering a move, and these were all related to planning issues. Such a high percentage of businesses remaining in their location should have a positive effect on the competitiveness of the area.

Current levels of engagement and networking with other businesses

Overall the majority (76%) of respondents already engage and network with other businesses within their sector. Many use existing trade associations / forums such as LEEP and the Soil Association to engage and network with similar businesses.

Other businesses, such as B&B's and smaller farmers, tend to collaborate through their orders, distribution and general informal meetings – businesses such as these create their networks through their suppliers, customers, word of mouth and through awareness of similar businesses around them.

It seems that some sectors engage and network more than others. Just over half the respondents in the food and drink sector engage with businesses in the same sector; this helped in developing good links with customers and suppliers, and hearing about other businesses through word of mouth, or Creative Leicestershire.

The majority of land based businesses are engaged with other land base businesses in a variety of ways: involvement in the National Forest Economy Working Group; over the internet; regular informal meetings; word of mouth, trade associations / forums and through "The Best of Melton Mowbray" website. A couple of businesses expressed interest in increasing engagement and network with other businesses in the sector.

Three quarters of knowledge base businesses engage and network with other knowledge businesses. This is through Creative Leicestershire, FSB, meeting and networking with competitors or through on-line forums including a recent creation of a 'facebook' page as a means to network.

All but one equestrian and outdoor pursuit business engages and networks with similar businesses in the same sector. The provision of networking events and regular meetings that are provided by

LEEP is commonly used by the respondents. Otherwise, businesses have informal meetings with other businesses that have resulted from word of mouth.

Neither of the two renewable energy businesses engaged or networked with businesses similar to them because there is little business to business contact in Leicestershire and companies are not aware of what each other are doing, there are also fewer numbers of businesses to network with in this sector.

6.3.2 The Business Experience of Previous Business Support Received

Businesses were asked a series of questions on any previous business support received within the last 18 months to identify any good practice from previous programmes. Therefore businesses were asked which support providers were used and the reason for this choice, the type of support obtained and its benefit to the business.

In total 34 businesses responded to this question, of which just over half had received business support.

The majority of support accessed was from Leicestershire County Council (for grant funding), closely followed by Business Link. Other support organisations accessed were:

- Andersons Brown and Co
- ebusiness club
- NTI
- LRP
- *emda*
- Millhouse Training
- Rural Community Council

The type of support accessed included:

- Business growth and development advice
- Signposting
- Funding / grants i.e. Redundant Buildings Grant, Rural Business Support Programme, Rural Micro Business Grant, grants for web development, Capital grants
- Help to identify potential grant and support
- Business mentoring
- IT support
- Training e.g. website development, e-marketing.

Of the 18 respondents that received business support, 12 businesses said that it was sector specific support. All but one respondent found the support beneficial and most said it met their requirements. Benefits included (number of responses shown in brackets):

- Increased turnover (10)
- Increased profitability (7)
- Increased number of employees (4)
- Safeguarded jobs (6)
- Improved products (10)
- Introduced new products (13)
- Entered new markets (12)
- Expanded existing markets (7)
- Improved company stability (5)
- Other :
    - Added to the business / run more efficiently and effectively (3)
    - Helped increase confidence to run business
    - Helped improve web presence.

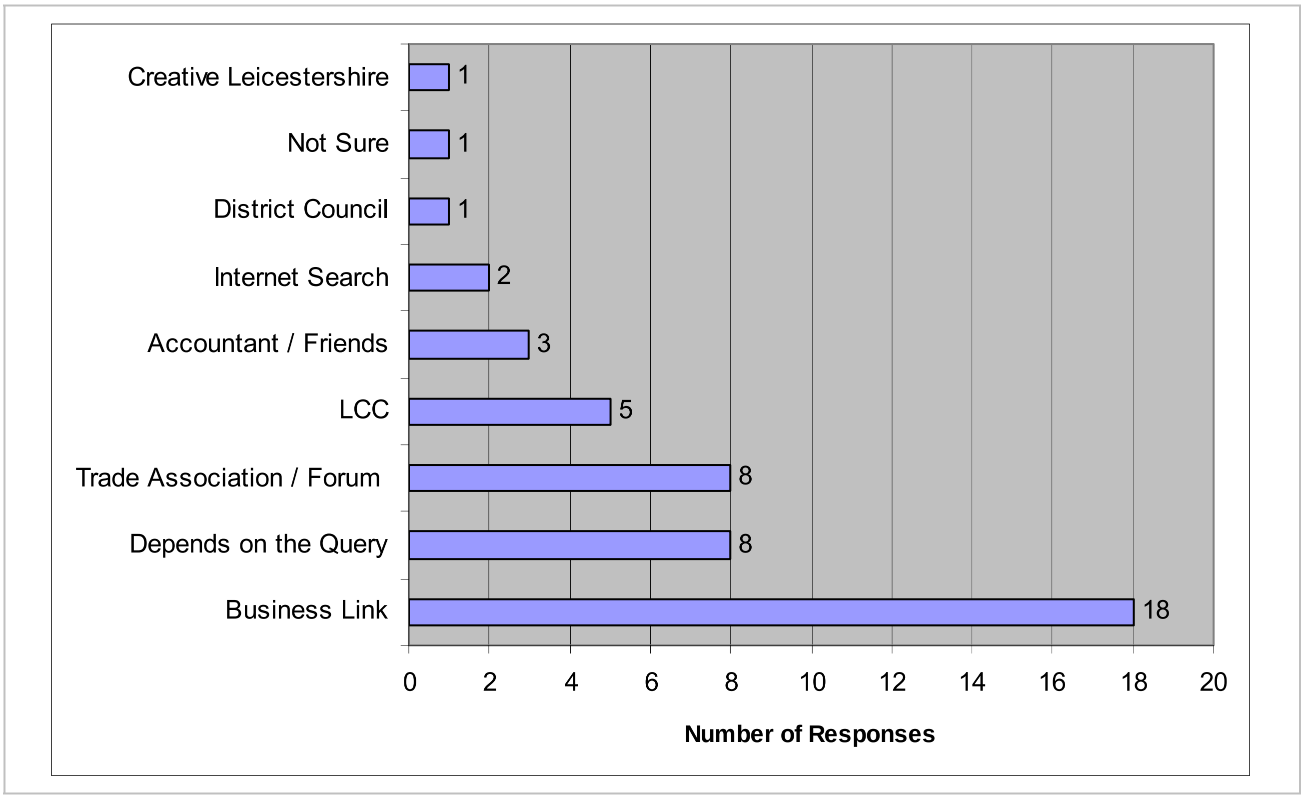
6.3.3 The Business Perspective on Current and Future Business Support Needs

First port of call for business advice / information / support

The majority of businesses engaged through the survey identified that Business Link would always be their 'first port of call' for future business support needs. Many businesses also stated that Business Link was the organisation to contact for general business queries. The next most popular sources of support were trade associations / forums and 'depending on what the query was'. As shown earlier (section 6.2), half of the sample were members of a trade association / forum; these were generally sector specific and businesses paid to be members – therefore businesses naturally gravitated their queries to these forums first for support. Also, businesses contacted organisations for support relevant to their business query, demonstrating that businesses were confident in being able to source the correct support and that those different mechanisms of support exist.

A small number of businesses stated that they would contact Leicestershire County Council for business support. No businesses specifically mentioned contacting Leicestershire Rural Partnership for support, despite the Rural Business Support Programme being marketed with the LRP brand, which indicates a level of confusion between LCC and LRP.

Figure 6.1 Who would you Contact for Business Support?



Please note that respondents were able to give more than one answer to this question.

Major Constraints affecting the growth and sustainability of the business

The current economic climate is by far the most commonly cited problem affecting the growth and sustainability of business. The downturn is affecting companies in a number of ways, most commonly with cash flow, budgets and profit. Businesses expressed a concern that public spending, in the way of sector support, will be reduced as a result. The increase in overheads and higher costs of raw materials and distribution, against decreasing selling prices, is a major concern that is affecting the sustainability of business.

The availability of funds and planning restrictions were amongst the next commonly cited constraints, followed by increases in legislation. Recruitment and "not having enough time to do everything" were also mentioned. These are all areas in which business support could potentially alleviate difficulties.

Type of support that may help overcome constraints to business growth and sustainability

There was no consensus about the type of support that will help to alleviate constraints to business growth and sustainability. A number of businesses felt that funding will help businesses prosper, for example funding support to employ a worker or invest in machinery. A couple of businesses also felt that a proactive marketing plan that is supportive and stimulating for existing businesses beyond the start up phase would help.

Some businesses stated that any support to combat the current economic climate might not be highly successful. Whereas other businesses felt Government intervention was required for any real improvement. There were suggestions for planners to be educated in the potential of rural businesses.

Other suggestions included:

- Further acquisition of IT skills.
- More networking opportunities.
- More user-friendly information and support services.
- Expert advice from industry specialists / contact with existing models.
- Continued long term support for the food and drink producers – to create a supportive environment to makes things happen across Leicestershire and East Midlands. Supporting producers to help themselves - facilitating selling between producers, and trying to stimulate consumers to shop local.
- Grant planning permission to develop more cost efficient businesses.
- Short sharp communication at a strategic level about legislation and regulation so that businesses can understand what is required of them quickly.

Interestingly, some businesses had the view that it is down to the individual business to address their problems. Other businesses believed that support would be beneficial to their sectors.

Specific training and skills gaps required

Of the respondents to the survey, 14 businesses felt that they had a specific training and skills gap; however, 22 businesses had no requirements. Of the 14 who did have training requirements, these spread across the sectors as follows:

i. Land based – 6 businesses.
ii. Knowledge – 4 businesses.
iii. Food and drink – 2 businesses.
iv. Equestrian and Outdoor Recreation – 2 businesses.

The types of training and skills gaps stated by businesses by sector, includes:

Land Based Businesses

- Farming skills.
- Chain sawing, spraying courses.
- IT and communication skills development.
- Staff training for new employees in the farm shop - retail expertise and development.

- Service orientated and selling training.
- Communication skills development.
- First Aid / Equipment training.

Knowledge Businesses
- IT.
- Management - accounting. Design - formal training, specific to work e.g. electrical compliance; need support for paying for the course.
- Online marketing.
- Proposal and project development training – expand business through securing larger and longer term contracts, requires support for developing large public procurement tender applications.

Food and Drink Businesses
- Customer Services, Assertiveness.
- Web business development.
- High level food hygiene.

Equestrian and Outdoor, Recreation Businesses
- Current legislation, rules of planning & others.
- Coaching certificate.

6.3.4 The Business Perspective on Future Business Support and Delivery Mechanism

Future business support requirements

Businesses were asked to identify support required from a list provided to them. The top five support options were (in no particular order of importance):

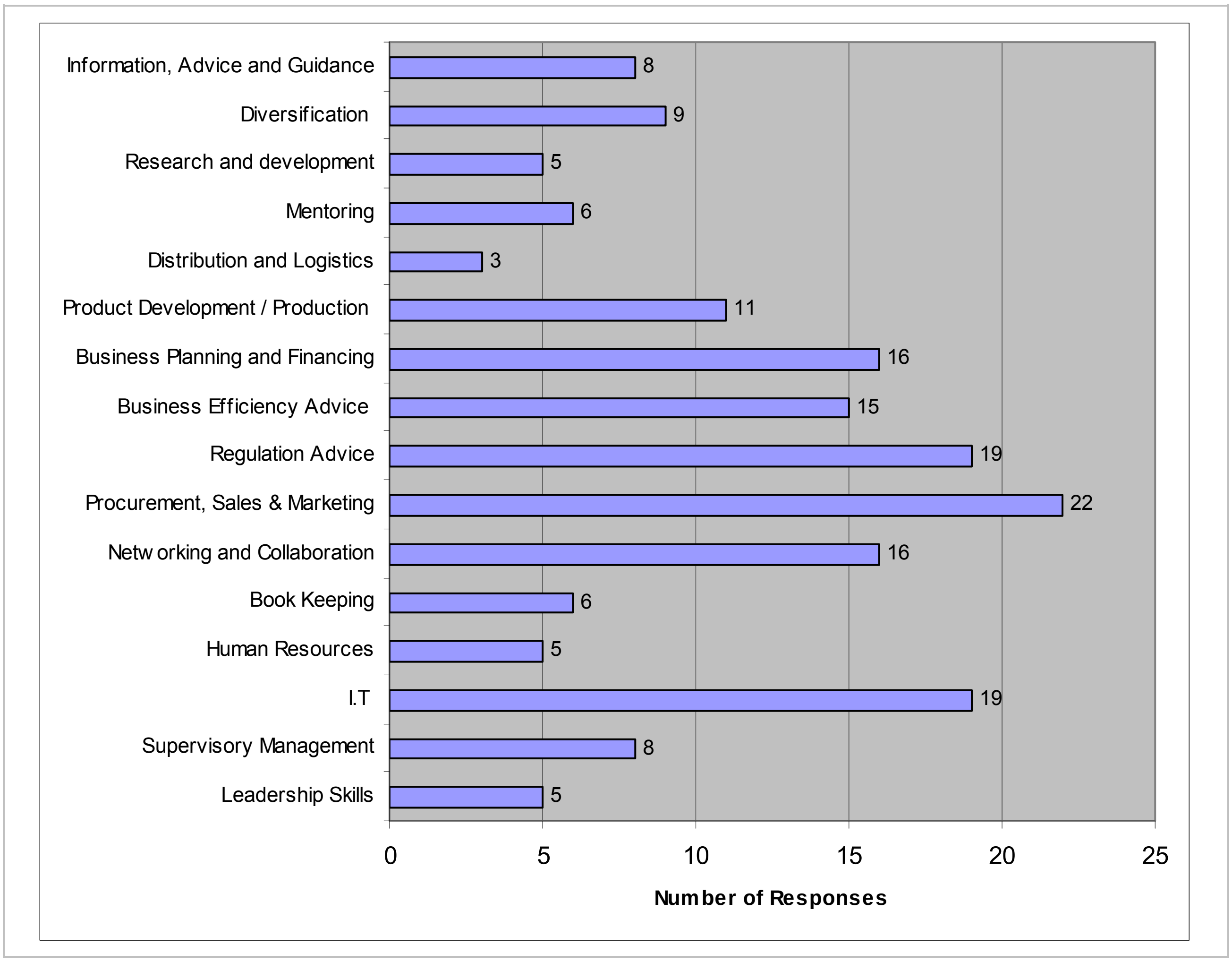
- Procurement, sales and marketing.
- Regulation advice.
- I.T.
- Networking and collaboration.
- Business planning and financing.

Support for marketing and selling products was welcomed by a large proportion of the respondents. Regulation advice, particularly in terms of legislation and how to meet the legislation was identified as a constraint to business growth earlier, therefore it is no surprise that businesses welcome support in this area. I.T. was also mentioned by a number of businesses, this includes a range of different abilities and programmes including:

- I.T. to be able to run the business more efficiently e.g. account packages.
- Better use of retail I.T. e.g. being able to stock-take electronically.

- Website design.
- Design / marketing in terms of being able to use software to be able to advertise product and venue.
- Graphic software – courses to utilise high level software.
- Basic computer skills to, for example, set up spreadsheets.
- Basic knowledge – i.e. how to use a computer.
- More advanced knowledge on how to use I.T. to communicate effectively to customers using the internet.

Figure 6.2 Future Business Support Required

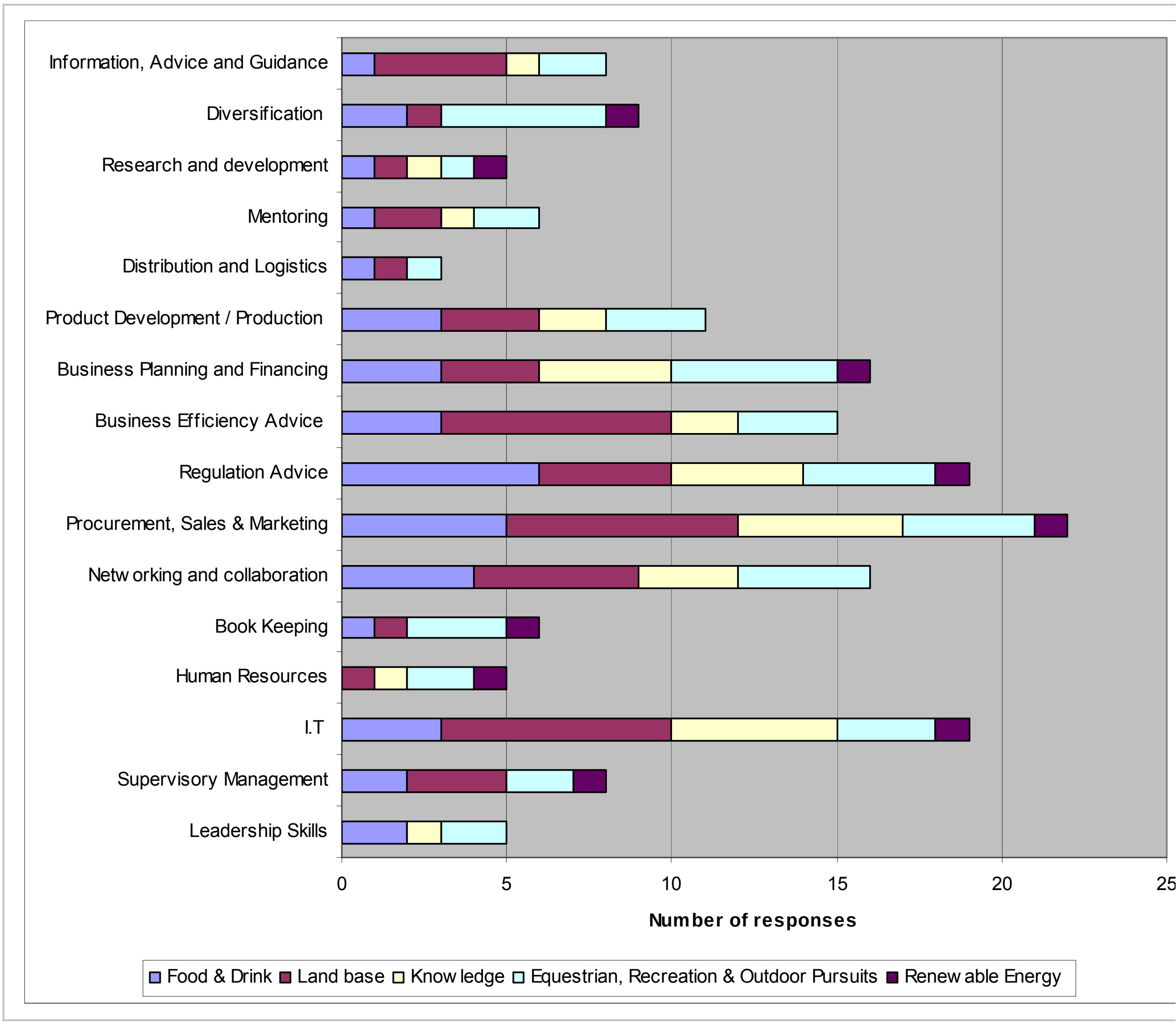


Support for 'book keeping' was not popular as most businesses had already an accountant in place, support for 'human resources' and 'leadership skills' was not deemed necessary as businesses felt they were too small to need such training. Other types of support stated by businesses include internet presence, marketing programmes focussed on businesses after the start up phase, and grants for employing and training people and customer service.

The following figure 6.3 shows each option of future business support requirement by sector. Significant conclusions to draw from this figure include:

- Almost all of the types of support had a response from every sector.
- None of the support was uniquely requested by a particular sector.

Figure 6.3 Future Business Support Required by Sector



Sector specific support

Over half of the respondents felt that sector specific support was required while one quarter were not in favour of it. The remaining quarter was unsure.

Just under half of the food and drink businesses supported sector specific support. Some of this support stemmed from businesses feeling they were specialised and therefore generic support is not of any benefit. Half of the food and drink respondents were unsure about sector specific support, as, for example, sales and marketing support can be generic or sector specific.

Just over half of the land based businesses agreed with having sector specific support. Respondents felt that it would be helpful to have sector specialists who have knowledge and experience. Considering there are strict rules, regulations and guidelines to follow in the sector, specific advice is useful. It was felt that specialist help would identify ways of growing the business effectively. However, it was also felt specialist organisations, such as the Soil Association, do already exist that provide sector specialist support.

More knowledge based businesses did not agree with having sector specialist support, as it was felt that the sector is not specialist enough for specific training.

The majority of equestrian and outdoor recreation businesses agreed in having sector specialist support. Help was required for things such as finding competitive prices for insurance, help and advice about off road riding, understanding and implementing regulation in livery yards, the management of them and the writing of detailed planning applications. It was felt that smaller businesses needed more targeted support. However, it was also acknowledged that LEEP do provide a lot of sector specific support already.

Both of the renewable energy businesses agreed with sector specific support as it allowed for better targeting.

Delivery Mechanisms

Half of all respondents stated that interactive support is by far the best mechanism. Most respondents preferred face to face support, followed by telephone support so issues can be discussed fully. Web based support was the next popular choice, so that businesses can access support at their convenience. Businesses were in favour of being able to access information easily and having good links to existing good practice, from one source / information point. Some businesses felt that a mixture of interactive and non interactive delivery of support was essential depending on the support type. A couple of businesses were in favour of seminars, meetings and workshops. Other delivery mechanisms that were mentioned include receiving literature by post and specific training on individual topics.

6.3.5 The Business Perspective on the Strength on the Supply Chain in Leicestershire

Strength of the supply chain in Leicestershire

Five businesses felt that the supply chain in Leicestershire was very good, 13 businesses stated the supply chain was adequate to good and 11 businesses felt that is was not very good / very weak, (13 businesses did not know).

By a small margin, the majority of businesses felt that the supply chain in Leicestershire was adequate to good. There were positive answers about the strength of the supply chain, but there was also a significant percentage of businesses that did not know how strong the supply chain was.

Some businesses made some interesting comments about the supply chain, for instance; businesses have developed their own supply chain through word of mouth as advertising is too costly, and information about other local businesses is not available. Businesses felt that although the supply chain is sufficient it is somewhat disconnected. Businesses wanted more support and promotion of local businesses, particularly after the start-up phase in a business life. It was suggested that farmers' markets need more support as this is a very good mechanism to promote local businesses and activities.

Amongst businesses in the food and drink sector, there was no clear consensus. Of those that responded, half thought the supply chain needed improving.

Within the land base sector the businesses, by a narrow margin, thought that the supply chain was good. Those that thought it was good had developed their supply chains through local knowledge, meeting at the cattle markets and word of mouth. Those that did not think it was good had not made these local links.

For the knowledge sector, businesses thought the supply chain was good by a very narrow margin.

The majority of businesses in the equestrian, recreation and outdoor recreation sector felt that the supply chain was good. However, businesses did state that the supply chain was disconnected, and that the businesses had developed their supply chain by word of mouth. One business stated that as their business is small they are careful with whom they engage with and only use a limited number of suppliers.

Businesses do have a strong desire to buy local, but this doesn't seem to happen for all businesses because they are not willing to purchase locally unless prices are competitive.

Location of customers and suppliers

To further assess the strength of the supply chain, respondents were asked to identify what percentage of their customers and suppliers came from the following geographical areas:

- locally (within a ten mile radius)

- elsewhere in the East Midlands
- elsewhere in the UK
- outside of the UK.

There are three sectors in particular that have a high percentage of customers that are based locally; these are land based businesses, followed by food and drink and equestrian and outdoor recreation businesses. Whereas, knowledge based businesses have a higher percentage of customers elsewhere in the East Midlands, and renewable energy businesses have more customers elsewhere in the UK.

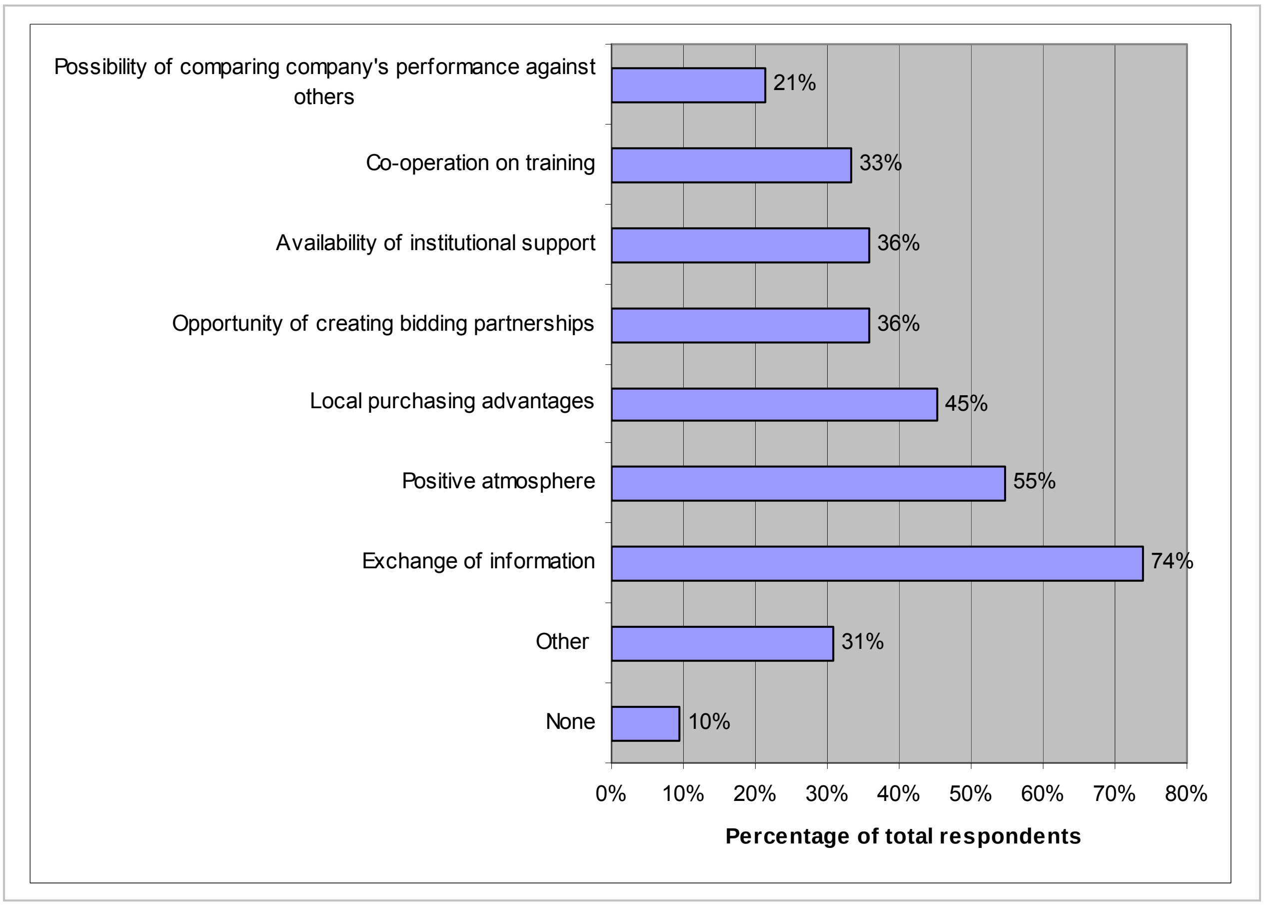
Businesses from the equestrian and outdoor recreation sector have a significantly high percentage of their suppliers from the local area. Whereas food and drink businesses are quite the opposite and source very little within the local area. Approximately half of the land based businesses have a higher percentage of local suppliers. Food and drink and renewable energy sectors have a higher percentage of suppliers from elsewhere in the UK.

To see a more detailed break down of customers and suppliers by sector and geography please see Annex Three for more details.

Advantages of developing links with local companies

Respondents were asked to identify advantages associated with developing links with companies in the local area from a prompted list. The majority of businesses felt that 'exchange of information' was the biggest advantage associated with developing links with local companies. The next two most commonly cited answers were that local links created a 'positive atmosphere' and 'local purchasing advantages'. The results are shown in figure 6.4.

Figure 6.4 Developing Links with Local Companies



Please note: percentages do not total 100%, each option is calculated as a percentage of total respondents.

7.0 Delivery Mechanisms – Comparator Region Case Studies

7.1 Introduction

In reviewing the opportunities for developing a sector support programme across Leicestershire, the research team has undertaken a rapid appraisal of other Regions across England. The purpose of this section is to identify useful best practice for the partners, and suggest models of support that might be appropriate in developing for future activities of rural economic support.

7.2 Good example of a local sector model - Creative Leicestershire

As indicated in a previous section of the report, the Creative Leicestershire model is a very effective and successful model, representing and working closely with creative industries. The project approach is a good exemplar for the LRP to consider tailoring and replicating for a sector support programme focused on the five priority areas.

The model has a project officer – Clare Hudson who co-ordinates the programme. The programme provides basic level of support and seeks to retain creative industries talent within the Leicester and Leicestershire.

Services offered include a micro business bursary, networking and training events, links into UK Trade and Investment (UKTI), involvement with a part-time business advisor (Arts Council Funded) and the co-ordination of three business directories or networks.

For more details please contact Clare Hudson, 0116 267 0017

7.3 Supporting Rural Entrepreneurs – Lancashire

This delivery mechanism seeks to build on the successful DEFRA pathfinder – Lancashire Rural Futures. Lancashire County Council economic development unit – Lancashire County Developments Limited has devised a fund to support rural entrepreneurs and a small-scale renewables scheme, to assist small businesses install renewable technologies.

It should be noted that these are 'funds' and not programmes. They do not target any specific sector but seek to encourage innovation and business development in rural areas – as part of the criteria there is some emphasis on supporting agriculture and forestry. The rural Lancashire development fund is in operation until March 2009. The support provided is capital and revenue through a combination of non-repayable grant and an unsecured loan to be repaid at 2% above the Bank of England Base rate.

The renewables programme is operational until March 2010 and is aimed at assisting businesses to install small scale renewable energy generation equipment. The target for support is small and medium enterprises, which employ fewer than 250 persons. The grants will provide up to 50% of eligible costs, up to a maximum of £20,000. All applicants must have an energy efficiency audit prior to making an application.

For more details on both schemes contact: Matthew Wadsworth, 01772 536600.

7.4 Developing a Knowledge Economy - North East Region

Knowledge Intensive Business Service is a regional programme delivered through One North East and Business Link. The programme has three main sector strands defined as:

- Business, Professional and Financial Services.
- Business Process Outsourcing.
- Call/Contact/Shared Service Centres.

Professional & Business Services employ some 225,000 people in the Region and, together with transport, financial services & leisure, represents a total of 40% of all regional value-added, a trend that is still rising. Knowledge Intensive Business Services are critical supporters of other industries, many of which rely on them to provide vital services in order to enable them to compete in today's global market.

For more details contact: Terry Lawson, Senior Specialist – Business Services Cluster, 0191 229 6374

7.5 Skills in the land based sector – Cambridgeshire Fresh Start Academy

This recent project has been established in conjunction with the College of West Anglia. The Academy will be part of a national network of colleges and groups teaching young people in the business skills needed to get ahead in today's rural enterprises. The classes involve three elements – business skills training, mentoring and the possibility of identifying business opportunities via a match making network. Training is delivered through a series of 12 workshops and is followed up with continuing contact via a club structure enabling graduates to stay in touch.

The workshops cover diverse topics such as marketing, business planning, IT skills, applying for tenancies, diversification and staff management. The scheme is backed by DEFRA, local professionals and educators.

For more details contact: Ewan Delany, 01223 813622

7.6 Rural Development Programme for England – South West Regional Development Agency

Following the launch of the RDPE the South West RDA approached County Councils, proposing that they apply for funding to support delivery of the programme. This followed the successful hosting of a similar role in Cornwall to administer Objective 1 funding over the last two years. Funding for the County-based Project Development Service was approved in October 2008 for the appointment of an adviser in each county to help businesses with the development of the more complex proposals for RDPE funding, working alongside the South West Rural Enterprise Gateway (SWREG). Proposals include activity such as farm diversification and adding value to agricultural products.

The primary role is to work with business applicants wishing to access RDPE funds by helping them bid for investment and maximise the potential benefits from the RDPE investment (e.g. by broadening proposals and encouraging collaboration and by referring applicants to consultants and specialists via the SWREG service. Support is provided to encourage uptake of RDPE Axis 1 (improving competitiveness of the agricultural and forestry sector) and Axis 3 (quality of life in rural areas and diversification of the rural economy). The target is for each officer to undertake liaison work with up to 50 individual businesses, agencies and groups per annum.

Although contracted with each County Council the officers work within the SWREG framework so as to avoid duplication of activities. The Gateway, funded by the South West RDA, Defra and through Objective 2, is managed by Business Link to provide a package of support to rural businesses, from farming, food and tourism, through to fisheries. Local officers work with groups of agricultural and other rural businesses to help them to develop Action Plans, access funding and other support and facilitate networking, thereby encouraging businesses to work together.

Within Wiltshire, prior to the appointment of an officer, the County Council commissioned ADAS to undertake some consultancy work to identify priorities and future opportunities for RDPE funding locally. This included,

- Preparation of a baseline study to give guidance for the new Project Development post on which types of potential RDPE supported investments are most promising.
- Attendance at the RDPE Operations Meetings and hand over to the new Project Development job holder of briefing material and guidance on the Project Development role.
- Carrying out of a scoping study on the potential opportunities for greater local sourcing of food by the public sector, focussing primarily on military establishments in Wiltshire.

7.7 Key Learning Points

The main outcome of this assessment has been that it is difficult to identify other delivery mechanisms which could be applied by the LRP. Since the completion of DEFRA pathfinders and the end to Modernising Rural Delivery funding, a number of exemplar programmes have ended and have been wound up. The continuing approach of mainstreaming rural delivery within more generic programmes places a greater emphasis on rural proofing more strategic, regional activities and ensuring that initiatives to support the rural economy are embedded in Sustainable Community Strategies and Local Area Agreements.

The main finding we have identified is that other Regions have specifically embedded a rural business development programme within regional Business Link functions. For example, Growing Routes is an excellent programme of support for rural businesses in Yorkshire and Humber.

8.0 Sector Support Analysis

8.1 Introduction

The business survey and stakeholder interviews have identified a definite purpose and need for a 'rural economy programme' that includes sector support activity. Analysis has confirmed that addressing gaps within existing support available to the five sectors would be of significant benefit to micro enterprises and small medium sized businesses across Leicestershire's rural areas.

However, to analyse and present the recommendations of the research in more detail it is necessary to consider, for each of the five sectors, the need and focus for sector support in relation to:

- Who is best placed to deliver this support?
- How and what type of sector support should be provided? Is generic or bespoke, sector specific support required?; and
- What delivery mechanisms could be put in place to enable the growth of the five sectors?

This section draws together the detailed analysis in respect of the five sectors in order to highlight potential areas of support and associated opportunities for targeting support. The chapter then considers opportunities to access RDPE funding and suggests additional sectors which are worthy of further consideration for future support. Finally, this chapter begins to consider the types of sector support needed across Leicestershire. These will be developed further within chapter 9 on delivery options.

8.2 Analysis of the Five Sectors

This section distils the key outcomes of the preceding chapters of the report in relation to the five sectors. This specifically, draws on the SWOT analysis, the business survey, and the outcomes of the stakeholder consultations. There are significant opportunities for growth around all five sectors; however some are more distinct and defined than others.

8.2.1 Land Based Industries

Land based industries represents one of the largest, rural sector groups for the County in terms of employment. Although this only accounts for 0.5% in terms of employment in Leicestershire – this is more significant compared to the regional and England average.

This sector has been the receiver of long standing sector support from the County Council, particularly through the Rural Business Support Programme and other key partners in Leicestershire such as the NFU and CLA. The support provided by the County Council has enabled significant diversification opportunities and facilitated 'cross-cutting' projects to evolve with the other sectors, in particular, Food and Drink, Renewable Energy, and Equestrian and Outdoor Recreation.

Our findings suggest that land based industries require bespoke sector support that is currently beyond the scope of both existing rural business programmes in Leicestershire, and mainstream generic business support. It is difficult to specifically quantify what support is needed for businesses within this sector due to the diverse range of interests of land based businesses, limited consideration given to business development and planning, and a cautious, risk adverse approach. For example, through the business survey it was clear that a number of primary producers and land based businesses were only interested in continuing their current business plans such as breeding stock programmes, or selling their own existing food and drink produce rather than expanding into new markets.

The analysis of the business survey suggests that land based businesses are very supportive of having sector specific support across Leicestershire, particularly if they have knowledge and experience which can benefit their business. The key areas where land based businesses would like specific activities relates to business efficiency, procurement, sales and marketing, information technology, regulation advice, and networking and collaboration. Interestingly, support for considering diversification amongst land based businesses did not feature very highly through the survey.

Areas of Support

With particular reference to land based industries, we have identified the following as key areas for bespoke support:

- Increasing the availability of training and skills development for land based industries to manage their businesses more effectively.
- Increasing the use of Information Technology and the availability (and access to) high speed broadband.
- Increasing the opportunity for knowledge, innovation and design within land based industries – to enable up-skilling of existing businesses and access to new markets.
- Facilitating improved networking and collaboration between land based industries, and also across other business sectors.
- Facilitating better access to information and enabling land based industries to consider accessing RDPE and other business grant streams.
- Supporting land based industries to cope with increasing effects of new regulation and legislation which is overburdening smaller businesses.

Providing sector support related to these areas will enable land based industries to collaborate more within the sector, and across other business sectors.

Targeting Support

The research has reaffirmed the outcomes of previous research that has been undertaken on a regional level by the English Food and Farming Partnership (EFFP)[25] (on behalf of *emda* and Sustainable Farming and Food Programme (SSFF)). There are two specific 'groups' within this sector:

- Those businesses that want to grow, expand, diversify and remain in agriculture. They will have already begun thinking about what it is the business requires.

- The remaining group is a substantial proportion of businesses that have yet to consider their options or do not want to change.

Recommendation:

It is our recommendation that:

Sector support is targeted towards addressing the needs and facilitating growth of proactive and entrepreneurial land based businesses seeking to invest and expand in both groups identified above. To aid this approach, partners across Leicestershire need to develop improved methods of communication (in conjunction with the Business Link Land Based Consortium) with land based businesses to explicitly demonstrate what sector support is available to them.

More detailed engagement beyond the scope of this study is undertaken with regional and national land based stakeholder representatives by partners across Leicestershire. Through the research we have identified the English Beef and Lamb Executive (EBLEX), English Farming and Food Partnership (EFFP), and National Sheep Association.

8.2.2 Food and Drink

The Food and Drink sector makes a significant contribution to Leicestershire's economy (8.5% of employment in the County). However, this is slightly lower than the regional average (8.9%) and, therefore, suggests that there is room for opportunity and growth. The SWOT appraisal has identified a number of inter-linked opportunities which provide the food and drink sector with a firm basis on which to move on from its current status.

Firstly, the County has a number of strong, unique brands such as Stilton Cheese and Melton Mowbray Pork Pie. This is supplemented by a significant network of speciality and high quality sub regional food and drink products. The stakeholder consultations indicated the high level of interaction that is happening through producers and processors engaging together, for example through farmers markets. The SWOT, however, indicated that stakeholders consider there are significant opportunities being missed through limitations within the supply chain, particularly through restricted, unconnected local food and drink distribution networks. In comparison, the

[25] Collaboration in the East Midlands Farming and Food Industry – Strategy for Sustainable Farming and Food Delivery Partnership; a report to emda, EFFP, May 2005

business survey produced inconclusive results concerning the strength of the supply chain for food and drink enterprises.

The SWOT also identified that supporting the food and drink sector through public procurement opportunities such as supplying products for school meals, hospitals, elderly care homes etc would provide a new market for local food and drink products. It would provide significant added value to products which are not considered 'high end' and which are usually disposed of without considering new market potential.

Finally, the SWOT highlighted there could be further opportunities for supporting food and drink businesses through increased networking and collaboration opportunities. The stakeholder consultations suggested that there could be significant benefits provided for the County through a more holistic rural tourism offer. For example, there could be huge added value achieved through improved networking between food and drink producers, tourism accommodation providers, visitor attractions, and the hospitality, pub and restaurant sector to provide a better marketed and joined up visitor offer which could encourage more visitors staying within the County.

Another key issue expressed by stakeholders was that the sub region is not taking advantage of the opportunities around the food and drink sector. A reason for this is the differing approach to the delivery and co-ordination of activities between the Melton Food Partnership and Leicestershire Food Links. This is an issue which needs to be resolved by partners.

Areas of Support

The analysis of the business survey highlights that just under 50% of the food and drink enterprises considered sector specific support would be very beneficial for their business. Many businesses saw their operations as 'specialised' and therefore concluded that generic business support services would not cater for their needs. Food and drink businesses expressed that regulation advice, procurement, sales and marketing, and networking and collaboration would be important to their business in the future.

The findings have identified clear and distinct opportunities to develop the food and drink sector, these can be categorised as follows:

- Facilitation and networking.
- Promotion, marketing and consumer awareness.
- Skills and training development.
- Public procurement.
- Support for infrastructure grants.
- Supply chain development.
- Food distribution network.

Targeting Support

Through previous food and drink activity co-ordinated by the County Council, there is already an active and growing group of businesses (including producers, suppliers, manufacturers, further education colleges, restaurateurs, and hospitality companies) who are motivated and positive to move the sub regional food and drink sector forward.

Recommendation:

It is our assessment that the current delivery of food and drink sector activity in Leicestershire is fragmented and lacking overall strategic co-ordination. We recommend that in the future sector support needs to be delivered by one, overarching organisation covering both Leicester and Leicestershire. Currently, there are two lead sector partners in place – Melton Food Partnership and Leicestershire Food Links. However, both organisations have very different agendas, working on different elements of food and drink work.

We consider that the business plan developed by the Melton Food Partnership sets an excellent blue print for food and drink sector activity across Leicestershire. These plans, in conjunction with the suggested areas of support will provide a more holistic and integrated approach.

The partners in Leicestershire also need to dovetail sector support with the Food and Drink INET, and the Regional Food Steering Group.

8.2.3 Equestrian and Outdoor Recreation

There are clear opportunities to work with existing sector support programmes in operation across Leicestershire. The equestrian and outdoor recreation sector plays a significant contribution as an employer across Leicestershire (1.7%). This is much more significant than the East Midlands (1.4%) and England (1.2%).

The SWOT appraisal shows that a key issue impacting on Equestrian and Outdoor Recreation businesses is the increasing requirements to meet regulations concerning health & safety, and providing risk assessment needs. Both stakeholders and businesses highlighted that the demands of meeting these rigorous needs is presenting a significant challenge to small-medium enterprises. The SWOT also suggested that, similar to land based businesses, equine and outdoor recreation enterprises are limited in their use of information technology, face difficulties in the recruitment of trainees / staff, and need support to up-skill.

The SWOT has identified that the equine industry within the County has good sector representation, particularly the Leicestershire Equestrian Enterprise Partnership (LEEP) and also the CLA / Welland Funded – Ride Welland project. The business survey confirmed that many equestrian businesses look to LEEP as the 'first port of call' for support and guidance before they contact any mainstream business support organisation.

Equestrian and outdoor recreation businesses engaged as part of the survey cited the need to address key skills and training gaps. Common themes suggested by businesses through the survey included better understanding of the requirements of meeting existing and new legislation, engaging more proactively with the planning system and support for coaching certificates.

Areas of Support

Equestrian and outdoor recreation businesses were supportive of the potential for future sector specific support across Leicestershire. Areas which they sought support for included finding competitive insurance, help and advice about off road riding, understanding and implementing regulation in livery yards, management of yards, and writing good quality planning applications. It was acknowledged that LEEP provide a lot of existing support in this area. Other areas of possible support highlighted through the study include:

- Increasing the use of Information Technology and the availability (and access to) high speed broadband.
- Skills and training development.
- Supporting equestrian and outdoor recreation businesses to cope with increasing effects of new regulation and legislation which is overburdening smaller businesses.
- Facilitating improved networking and collaboration between equestrian and outdoor recreation based businesses, and also across other business sectors.
- Increasing the opportunity for knowledge, innovation and design within equestrian and outdoor recreation businesses – to enable up-skilling of existing businesses and access to new markets.

Recommendation

We recommend that:

Further discussion takes place with the Ride Welland programme and the LEEP, and should be engaged to identify the best routes to deliver sector support.

8.2.4 Renewable Energy

Renewable Energy – as a focus for potential business support is a new opportunity for the County. Within the context of the study, statistically it has not been possible to gather data which clearly identified the level of employment and the current size of this sector for Leicestershire. Therefore, it will be necessary for sub regional partners to clearly define this embryonic sector. In addition, there has not been a specific programme of sector support for Renewable Energy. However, the study team recognise that elements of the renewable technologies have been the focus of grant support and / or feasibility studies.

The SWOT appraisal identified that stakeholders consider renewable energy does offer significant potential growth opportunities – both in terms of as a sector in its own right; and as a cross cutting segment of the land based sector. The key opportunities can be considered as:

- Urban rural interdependencies – support could mutually reinforce new growth point housing allocations, opportunities for utilising wood fuel product arising from investment in green infrastructure etc.
- Business growth - new markets and supply chains – product for renewable heat.
- Increasing cost of fossil fuels and resources.

Through the stakeholder consultations and the business survey, consultees were explicit in their views that renewable energy 'as a business sector', requires support and development that is beyond the role and scope of public sector organisations like the County Council. It was cited that the UK Government and Regional Agencies need to be providing strategic leadership and investment that will give the catalyst for renewable energy to expand and grow.

There is a big opportunity for the County Council to provide local level leadership through its supply requirements as a large user of energy. The County Council has a significant number of assets that need energy (heat or electricity), and through switching to local sources such as woodfuel, the stimulus and drive this would provide for local companies and supply chains could be more significant than any targeted sector support the authority could provide.

Areas of Support

The results of the Business Survey are less conclusive for the renewable energy sector due to the limited number of renewable energy companies willing to participate in the survey. However, in analysing the outcomes of the stakeholder consultations and the business survey, we have identified the following as key areas for bespoke support:

- Skills and training development - Green skills training – mainstreaming.
- Identify a third party organisation that can broker between private and public sectors to stimulate renewable energy markets, develop green toolkits, develop local suppliers / installer, lists of renewable energy providers across Leicestershire.
- Public procurement – stimulating demand across the public sector.
- Marketing, promotion and awareness.
- Providing a one-stop information hub.

Recommendation

We recommend that:

Further research is commissioned to properly define the renewable energy sector across Leicestershire;

- To identify what specific support and engagement should be undertaken in conjunction with key sector partners such as ENABLE, Groundwork and Leicester Energy Agency.
- To establish a long term strategy to focus the goal and objectives for engaging with the renewables sector and set out a vision of "Leicestershire – an exemplar sub region for renewables industries".

Renewable energy is not included within a sector support programme at this stage. Opportunities to provide generic support should still be explored.

8.2.5 Knowledge Based Businesses

Of the five sectors considered throughout the study, the knowledge sector is the largest in terms of employment (12.0%). However, when compared to the regional and national figures (13.5% and 17.7% respectively), it is relatively small and this was common theme expressed throughout the stakeholder interviews. Leicestershire and Rutland currently has an under representation of knowledge industries and the research team suggests additional research is needed as to why this is the case.

To date, there has not been a specific programme of support targeted towards the knowledge sector. However, the County Council has provided grant support towards knowledge industries as part of the Rural Business Support Programme but this has not touched on fundamental market failures in any specific detail.

The SWOT appraisal has indicated that there are a number of challenges for sub regional partners to address if it is to stimulate and encourage the growth of knowledge based businesses in Leicestershire.

The analysis of the business survey has indicated that knowledge based business on the whole, did not agree with the need for providing sector specialist support. Businesses suggested that the wide ranging composition presents too much of a complex challenge for developing specific support for knowledge based businesses. However, drilling down into business responses highlighted improved information technology support and procurement, sales and marketing as the top priorities for potential sector support.

Areas of Support

With particular reference to knowledge based industries, we recommend that the following five areas are generic themes which could form part of a sector support approach:

- Increasing the use of Information Technology and the availability (and access to) high speed broadband.
- Facilitating improved networking and collaboration between knowledge based sector and other important business sectors for the County.
- Promotion, marketing and consumer awareness – particularly on-line marketing training
- Identifying sites and enabling the creation of appropriate Incubator and new workspace for small knowledge industries.

Recommendation

We recommend that:

Further research is commissioned to properly define the knowledge sector across Leicestershire;

- To identify what specific support is required (in conjunction with key partners such as Business Link, emda and the constituent local authorities).
- To establish a long term strategy to focus the goal and objectives for engaging with the knowledge based sector.

Knowledge based businesses are not included within a sector support programme at this stage. Opportunities to provide generic support should still be explored.

8.2.6 Are there any other sectors worthy of considering?

Outside of the specific remit of the study we have identified that the LRP needs to give further consideration to the role of the tourism and retail sectors from a rural perspective. The updated statistics included as part of chapter two illustrate that these sectors make significant contributions to Leicestershire's economy.

The analysis of stakeholder consultations and the business survey has suggested that these sectors play a fundamental role (particularly Tourism and Hospitality) in supporting the vitality and viability of key service centres for Leicestershire, and developing opportunities to build brands such as Melton 'Rural Capital of Food'. The Retail sector also provides essential services, which all sectors of the economy (including the five identified sectors) need to conduct their business, for example post offices or local produce retail outlets like delicatessens.

Currently, there is a limited coherent, collaborative approach to delivering an integrated tourism offer across rural Leicestershire. We recommend that partners across Leicestershire, working with Leicester Shire Promotions, facilitate a tourism cluster programme that will specifically target three of the five sectors (Food & Drink, Equine and Land Based). Many land based businesses are now deriving their primary income from diversification into tourism offers. The outcomes of this approach would also have a beneficial impact on businesses with wider sectors such as tourism and hospitality, retail and knowledge sectors.

Recommendation:

Whilst recognising the parameters of our study, and the focus on the five sectors we recommend that further consideration is given by partners across the County to shaping a future rural economy programme that supports a central role for rural tourism within the five sectors and a rural tourism cluster programme focused on stimulating tourism offer within the five sectors.

8.3 What type of support is needed by the Sectors across Leicestershire? – Turning ideas into areas for delivery

The study has identified a range of gaps in the current provision of support available to the five sectors. Based on our analysis of need across these sectors, as contained in paragraph 8.2, we have concluded that it would not be suitable at this time to include Renewable Energy and Knowledge Based Industries within a sector support programme.

In order to recommend a range of sector support activity that could potentially be delivered to enable economic growth of the remaining three sectors we have identified seven cross-cutting thematic headings. These are detailed below together with an outline objective.

- An Information Hub – improved provision of information to the business community – where to go in Leicestershire or around the priority sectors.
- Facilitating sectors to RDPE – to break down the barriers and work to achieve greater cross collaboration amongst business in the priority sectors.
- Networking and Collaboration – to move beyond a grant support programme – better utilisation of other funding streams and focusing on strategic, business issues.
- Supply Chain Development – improving the connections between supply chains (customers and suppliers) across the county.
- Marketing, Promotion and Awareness – providing support for improved and more bespoke marketing, promotion and awareness of business activities for each sector.
- Embedding Knowledge, Innovation and Design – establishing a comprehensive training and skills programme that develops knowledge across all priority sectors in the county.
- Infrastructure Grants – to target infrastructure support towards key market failures within the rural economy that are infrastructure related.

We consider that these areas would need to form part of any future programme of economic support. To an extent, there are elements of existing and generic business support and advice, which aim to address some of these gaps. However, the study has identified that for a variety of reasons the current approach is not supportive enough. The consensus of engaging with stakeholders across the county suggests, *"existing support has not been delivered in the right way or format to businesses within the five sectors across Leicestershire"*.

In utilising this approach, partners across Leicestershire will draw together a more co-ordinated, joined up delivery approach that will result in more lasting benefits for the sectors.

Against each of these thematic headings we have begun to consider what types of activity (short, medium and long term) could be taken forward within Leicestershire. Table 8.1 outlines potential measures against each cross-cutting theme. Within the table we have cross referenced the themes against the priority sectors which could experience maximum benefit of any activity.

Recommendation:

We recommend that:

Consideration is given to developing a sector support programme focusing on the needs of Land Based Industries, Food and Drink, and Equestrian and Outdoor Recreation sectors for rural Leicestershire based on these seven themes, and suggest partners in Leicestershire use the example template set out in Table 8.1 as a basis to develop this.

Figure 8.1 Illustrations of Potential Sector Support Activity

Types of Support	Target for the activity – Priority Sector	Objective	Examples of Short Term Measures (Quick Wins)	Examples of Medium and Long Term Measures
Information Hub	• Land Based Industries • Food and Drink • Equestrian and Outdoor Recreation	Improved provision of information to the business community – where to go in Leicestershire or around the priority sectors	Engage with key partners and identify how information is currently provided to businesses in Leicestershire. Regulation and legislation demands – greater input from Trading Standards in connection to businesses dealing with these requirements	Ensure better access to information across all existing information sources. Ensure that the activities of Business Link are meeting the needs of rural priority sectors and spending the appropriate time to solve their business issues
Facilitating Sectors to RDPE	• Land Based Industries • Food and Drink • Equestrian and Outdoor Recreation	To break down the barriers and work to achieve greater cross collaboration amongst business in the priority sectors.	To engage in more detailed discussion with key partners and identify current resources to undertake this role.	Secure funding for sector specialists in Leicestershire – Food and Drink, Land Based Industries and Knowledge Based Businesses
Networking and Collaboration	• Land Based Industries • Food and Drink • Equestrian and Outdoor Recreation	To move beyond a grant support programme – better utilisation of other funding streams and focusing on strategic, business issues.	Make new contact with sector representatives and organisations working with key industries within the priority sectors – ELBEX, EFFP Production of a more comprehensive Food and Drink directory	Networking events for linking between sectors e.g. food and drink producers with other suppliers and tourism and hospitality sector
Supply Chain Development	• Food and Drink • Equestrian and Outdoor Recreation	Improving the connections between supply chains (customers and suppliers) across the county.	-	Further research work is necessary to understand the supply chain for Leicestershire. It is necessary to better understand the supply chains if businesses are to meet their growing demands. The development of a comprehensive food

Types of Support	Target for the activity – Priority Sector	Objective	Examples of Short Term Measures (Quick Wins)	Examples of Medium and Long Term Measures
				and drink distribution network. Long term, this could involve Nottinghamshire and Lincolnshire in a more expansive approach
Marketing, Promotion and Awareness	• Land Based Industries • Food and Drink • Equestrian and Outdoor Recreation	Providing support for improved and more bespoke marketing, promotion and awareness of business activities for each sector	Joint communication and publicity of RDPE and the opportunities for Leicestershire businesses Co-ordinate a business focused RDPE event in Leicestershire in conjunction with *emda*, NFU, CLA and other sector representatives for opportunities and gathering potential ideas	Consider the merits of an on line marketing programme that is specific to the needs of knowledge based businesses.
Embedding Knowledge, Innovation and Design - Skills and Training Development	• Land Based Industries • Food and Drink • Equestrian and Outdoor Recreation	Establishing a comprehensive training and skills programme that develops knowledge across all priority sectors in the county	Work to identify training providers and promote with partners	Specific training programme to up skill existing construction (builders, architects, planners) and energy firms (plumbers, electricians) in green technologies
Infrastructure Grants	• Food and Drink • Land Based Industries	To target infrastructure support towards key market failures within the rural economy that are infrastructure related	Appraise the priorities and criteria for grant streams that can support these sectors As part of sector support under – Facilitation and Networking / Collaboration promote the opportunity to rural businesses presented by RDPE.	-

8.3.1 Other Types of Support Worthy of Consideration

In addition to the seven overarching themes, we have identified a range of issues that fall outside of generic business support functions, which need further consideration to enable sector growth. At the LRP scoping event, these were classified as the ‘glue’, which connects and supports the development of all sectors. We are aware that a number of these issues might be addressed as part of a sector support programme, but through improved communication and better co-ordinated joint service delivery it is possible that mechanisms could be found to implement actions relatively quickly.

These issues include:

- To make high speed broadband available to all parts of the County.
- To promote and influence generic business support to improve business management, leadership and business efficiency for all rural businesses.
- Improve I.T. levels for all businesses, acknowledging each business will have different requirements.
- Supporting the indirect benefits that lead to addressing social issues – for example, health and well-being, housing and low carbon initiatives.
- Developing better links to further education institutions (FE / HE) to increase ‘knowledge’ within sectors, up-skilling and diversification.
- To promote up-skilling and on-going career professional development within existing businesses especially small and micro businesses.

Recommendation:

We recommend that partners across Leicestershire should consider how these elements are addressed.

9.0 Delivery Options for Future Sector Support within Leicestershire

9.1 Introduction

We suggest there are two overarching conceptual approaches that could be applied by partners in Leicestershire in developing a future sector support programme:

- Option 1: Commissioning and delivering separate programmes of sector support activity relating to any of the five sectors.
- Option 2: Devising a generic sector support programme that is focused on Land Based Industries, Food and Drink, and Equestrian and Outdoor Recreation sectors, but partners prioritise key elements of support to be implemented through a phased approach.

We recommend that both options are explored further by partners in Leicestershire. Clearly, which ever option is put forward we suggest that this is overseen by the Leicestershire Rural Partnership. This report highlights the need for greater synergy and joined up delivery between service providers. The LRP provides the appropriate mechanism to achieve this objective and all potential activity needs to be linked back to the Leicestershire Rural Strategy and its overarching vision.

This section expands on how future sector support for the thematic themes identified in para 8.3 could be taken forward.

9.2 Key Principles of Future Sector Support

In order to focus and target delivery of sector support through either option, we recommend that a programme of support should incorporate the following themes. These themes seek to recommend an integrated approach for Leicestershire that will encourage growth of the identified sectors, facilitate collaborative engagement between businesses, and, where appropriate, lever RDPE funding into the County.

9.2.1 A Co-ordinated Information Hub

We recommend that a review of information which is provided to businesses across Leicestershire is undertaken. Although the business survey indicates that this is not a substantial problem, businesses across all five sectors expressed a view that it was difficult to obtain simple and clearly articulated information about advice, services, guidance and funding which is available to them.

It is our view, that as this information does not sit in one place and it can go out of date very quickly we recommend that there is a need for better joined up information.

9.2.2 Facilitating Sectors to RDPE

It is our assessment that the Land Based, Food and Drink enterprises, and Equestrian and Outdoor Recreation sectors offer the greatest opportunity to work collaboratively in order to access RDPE funding in Leicestershire. Firstly, we consider that these sectors offer the best opportunity within the context of RDPE criteria; secondly, we have identified through the analysis synergies which lend these sectors to networking and collaborating together – for example, land based businesses, and food and drink sector in terms of local procurement opportunities, and collaboration between all three sectors and developing a robust, integrated rural tourism offer for the County.

With regards to the Knowledge and Renewable Energy sector, the potential of collaboratively accessing RDPE funding is less clear. If agricultural and land based businesses have identified opportunities to diversify their business or markets through these two sectors, RDPE could be a route for support. Greater promotion and support for Leicestershire businesses to access RDPE funding within the sub region would be of value, at the time of writing this report no Leicestershire businesses had been successful in securing RDPE funds.

9.2.3 To enable Facilitation, Networking and Collaboration across the Five Sectors

To implement a sub regional facilitation, networking and collaboration programme for the sectors. Stakeholders and businesses have expressed this as a high priority, which needs effective co-ordination and joint working with mainstream business support providers. It will need to dovetail and add value to *emda*'s RDPE approach and the East Midlands Business – Business Link function.

At the time of writing, no RDPE grants have been supported in Leicestershire. This element would work towards bridging the gap. The research team also consider this will bring significant added value for other regional programmes such as Food and Drink Innovation Network (INET).

9.2.4 Supply Chain Development

The business survey concluded that there was no definitive consensus as to the strength of the customer and supplier chain for the five sectors. We believe this is because micro and small medium enterprises engaged through the survey operate at a very local level.

These outcomes are in stark contrast to overall opinions emerging from stakeholder consultations. The consensus was that businesses are not making connections and opportunities are being missed. We consider that a programme of support aimed at improving connections between supply chains is required, for example, by developing a comprehensive food and drink distribution network.

Recommendation: We recommend that further research is needed to consider the five sectors supply chains, identify specific weaknesses and strengths, and outline mechanisms to improve effectiveness of the supply chains.

9.2.5 Marketing, Promotion and Awareness

We suggest that an integrated approach is needed to facilitate improved marketing, promotion and awareness for the five sectors. This will need to achieve a number of outcomes:

- Improving promotion of services and products between the five sectors to encourage collaboration and networking.
- Production of literature to promote individual sectors e.g. production of a new and improved Food and Drink Directory.
- Sub regional material to promote and engage businesses about the potential of RDPE funding.
- Considering the opportunity for integrated marketing material that promotes the five sectors and demonstrates key clusters for the county e.g. integrated rural tourism offer.

In addition, as highlighted earlier in the section, there are bespoke training requirements concerning marketing. We have identified some specific opportunities, particularly the need for on-line marketing of support programmes. The business survey clearly identified this as a requirement for knowledge based businesses.

9.2.6 Support to embed Knowledge, Design and Innovation across the Five Sectors

A programme of support could be devised to increase skills level and business competencies within the five sectors. The support will need to infiltrate all five sectors, support the five sectors to become more sustainable and lead to improved collaboration across sectors. We recommend this element of a sector support programme will focus on:

- **Building skills and training**
  - ► To identify better links between the five sectors and further and higher education institutions.
  - ► Better promotion of generic support for management and leadership training for five sectors.
  - ► To refer to sector specific training as highlighted earlier in the report.

- **ICT and infrastructure**
  - ► To improve connections to the high speed broadband.
  - ► To improve skills in the use and application of ICT across the five sectors.

9.2.7 Infrastructure Support

We recommend further consideration is given to how grant support could form part of a sector support programme. Whilst, stakeholders consider grant support can still play an important role – specifically when a business needs a small amount of pump prime funding, the consultees questioned whether delegated grant schemes are necessary due to the number of regional, sub regional and local funds available. For example, the *emda* RDPE fund package, the East Midlands

Business – Business Transformation Grants (BTG), and the wider range of other funding sources available across the Region.

Leicestershire has delivered very effectively small delegated grant schemes, and there is some level of support for this to be continued. Consultees consider this meets an effective gap in regional funding provision for the five sectors, and will enable the facilitation of more businesses (potentially on a collaborative basis) to consider opportunities to access RDPE funding over the next five years. However, as mentioned within the SWOT analysis some stakeholders did mention concern regarding the minimum grant threshold under this programme.

The interim evaluation of the Rural Business Support Programme highlighted the effective contribution small business grants provide to the growth of the rural economy. However, this study is unable to clearly specify that there is a definite need for these delegated grant schemes to continue in their current form. The response from the Business Survey has not produced a definitive consensus about grant support as part of a sector support programme. There was a small level of interest in funding support for diversification when prompted, but businesses did not specify if this was grant support or just advice about diversification.

We recommend that there is potential for an infrastructure grant as part of a sector programme to be targeted at land based businesses and the food and drink sector. The level of economic impact delivered by small delegated grant schemes is not always effective. We consider that it would be more beneficial for the wider rural economy to focus on fewer, medium- large capital infrastructure projects which address specific barriers for the five sectors. For example, in connection to the food and drink sector, consultees indicated that there is a need for identifying a site and providing funding support towards a multi species abattoir in Leicestershire.

Recommendation: We recommend that more consideration is given grant programme is established to target Land Based Businesses and the Food and Drink sector, focusing primarily on fewer, medium-large capital infrastructure projects

9.3 Other Issues for Consideration

This section provides recommendation of additional areas for assessment by the County Council and its key partners, which will add value and support the development of a future rural economy programme across Leicestershire.

9.3.1 Breaking down planning barriers for rural economic development

We have identified that understanding the planning system and securing planning permission, is considered a major barrier to the growth of the rural economy in rural areas. Consultees representing all five sectors expressed concerns with the interpretation of planning policy and we recommend a renewed approach to address this issue.

Recommendation: We recommend that the following activities are undertaken:

- Supplementary planning documents around rural development, economy and planning should be revisited.
- Workshops between sector representatives, economic development and planning could help break down barriers.
- Take advantage of existing opportunities – ensure rurality is picked up through the assessment of workspace provision by LSEP in on-going commission recently made.

9.3.2 Identification of cluster and area based opportunities

A cluster (or area based support) can be defined as "geographic concentration of inter-connected companies and institutions working in a common industry".[26] An economic cluster model, can represent a synergy, a dynamic relationship and a network between not only the companies that comprise a cluster but also the successful partnering of the stakeholders.

The study has identified at least seven opportunities to consider the development of future area / cluster based support across Leicestershire. Stakeholders are keen to suggest rolling out the principles which underpin The National Forest as a mechanism to develop further area / cluster based support in Leicestershire. These principles stem from The National Forest model as a successful mechanism to penetrate new markets (e.g. sustainable tourism), develop new products (e.g. woodland products) and strengthen local supply chains as well as build an identity and brand for the area.

The study has identified the following themes through stakeholder engagement as areas for further consideration if area / cluster based support is to be considered:

- Continued development of The National Forest.
- Increasing the scope and impact for Creative industries (expanded to include more design sector links).
- Equine activity.
- Outdoor Recreation Network – walking, cycling and other recreation activities.
- Food and Drink Network sectors e.g. dairy, red meat.
- Rural tourism cluster programme – integrating business to business, cross sector collaboration.
- Embedding knowledge, innovation and design within the five sectors.

Recommendation: We recommend that further research is undertaken to consider clustering opportunities.

[26] Michael Porter, Cluster and the New Economics of Competitions, Harvard Business Review, Nov-Dec 1998

9.3.3 Dovetailing Linkage with Existing Regional Business Support

Generic support and the identification and diagnosing of the business issues (Information, Diagnostic and Brokerage (IDB)) are the responsibility of Business Link. The sector support programme in Leicestershire will need to dovetail the Business Link function and approach. In particular, ensure there is no duplication of activity with the Land Based Sector Consortium (Anderson, Brown & Co, and IPL), and the recent launch of the Food and Drink Forum's Innovative Network Programme (INET).

However, a concern expressed through the stakeholder consultations was reiterated in the recent East Midlands Regional Assembly (EMRA) 'Business Scrutiny Review' – that rural businesses do not receive the same level of support as their urban counterparts. The Business Support Simplification Programme, overseen by *emda,* creates a challenging framework for Leicestershire to establish a new rural economy programme. The Scrutiny Panel makes clear that "just as the Region should have the ability to deliver services, so there should be the opportunity by agreement to 'flex' the delivery of regional services to respond to sub regional need and opportunities.[27]

The research team believe this adds weight to the argument for developing a programme of sector support activities in Leicestershire.

9.3.4 Branding

The business survey highlighted that a number of businesses struggled to identify the Leicestershire Rural Partnership as a mechanism to seek business support. The results of the survey suggested that more businesses were aware of referred to the grants as being offered by Oakleaves (the website address for the LRP) rather than the LRP itself or the County Council.

Recommendation: It is recommended that partners across Leicestershire consider how future branding of sector support should be undertaken to keep information clear and accessible for all businesses across the five sectors.

9.3.5 Rural Proofing

This role and function was one of the most common remarks made by the stakeholders throughout our consultation exercise. There is a great deal of concern that as an increasing amount of rural development activity is delivered on a regional basis, the result will lead to a reduction in equitable resources being distributed to businesses across Leicestershire. The stakeholders want to see a more challenging and scrutinising rural partnership.

Recommendation: We recommend that the existing sub regional methods of rural proofing are reappraised and an increased resource is made available to assess the delivery plans of key

[27] Business Support Scrutiny Review, East Midlands Regional Assembly, 2008

partners (regional, sub regional and local) to ensure the five sectors receive an equitable share of support available.

9.3.6 Alignment and collaboration with key partners

To support the development and implementation of a potential rural economy programme we have identified the need for further, more detailed engagement with a range of key partners. This will result in a more collaborative and supportive framework with which to build a specific sector support programme. Whilst appreciating over the last five years a range of communications have taken place between the LRP and its key partners, further discussion is necessary to ensure the future programme aligns and supports its key partners. An initial list of partners who should be included is provided below.

- Forestry Commission
- Country Land and Business Association
- The National Farmers Union
- East Midlands Business (Business Link)
- East Midlands Development Agency
- The National Forest Company
- Leicestershire Equestrian Enterprise Partnership (LEEP)
- Melton Food Partnership
- Leicester Shire Promotions
- Ride Welland
- Brooksby Melton College

10.0 Summary of Recommendations

This section seeks to draw together the key recommendations contained within the report:

In relation to the five sectors

1. Sector support is targeted towards addressing the needs and facilitating growth for the 'proactive' group of land based businesses. To aid this approach, partners across Leicestershire need to develop improved methods of communication with land based businesses to explicitly demonstrate what sector support is available to them.

2. More detailed engagement beyond the scope of this study is undertaken with regional and national land based stakeholder representatives by partners across Leicestershire. Through the research we have identified the English Beef and Lamb Executive (EBLEX), English Farming and Food Partnership (EFFP), and National Sheep Association

3. The current delivery to food and drink sector activity in Leicestershire is fragmented and lacking overall strategic co-ordination. We recommend that sector support needs to be delivered by one, overarching organisation in Leicestershire rather than split between Melton Food Partnership and Leicestershire Food Links.

Needs for further Evidence:

4. Commission further research in connection to Knowledge and the Renewable Energy Sector, this should seek to properly define both sectors across Leicestershire; identify what specific support and engagement should be undertaken in conjunction with key sector partners; and, establish a long term strategy to focus the goal and objectives for engaging with both sectors

5. More in-depth understanding of the supply chains for the five sectors. The report was unable to reach a consensus on the specific strengths and weaknesses of each supply chain. The research can only provide a top level assessment. Further research is needed to investigate in more detail what measures are needed to boost the supply chains for the five sectors.

Types of Sector Support:

6. That a delivery plan should be developed focussed on seven specific areas: An information hub; facilitating sectors to RDPE; networking and collaboration support; supply chain development; marketing, promotion and awareness; embedding knowledge, innovation and design; and infrastructure grants

7. The report has identified a number of peripheral issues which need to be cemented as 'cross-cutting' support through mainstream programmes. It is for key partners to identify how these issues need to be addressed.

Options for Delivery:

8. We suggest two conceptual approaches to move forward sector support in Leicestershire – option one to commission separate programmes or support; or option two – devising a generic sector support programme. These are highlighted in more detail in section 8.4. However, we consider that developmental activities around rural economic support should be overseen strategically by the LRP, and that co-ordination of delivering sector support is reported back to the partnership on a regular basis.

9. Either approach should integrate and deliver the key principles of sector support highlighted under section 8.4.1

Annex One: List of Consultees

Name of Consultee	Role and Organisation
Martin Little-Jones	East Midlands Business Ltd
Richard Tulloch, Kevin Hollingworth	East Midlands Development Agency
Clive Keble	National Forest Company
David Freisner	Leicester Shire Promotions
Matt Earnshaw	Melton Borough Council
David Puxley	Charnwood Borough Council
Sally Hooper	Leicestershire Food Links
Matthew O'Callaghan	Melton Food Partnership
Helen Woolley	County Land and Business Association
Paul Tame	National Farmers Union
	Land Based Business Links Consortium:
George Gook and Simon Mountjoy	Andersons and Brown & Co
Andrew Granger	Andrew Granger & Co
Mike Appleyard	LANTRA - Sector Skills Council
Elizabeth Appleyard	Ride Welland
Sally James	Leicestershire Equestrian and Enterprise Partnership
Will Rolls	Forestry Commission
Clare Hudson	Creative Leicestershire
Libby Kingsley	The Welland Sub Strategic Partnership
Gill Smitherman	The Leicester Shire Economic Partnership
Susan Tate	Food and Drink Innovative Networks (INETS)
Prof Tony Marmont	Beacon Energy Limited
Richard Harvey	Rural Energy Ltd (declined to be interviewed)
Louise Driver, Tony Lockley, Andrew Shaw, Lesley Severn, Sarah McCartney	Leicestershire County Council
Charlotte Burt	Leicester Energy Agency (Leicester City Council)
Tim Saunders	Groundwork Leicester and Leicestershire

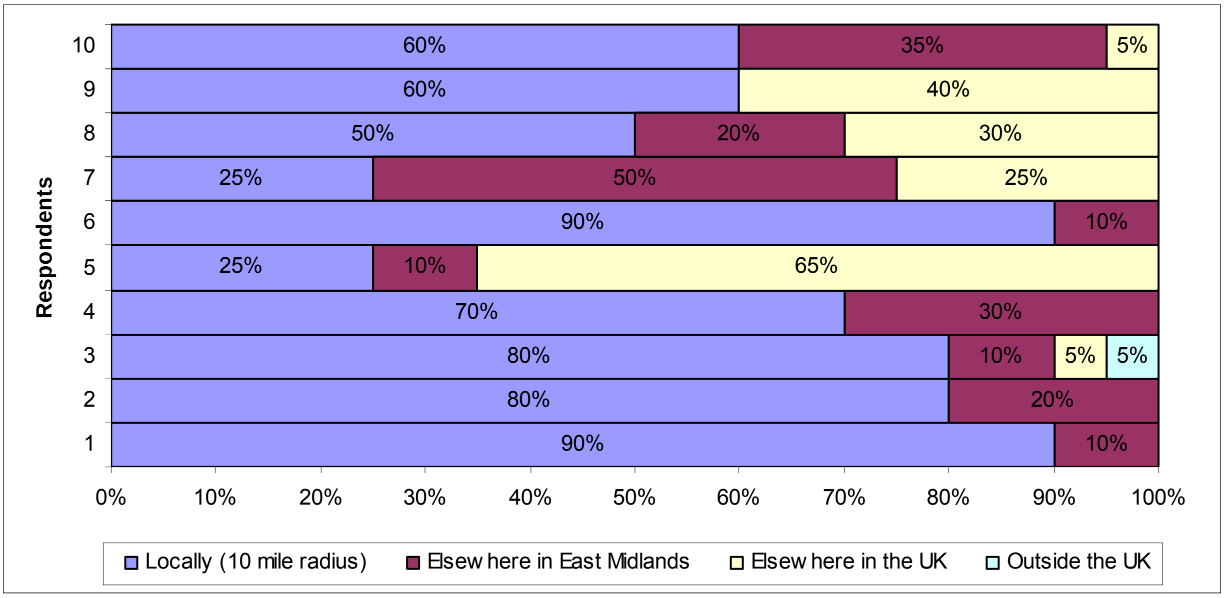
Annex Two: Glossary of Terms

Term	Definition
Regional Economic Strategy	Sets the framework for ensuring the long-term sustainable economic growth of the region
Rural Development Programme for England (RDPE)	Funded by DEFRA and the European Union, RDPE operates as a result of the EU Rural Development Regulation (Council Regulation 1698/2005). During the lifetime of the programme it will support and promote sustainable farming, forestry and food sectors and also bring wider benefits for the economy, the environment and rural communities
Sector Representatives	Sector representatives within the context of this study are defined as organisations, agencies or partnerships that are specifically working to, or representing areas of the five sectors. For example, National Farmers Union, Leicestershire Equestrian Enterprise Partnership
Strategic Stakeholders	Strategic stakeholders within the context of this study are defined as organisations, agencies and partnerships that operate at a regional level and provided overarching strategic direction to policy and / or programme implementation. For example, *emda*, Government Office
Gross Value Added	Gross Value Added – a measure of the net total output or income generated by an economy. Essentially it is the difference between the value of the goods and services produced in an economy and the cost of raw materials and other inputs which were used in their production.
Sub National Review	This provides the framework that will enable central and local government and other partners to work together to help maximise prosperity in all parts of England and tackle social deprivation and inequality.
Local Area Agreement (LAA)	The LAA is a contract between local and central government which aims to improve local performance by allowing a more flexible use of resources and devolving responsibility, enhance efficiency by simplifying the funding streams and help local partners to join up service delivery service delivery
Business Support Simplification Process	The Business Support Simplification Programme (BSSP) aims to simplify the support Government provides for businesses, making it easier for companies and entrepreneurs to understand and access government funded grants, subsidies and advice with which to start and grow their businesses.
Worklessness	Worklessness can be measured in different ways. As a headline indicator in this Strategy, worklessness is defined as the percentage of the working-age population who are unemployed or economically inactive. There are other ways of measuring worklessness, however. For example, it can be defined as the percentage of the working-age population who are unemployed or in receipt of one or more working-age benefits.
PDO	Protected Designation of Origin
PGI	Protected Geographic Indication

Annex Three: Strength of the Customer and Supply Chains for the Five Sectors

Food and Drink

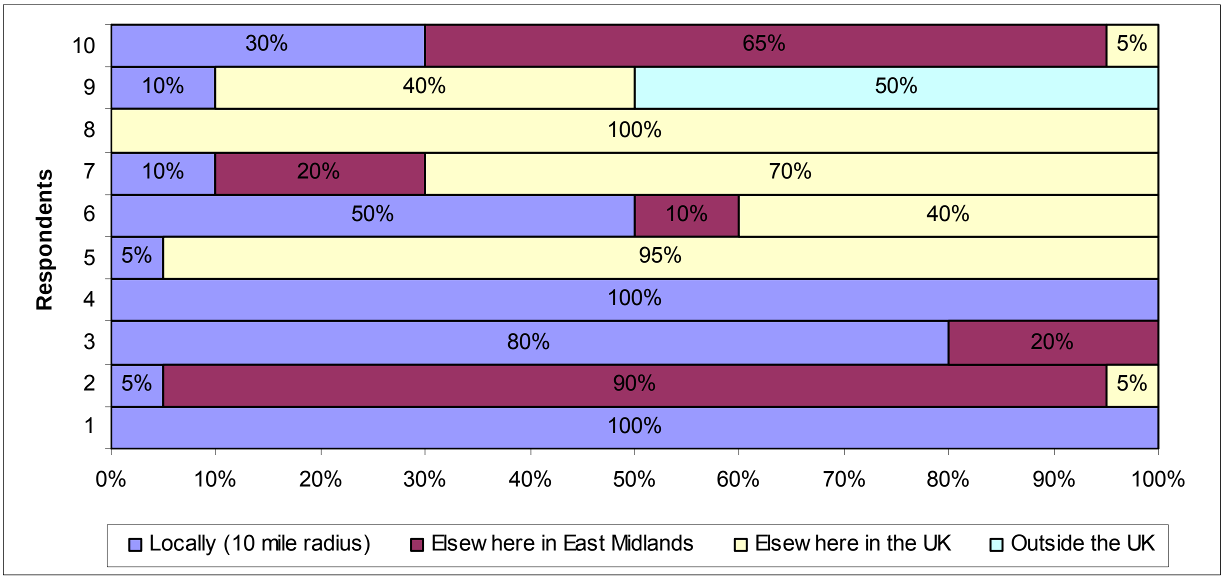
Percentage of Food and Drink Business Customers by Geography



The figure shows:

- The supply chain for food and drink businesses in the local area seems strong. All respondents have customers in the local and East Midlands area.
- Eight respondents have more than 50% of their customers in the local area and of these eight respondents, five businesses have more than 70% of their customers in the local area.
- Six businesses have customers outside of the region, for one business in particular this makes up the majority of business sales.

Percentage of Food and Drink Business Suppliers by Geography

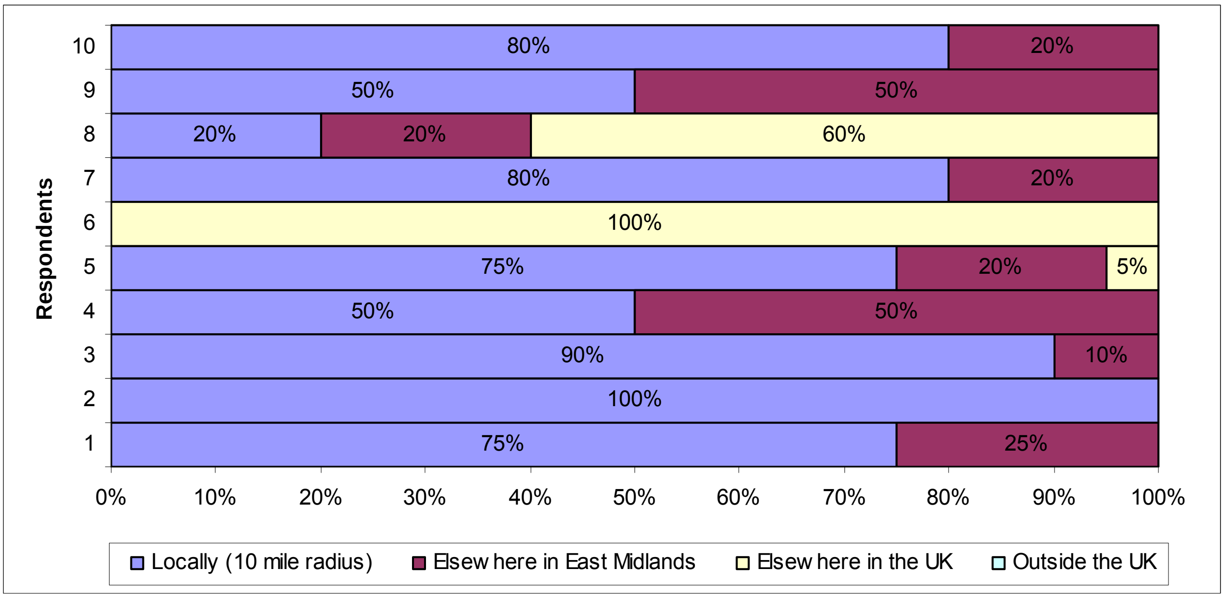


The figure shows:

- The geographic spread of suppliers varies somewhat.
- There are two businesses that have 100% of their supplies from the local area and one that obtains all supplies elsewhere in the UK.
- Four businesses obtain the majority of their supplies elsewhere in the UK
- On the whole, the majority of businesses obtain their supplies outside of the local area, one business obtains 50% of their supplies outside of the UK.

Land Based

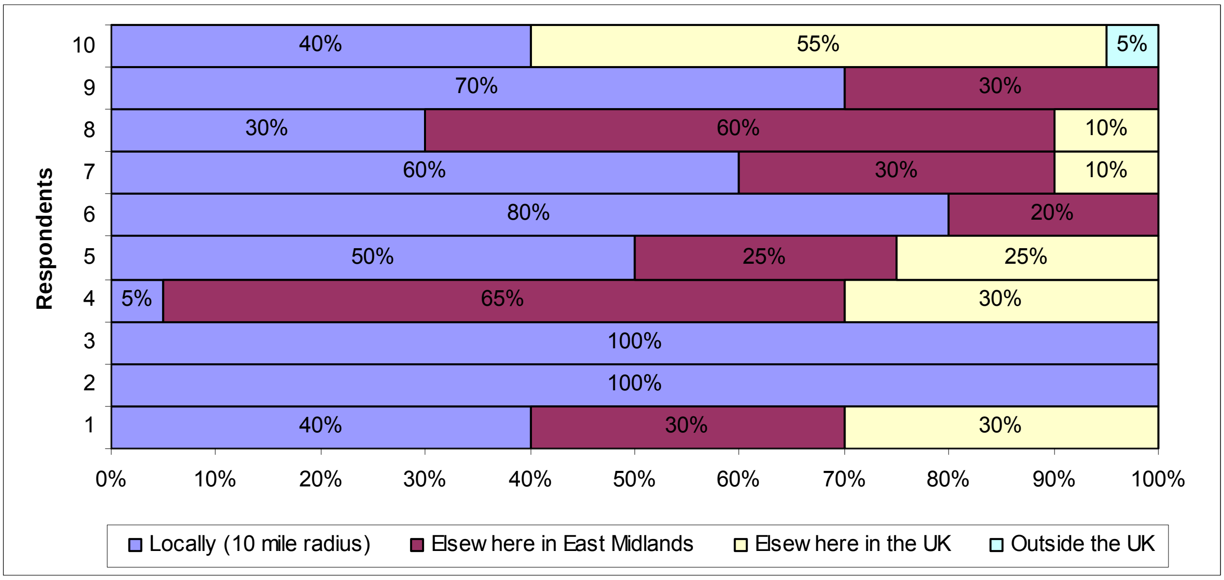
Percentage of Land Base Business Customers by Geography



The figure shows:

- The majority of land base businesses have their customers in the East Midlands, of more significance is that most of these businesses have customers in the local area.
- There are a couple of businesses that have more customers outside of the region.
- No businesses have any customers outside of the UK.

Percentage of Land Base Business Suppliers by Geography

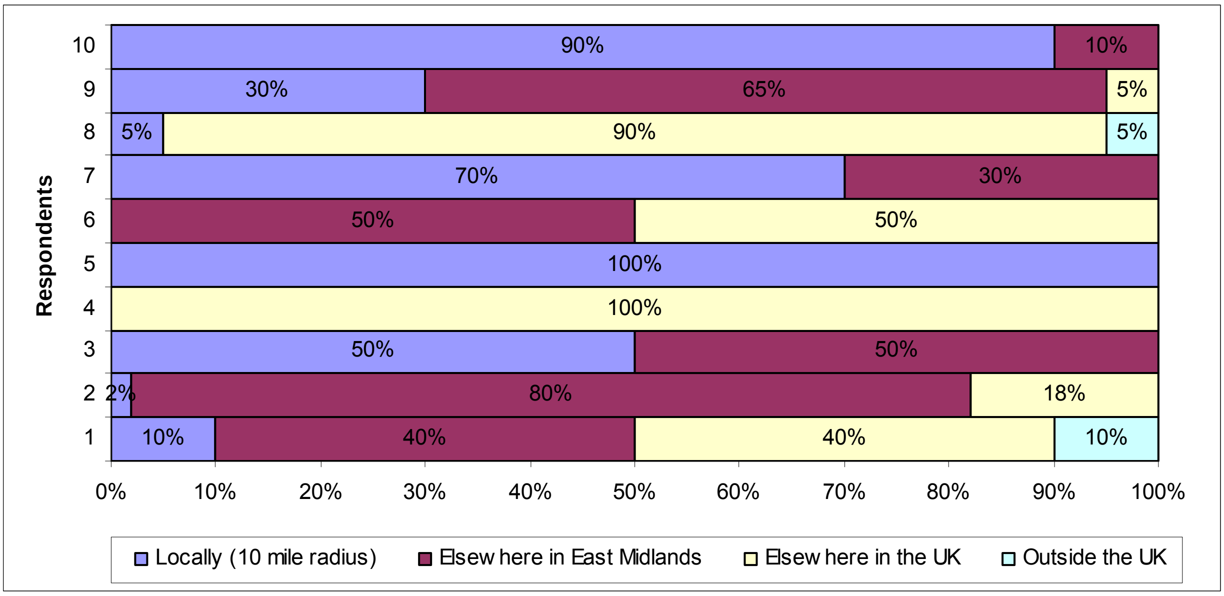


The figure shows:

- More land base businesses depend on local suppliers.
- The majority of suppliers are all within the East Midlands.

Knowledge

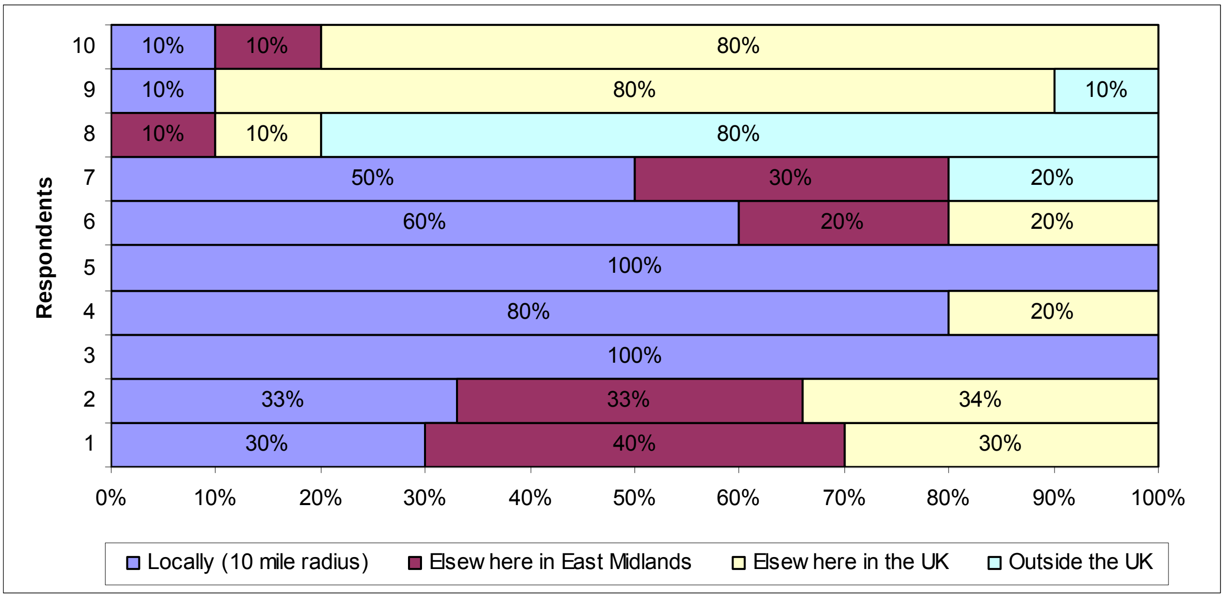
Percentage of Knowledge Business Customers by Geography



The figure shows:

- There is no real consensus of geographic spread of customers of knowledge businesses. Customers are spread across the UK, with two businesses doing business outside of the UK.
- Knowledge base businesses are not dependant on the local area for customers as businesses in other sectors such as food and drink and land base businesses have demonstrated.

Percentage of Knowledge Business Suppliers by Geography

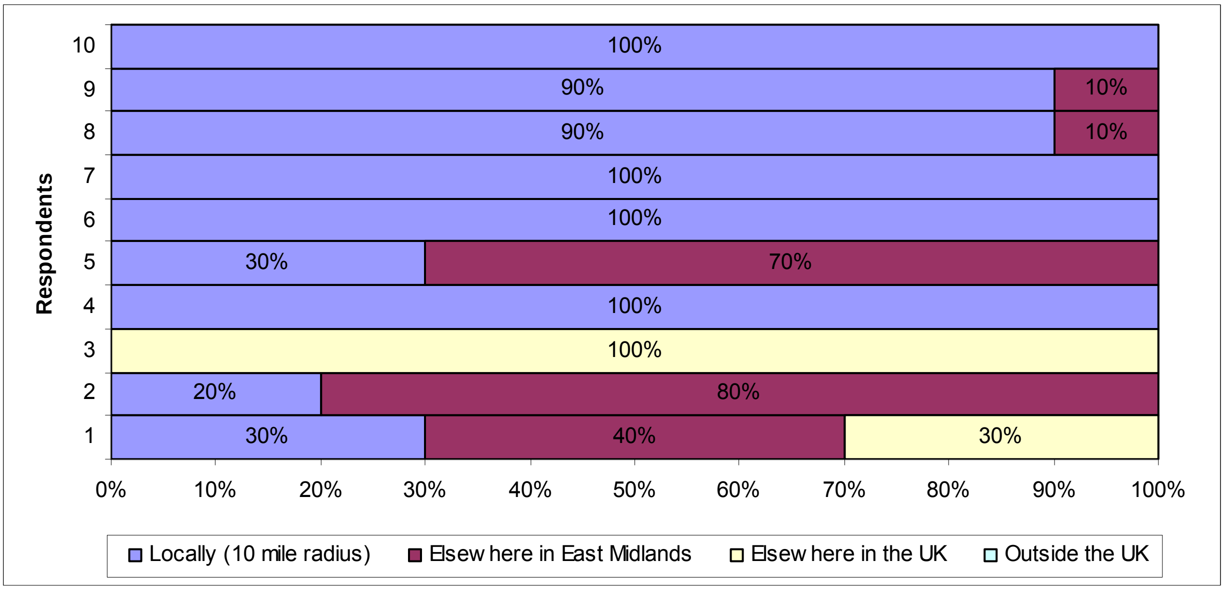


The figure shows:

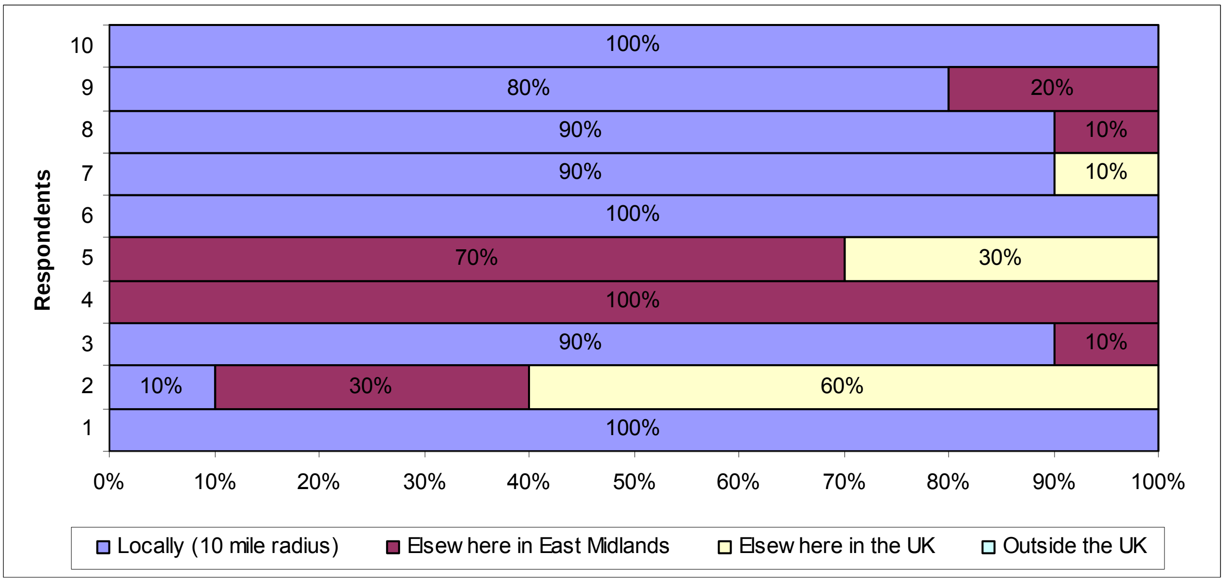
- Half of the businesses have suppliers in the local area. Businesses have more suppliers in the local area than actual customers.
- Interestingly, there is one business that has all their customers and suppliers in the local area.
- On the contrary, there is one business that has the majority of their suppliers outside of the UK and the majority of their customers elsewhere in the UK, thus showing no real involvement with the local supply chain.

Equestrian, and Outdoor Recreation

Percentage of Equestrian and Outdoor Recreation Business Customers by Geography



Percentage of Equestrian and Outdoor Recreation Business Suppliers by Geography

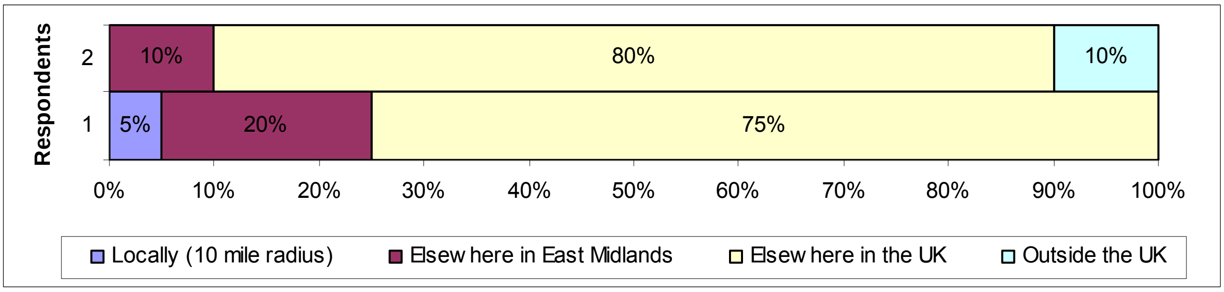


The figures show:

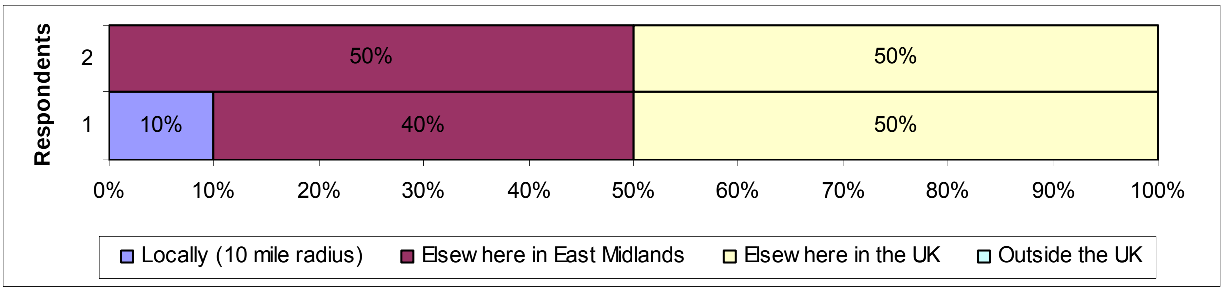
- This sector is dependant on the local area.
- A clear majority of businesses have the majority if not all of their customers in the local area.
- In addition, the majority of suppliers are also based in the local area.

Renewable Energy

Percentage of Renewable Energy Business Customers by Geography



Percentage of Renewable Energy Business Suppliers by Geography



The figures show:

- The majority of renewable energy customers are elsewhere in the UK.
- There is an even spread of suppliers amongst the businesses – within or outside the East Midlands.

Annex Four: Business Survey

ECOTEC – LEICESTERSHIRE RURAL SECTOR DEVELOPMENT STUDY

Good morning/afternoon. I work for a company called ECOTEC Research and Consulting and we have been commissioned by Leicestershire County Council to undertake a scoping study concerning the needs and requirements for key sectors of the economy in rural areas of the County. The County Council (Leicestershire Rural Partnership) has for a number of years provided grant support to a variety of sectors of the economy such Agriculture, Equestrian, and Knowledge based businesses.

All of your answers will be strictly confidential.

Please could you spare no more than 20 minutes to help with this survey? Thank you.

Before we start, can you confirm which sector you work within?

Food and Drink	1
Land Based	2
Knowledge (including creative)	3
Equestrian, Recreation and Outdoor Recreation	4
Renewable Energy (Resource Efficiency)	5

If business does not fit into any of these sectors, then please do not continue with the survey.

Company name ………………………………………………….

Respondent name ………………………………………………….

Position ………………………………………………………….

Telephone …………………………….. Email ………………………………………

Your Business

1. What is the main business / organisation activity carried out at this site?
(PROMPT: What are the main services you provide or what are the main products that you make? By site, we mean the premises of the business or organisation at this postal address).

2. Where exactly are you located? (identify town / village)

3. Do you envisage remaining in this location for the next 3 to 5 years?

4. What are the strengths and weaknesses of your location to do business?

Strengths:

Weaknesses:

5. How many people are currently employed at this establishment? Please include both full time and part time employees.

1 – 9 (Micro)	1
10 – 49 (Small)	2
50 – 249 (Medium)	3
250+ (Large)	4

6. Is your company part of a trade association / forum? If yes, please state which one and find out how useful this membership is in terms of gaining support?

Previous Business Support Received

7. Have you accessed any business support / services over the last 18 months?

Yes	1 – go to 8	No	2 – go to 9	Don't know	3 – go to 9

8. If yes, please state:
   a. Identify the provider and why support was gained from them.
   b. Which sources of business advice/support do you use and is it specific to the sector / industry the business operates in?
   c. How useful was the support? Did it meet your requirements? (PROBE FULLY)
   d. What did it help achieve in the last 18 months?

Name of provider and why accessed support from them.		
Type of support (explore the delivery mechanism)		

Was it sector specific		
How useful was it? / Did it meet your requirements?		
What did it help achieve in the last 18 months? For example: • Increased turnover • Increased profitability • Increased number of employees • Safeguarded jobs • Improved products • Introduced new products • Entered new markets • Expanded existing markets • Improved company stability • Other – such as affects of increased fuel prices		

Current Needs

9. Who would you contact for business support / advice / information etc? Why?

10. What do you consider are the major constraints affecting the growth / sustainability of your business at the present time? (PROBE FULLY)

11. What kind of support will help alleviate these problems?

12. Does your business engage and network with your businesses in your sector? (PROBE FULLY)

13. Do you think your business has any specific training or skills gaps (as opposed to generic skills) that need support in order for your business to grow?

Yes	1 – go to Q14	No	2 – go to Q15	Don't know	3 – go to Q15

14. If yes, what are the specific skills gaps need to be addressed? (PROBE FULLY)

15. What type of support do you think your business will require in the future? (please READ OUT and code yes or no for each)

	Yes	No
Leadership Skills	1	2
Supervisory Management	1	2
I.T (please exactly what IT support is required)	1	2
Human Resources	1	2
Book Keeping	1	2
Networking and collaboration	1	2
Procurement, Sales & Marketing	1	2
Regulation Advice	1	2
Business Efficiency Advice	1	2
Business Planning and Financing	1	2
Product Development, Production,	1	2
Distribution and Logistics – UK and International (Far East) elements	1	2
Mentoring	1	2
Research and development	1	2
Diversification	1	2
Information, advice and guidance – probe what type:	1	2
Other (please specify) marketing, links to local suppliers / buyers, accreditation	1	2

16. Do you consider that any future support should be sector specific – with a priority focus on the needs of your industry? (PROBE FULLY)

17. What format of support suits you? (Explore types of delivery models for example, face to face contact and hand holding through the process or something much less interactive, just good access to information through websites and telephone services)

Business Opportunities

18. How strong, in your opinion, do you feel the supply chain is in Leicestershire for your sector? (Explore the connections businesses are making with customers and suppliers. For example - are they locally based or do they need better support to find out how to market their products?)

19. What percentage of your customers is in the following areas? (READ OUT AND WRITE IN A PERCENTAGE – where are businesses selling their products too?)

	%
Locally (10 mile radius)	
Elsewhere in the East Midlands	
Elsewhere in the UK	
Outside the UK	
TOTAL	100%

20. What percentage of your suppliers is in the following areas? (READ OUT AND WRITE IN A PERCENTAGE – where are businesses engaging to produce or develop their products?)

	%
Locally (10 mile radius)	
Elsewhere in the East Midlands	
Elsewhere in the UK	
Outside the UK	
TOTAL	100%

21. What advantages (if any) do you feel are associated with developing links with companies in the local area? (READ OUT AND CODE ALL THAT APPLY)

Exchange of information	1
Opportunity of creating bidding partnerships	2
Local purchasing advantages	3
Co-operation on training	4
Positive atmosphere	5
Availability of institutional support	6
Possibility of comparing company's performance against others	7
Other (please specify) links to other sectors e.g. between sectors like food and drink working alongside creative businesses	8
None	9
Don't know	10

THANK YOU FOR YOUR TIME IN TAKING PART IN THIS STUDY

Interviewer's name ……………………… Date ………………

Annex Five: Tables for the Statistical Analysis

SIC Code

Knowledge

2003 Code	2007 Code	2003 SIC Code Description
6511	64110	Central banking
6512	64191	Banks
6512	64192	Building societies
6521	64910	Financial leasing
6522	64921	Credit granting by non-deposit taking finance houses and other specialist consumer credit grantors
6522	64992	Factoring
6522	64922	Activities of mortgage finance companies
6522	64929	Other credit granting not elsewhere classified
6523	64301	Activities of investment trusts
6523	64306	Activities of investment trusts
6523	64302	Activities of unit trusts
6523	64991	Security dealing on own account
6523	64205	Activities of bank holding companies
6523	64303	Activities of venture and development capital companies
6523	64304	Activities of open-ended investment companies
6523	64305	Activities of property unit trusts
6523	64205	Financial intermediation not elsewhere classified
6523	64999	Financial intermediation not elsewhere classified
6601	65110	Life insurance
6601	65201	Life re-insurance
6602	65202	Pension funding
6602	65300	Pension funding
6603	65120	Non-life insurance
6603	65202	Non-life re-insurance
6711	66110	Administration of financial markets
6712	66300	Fund management activities
6712	66120	Security broking and fund management
6713	66120	Activities auxiliary to financial intermediation n.e.c.
6713	66190	Activities auxiliary to financial intermediation n.e.c.
6720	66210	Activities auxiliary to insurance and pension funding
6720	66220	Activities auxiliary to insurance and pension funding
6720	66290	Activities auxiliary to insurance and pension funding
7310	72110	Research and experimental development on natural sciences and engineering
7310	72190	Research and experimental development on natural sciences and engineering
7310	72200	Research and experimental development on natural sciences and engineering
7320	72200	Research and experimental development on social sciences and humanities
7411	69109	Activities of patent and copyright agents
7411	69101	Barristers at law
7411	69102	Solicitors
7411	69109	Other legal activities not elsewhere classified
7412	69201	Accounting and auditing activities

7412	69202	Book-keeping activities
7412	69203	Tax consultancy
7413	73200	Market research and public opinion polling
7414	70210	Public relations activities
7414	70221	Financial management
7414	70229	General management consultancy activities
7414	2400	Business and management consultancy activities, n.e.c.
7414	70229	Business and management consultancy activities, n.e.c.
7414	74909	Business and management consultancy activities, n.e.c.
7414	85600	Business and management consultancy activities, n.e.c.
7415	64204	Management activities of wholesale holding companies
7415	70100	Management activities of wholesale holding companies
7415	64209	Management activities of transport holding companies
7415	70100	Management activities of transport holding companies
7415	64203	Management activities of construction holding companies
7415	70100	Management activities of construction holding companies
7415	64209	Management activities of catering holding companies
7415	70100	Management activities of catering holding companies
7415	64204	Management activities of motor trades holding companies
7415	70100	Management activities of motor trades holding companies
7415	64209	Management activities of service trades holding companies
7415	70100	Management activities of service trades holding companies
7415	64204	Management activities of retail holding companies
7415	70100	Management activities of retail holding companies
7415	64202	Management activities of production holding companies
7415	70100	Management activities of production holding companies
7415	64201	Management activities of other non-financial holding companies
7415	64209	Management activities of other non-financial holding companies
7415	70100	Management activities of other non-financial holding companies
7420	71111	Architectural activities
7420	71112	Urban planning and landscape architectural activities
7420	74902	Quantity surveying activities
7420	71129	Engineering consultative and design activities
7420	71121	Engineering design activities for industrial process and production
7420	71122	Engineering related scientific and technical consulting activities
7420	74202	Engineering related scientific and technical consulting activities
7420	74901	Engineering related scientific and technical consulting activities
7420	74909	Engineering related scientific and technical consulting activities
7420	71129	Other engineering activities
7430	71200	Technical testing and analysis
7440	73120	Sale or leasing activities of advertising space or time
7440	73110	Planning, creation and placement of advertising activities
7440	73110	Advertising activities not elsewhere classified
7450	78101	Labour recruitment and provision of personnel
7450	78109	Labour recruitment and provision of personnel
7450	78200	Labour recruitment and provision of personnel
7450	78300	Labour recruitment and provision of personnel
7460	80300	Investigation activities

7460	74909	Security and related activities
7460	80100	Security and related activities
7460	80200	Security and related activities
7470	81210	Traditional cleaning services
7470	81221	Window cleaning services
7470	81291	Disinfecting and exterminating services
7470	81222	Specialised cleaning services
7470	81223	Furnace and chimney cleaning services
7470	81229	Cleaning activities not elsewhere classified
7470	81299	Cleaning activities not elsewhere classified
7481	74201	Portrait photographic activities
7481	74202	Other specialist photography
7481	74203	Film processing
7481	74209	Photographic activities not elsewhere classified
7482	82920	Packaging activities
7485	74300	Secretarial and translation activities
7485	82110	Secretarial and translation activities
7485	82190	Secretarial and translation activities
7485	82990	Secretarial and translation activities
7486	82200	Call centre activities
7487	82911	Credit reporting and collection agency activities
7487	82912	Credit reporting and collection agency activities
7487	74100	Specialty design activities
7487	82301	Activities of exhibition and fair organisers
7487	82302	Activities of conference organisers
7487	59200	Other business activities not elsewhere classified
7487	63990	Other business activities not elsewhere classified
7487	74909	Other business activities not elsewhere classified
7487	77400	Other business activities not elsewhere classified
7487	80300	Other business activities not elsewhere classified
7487	82990	Other business activities not elsewhere classified

Equestrian, Recreation and Outdoor Recreation

2003 Codes	2007 Codes	2003 SIC Code Description
9233	93210	Fair and amusement park activities
9233	93290	Fair and amusement park activities
9234	85520	Dance halls and dancing instructor activities
9234	93290	Dance halls and dancing instructor activities
9234	79909	Other entertainment activities not elsewhere classified
9234	90010	Other entertainment activities not elsewhere classified
9234	90020	Other entertainment activities not elsewhere classified
9234	93290	Other entertainment activities not elsewhere classified
9261	93110	Operation of ice rinks and roller skating rinks
9261	93110	Operation of other sports arenas and stadiums not elsewhere classified
9262	93191	Activities of racehorse owners

9262	79909	Other sporting activities not elsewhere classified
9262	85510	Other sporting activities not elsewhere classified
9262	93110	Other sporting activities not elsewhere classified
9262	93120	Other sporting activities not elsewhere classified
9262	93130	Other sporting activities not elsewhere classified
9262	93199	Other sporting activities not elsewhere classified
9262	93290	Other sporting activities not elsewhere classified
9304	85510	Physical well-being activities
9304	93130	Physical well-being activities
9304	96040	Physical well-being activities

Land base

2003 Codes	2007 Codes	2003 SIC Code Description
1110	1110	Growing of cereals and other crops n.e.c.
1110	1120	Growing of cereals and other crops n.e.c.
1110	1130	Growing of cereals and other crops n.e.c.
1110	1140	Growing of cereals and other crops n.e.c.
1110	1150	Growing of cereals and other crops n.e.c.
1110	1160	Growing of cereals and other crops n.e.c.
1110	1190	Growing of cereals and other crops n.e.c.
1110	1260	Growing of cereals and other crops n.e.c.
1110	1280	Growing of cereals and other crops n.e.c.
1110	1290	Growing of cereals and other crops n.e.c.
1110	1630	Growing of cereals and other crops n.e.c.
1110	1640	Growing of cereals and other crops n.e.c.
1120	1110	Growing of vegetables, horticultural specialities and nursery products
1120	1130	Growing of vegetables, horticultural specialities and nursery products
1120	1190	Growing of vegetables, horticultural specialities and nursery products
1120	1250	Growing of vegetables, horticultural specialities and nursery products
1120	1280	Growing of vegetables, horticultural specialities and nursery products
1120	1300	Growing of vegetables, horticultural specialities and nursery products
1120	1640	Growing of vegetables, horticultural specialities and nursery products
1120	2100	Growing of vegetables, horticultural specialities and nursery products
1120	2300	Growing of vegetables, horticultural specialities and nursery products
1131	1210	Growing of wine grapes and table grapes and production of wine from self - produced grapes
1131	11020	Growing of wine grapes and table grapes and production of wine from self - produced grapes
1139	1220	Growing of other fruit, nuts, beverage and spice crops
1139	1230	Growing of other fruit, nuts, beverage and spice crops
1139	1240	Growing of other fruit, nuts, beverage and spice crops
1139	1250	Growing of other fruit, nuts, beverage and spice crops
1139	1260	Growing of other fruit, nuts, beverage and spice crops
1139	1270	Growing of other fruit, nuts, beverage and spice crops
1139	1280	Growing of other fruit, nuts, beverage and spice crops
1139	1630	Growing of other fruit, nuts, beverage and spice crops
1139	1640	Growing of other fruit, nuts, beverage and spice crops

1139	2300	Growing of other fruit, nuts, beverage and spice crops
1139	10410	Growing of other fruit, nuts, beverage and spice crops
1210	1410	Farming of cattle, dairy farming
1210	1420	Farming of cattle, dairy farming
1220	1430	Farming of sheep, goats, horses, asses, mules and hinnies
1220	1450	Farming of sheep, goats, horses, asses, mules and hinnies
1220	1490	Farming of sheep, goats, horses, asses, mules and hinnies
1230	1460	Farming of swine
1240	1470	Farming of poultry
1250	1440	Other farming of animals
1250	1490	Other farming of animals
1250	3210	Other farming of animals
1250	3220	Other farming of animals
1300	1500	Growing of crops combined with farming of animals (mixed farming)
1410	1610	Agricultural service activities; landscape gardening
1410	1630	Agricultural service activities; landscape gardening
1410	1640	Agricultural service activities; landscape gardening
1410	10390	Agricultural service activities; landscape gardening
1410	81300	Agricultural service activities; landscape gardening
1421	1621	Farm animal boarding and care
1429	1629	Animal husbandry service activities, except veterinary activities, n.e.c.
1500	1700	Hunting, trapping and game propagation, including related service activities
1500	94990	Hunting, trapping and game propagation, including related service activities
2010	1290	Forestry and logging
2010	2100	Forestry and logging
2010	2200	Forestry and logging
2010	2300	Forestry and logging
2010	16100	Forestry and logging
2020	2400	Forestry and logging related service activities
5010	3110	Fishing
5010	3120	Fishing
5010	70229	Fishing
5020	3210	Fish farming
5020	3220	Fish farming

Food and Drink

2003 Code	2007 Code	2003 SIC Code Description
1511	10110	Slaughtering of animals other than poultry and rabbits
1511	10110	Animal by-product processing
1511	10110	Fellmongery
1512	10110	Production and preserving of poultrymeat
1512	10120	Production and preserving of poultrymeat
1513	10130	Bacon and ham production
1513	10130	Other meat and poultry meat processing
1513	10850	Other meat and poultry meat processing
1513	10890	Other meat and poultry meat processing
1513	10890	Other meat and poultry meat processing

1520	10200	Freezing of fish
1520	10200	Other fish processing and preserving
1520	10850	Other fish processing and preserving
1520	10890	Other fish processing and preserving
1531	10310	Processing and preserving of potatoes
1532	10320	Manufacture of fruit and vegetable juice
1533	10390	Processing and preserving of fruit and vegetables n.e.c.
1533	10850	Processing and preserving of fruit and vegetables n.e.c.
1533	10890	Processing and preserving of fruit and vegetables n.e.c.
1541	10410	Manufacture of crude oils and fats
1542	10410	Manufacture of refined oils and fats
1543	10420	Manufacture of margarine and similar edible fats
1551	10511	Liqid milk and cream production
1551	10512	Butter and cheese production
1551	10890	Butter and cheese production
1551	10519	Manufacture of other milk products
1552	10520	Manufacture of ice cream
1561	10611	Grain milling
1561	10612	Manufacture of breakfast cereals and cereals-based food
1562	10620	Manufacture of starches and starch products
1562	10890	Manufacture of starches and starch products
1571	10910	Manufacture of prepared feeds for farm animals
1572	10920	Manufacture of prepared pet foods
1581	10710	Manufacture of bread; manufacture of fresh pastry goods and cakes
1581	10890	Manufacture of bread; manufacture of fresh pastry goods and cakes
1582	10720	Manufacture of rusks and biscuits; manufacture of preserved pastry goods and cakes
1582	10850	Manufacture of bread; manufacture of fresh pastry goods and cakes
1583	10810	Manufacture of sugar
1584	10821	Manufacture of cocoa and chocolate confectionery
1584	10822	Manufacture of sugar confectionery
1585	10730	Manufacture of macaroni, noodles, couscous and similar farinaceous products
1585	10850	Manufacture of macaroni, noodles, couscous and similar farinaceous products
1586	10831	Tea processing
1586	10832	Production of coffee and coffee substitutes
1587	10840	Manufacture of condiments and seasonings
1588	10860	Manufacture of homogenized food preparations and dietetic food
1589	10890	Manufacture of soups
1589	10890	Manufacture of other food products n.e.c.
1591	11010	Manufacture of distilled potable alcoholic beverages
1592	11010	Production of ethyl alcohol from fermented materials
1592	20140	Production of ethyl alcohol from fermented materials
1593	11020	Manufacture of wine of fresh grapes and grape juice
1593	11020	Manufacture of wine based on concentrated grape must
1594	11030	Manufacture of cider and perry
1594	11030	Manufacture of other fermented fruit beverages
1595	11040	Manufacture of other non-distilled fermented beverages
1596	11050	Manufacture of beer
1597	11060	Manufacture of malt

1598	11070	Production of mineral waters and soft drinks
1598	35300	Production of mineral waters and soft drinks
5131	10390	Wholesale of fruit and vegetables
5131	46310	Wholesale of fruit and vegetables
5132	46320	Wholesale of meat and meat products
5133	46330	Wholesale of dairy produce
5133	46330	Wholesale of eggs
5133	46330	Wholesale of edible oils and fats
5134	46341	Wholesale of fruit and vegetable juices, mineral water and soft drinks
5134	11010	Wholesale of wine, beer, spirits and other alcoholic beverages
5134	11020	Wholesale of wine, beer, spirits and other alcoholic beverages
5134	46342	Wholesale of wine, beer, spirits and other alcoholic beverages
5135	46350	Wholesale of tobacco products
5136	46360	Wholesale of sugar and chocolate and sugar confectionery
5137	46370	Wholesale of coffee, tea, cocoa and spices
5138	46310	Wholesale of other food, including fish, crustaceans and molluscs
5138	46380	Wholesale of other food, including fish, crustaceans and molluscs
5139	46390	Non-specialised wholesale of food, beverages and tobacco
5221	47210	Retail sale of fruit and vegetables
5222	47220	Retail sale of meat and meat products
5223	47230	Retail sale of fish, crustaceans and molluscs
5224	47240	Retail sale of bread, cakes, flour confectionery and sugar confectionery
5225	47250	Retail sale of alcoholic and other beverages
5226	47260	Retail sale of tobacco products
5227	47210	Other retail sale of food, beverages and tobacco in specialised stores
5227	47290	Other retail sale of food, beverages and tobacco in specialised stores
5530	56101	Licenced restaurants
5530	56102	Unlicenced restaurants and cafes
5530	56103	Take-away food shops
5530	56103	Take-away mobile food stands
5540	56301	Licenced clubs
5540	56302	Independent public houses and bars
5540	56302	Tenanted public houses and bars
5540	56302	Managed public houses and bars
5551	56290	Canteens
5552	56210	Catering
5552	56290	Catering

Tables used for data Analysis

Economic Analysis

	Leicestershire		East Midlands		England	
		2004 - 2007		2004 - 2007		2004 - 2007
	2007 (%)	% change	2007 (%)	% change	2007 (%)	% change
Economic activity rate - working age	82.9	3.8%	80.0	6.6%	80.0	4.1%
% of working age who are employees	70.8	2.9%	66.4	5.2%	66.4	2.9%
% of working age who are self employed	9.5	12.5%	9.1	9.3%	9.1	7.1%
Unemployment rate - working age	2.9	5.5%	5.1	26.0%	5.1	17.2%
Unemployment rate - 16+	2.9	5.4%	5.0	26.4%	5.0	17.3%
% of working age who are economically inactive - want a job	4.5	30.1%	4.8	6.5%	4.8	8.3%
% of working age who are economically inactive - do not want a job	12.7	-4.7%	15.2	-3.4%	15.2	0.3%
Employment rate - working age	80.4	3.8%	75.9	5.7%	75.9	3.4%

Source: ABI, NOMIS, 2005

Percentage and Percentage Change of All Employment by Sub-Sector

	Leicestershire		East Midlands		England	
		2004 - 2007 %		2004 - 2007 %		2004 - 2007
	2007 (%)	change	2007 (%)	change	2007 (%)	% change
Employment rate - working age	80.4	3.8%	75.9	5.7%	74.4	3.3%
corporate managers	16.2	27.3%	12.7	17.1%	12.7	7.6%
managers/proprietors in agriculture/services	3.2	13.8%	3.1	8.1%	3.0	2.5%
science and technology professionals	4.4	33.6%	3.2	13.9%	3.8	9.2%
health professionals	1.2	66.7%	1.0	22.9%	1.1	14.8%
teaching and research professionals	5.4	5.9%	4.5	5.9%	4.8	5.6%
business and public service professionals	2.5	-4.7%	2.6	2.2%	3.5	10.8%
science & technology associate professionals	1.9	-8.8%	1.8	11.5%	1.8	3.7%
health & social welfare assoc. professionals	3.1	49.3%	3.3	4.2%	3.7	8.7%
protective service occupations	0.8	-22.2%	0.9	-21.9%	1.1	3.1%
culture, media and sports occupations	1.9	21.2%	1.6	17.6%	2.4	10.1%
business & public service assoc. professionals	4.4	-23.3%	4.9	11.3%	5.6	8.9%
administrative occupations	8.5	-12.3%	8.6	2.5%	8.9	-2.5%
secretarial and related occupations	2.4	-5.9%	2.4	-7.9%	2.9	-5.7%
skilled agricultural trades	0.8	-6.9%	1.2	22.8%	0.9	2.3%
skilled metal and electronic trades	5.6	23.3%	4.9	10.3%	4.1	-1.4%

skilled construction and building trades	3.5	-5.7%	3.8	-0.1%	3.9	3.6%
textiles, printing and other skilled trades	1.4	-37.5%	1.9	-10.3%	1.9	-5.9%
caring personal service occupations	6.7	15.5%	6.2	8.5%	5.9	6.8%
leisure and other personal service occupations	1.8	9.1%	1.8	17.8%	1.9	4.0%
sales occupations	4.8	-13.0%	6.0	1.7%	6.1	-0.3%
customer service occupations	0.9	-40.8%	1.3	27.4%	1.4	14.9%
process, plant and machines operatives	3.3	-22.1%	4.6	-10.8%	3.3	-8.9%
transport & mobile machine drivers/operatives	4.9	52.8%	4.3	12.4%	3.8	6.2%
elementary trades, plant and storage related	3.6	**-13.8%**	4.5	0.7%	3.4	0.8%
elementary administration & service occupations	7.0	7.9%	8.7	8.6%	8.0	3.6%
economically inactive - working age	17.1	2.6%	20.0	-1.2%	21.4	2.1%

Source: Annual Population Survey, Nomis

Employment by Broad Industrial Group

Area	Leicestershire %	East Midlands %	England %
G : Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	19.8	17.7	17
D : Manufacturing	16.9	15.8	11
K : Real estate, renting and business activities	13.7	14.9	18
M : Education	10.1	9.5	9.3
I : Transport, storage and communication	8	5.9	6.1
N : Health and social work	6.8	11.5	11.8
H : Hotels and restaurants	6	5.9	6.7
F : Construction	5.6	5.4	4.7
O : Other community, social and personal service activities	4.6	4.6	5.3
L : Public administration and defence; compulsory social security	4.2	5.3	5.4
J : Financial intermediation	2.1	2.2	4
E : Electricity, gas and water supply	1.2	0.6	0.4
A : Agriculture, hunting and forestry	0.5	0.4	0.2
C : Mining and quarrying	0.5	0.3	0.1
B : Fishing	0	0	0
P : Private households with employed persons	0	0	0
Q : Extra-territorial organisation and bodies	0	0	0

Source: ABI, Nomis, 2006

Skills

	Leicestershire	East Midlands	England
% in employment with NVQ4+ - working age	29.9	29.3	33.0
% in employment with NVQ3 only - working age	17.8	16.3	16.0
% in employment with Trade Apprenticeships - working age	6.3	5.4	4.7
% in employment with NVQ2 only - working age	14.8	16.1	15.7
% in employment with NVQ1 only - working age	15.3	15.0	13.3
% in employment with other qualifications - working age	8.8	8.6	9.0
% in employment with no qualifications - working age	7.1	9.3	8.3

Source: Annual Population Survey, 2007, Nomis

Change in Business Stock 2000-2006

Industry

	Leicestershire	East Midlands	England
1 : Agriculture; Forestry and fishing (SIC A,B)	-0.6%	-4.3%	-2.9%
2 : Mining and quarrying; Electricity, gas and water supply (SIC C,E)	-25.0%	-32.5%	-6.4%
3 : Manufacturing (SIC D)	-11.5%	-7.6%	-7.3%
4 : Construction (SIC F)	20.9%	25.5%	20.7%
5 : Wholesale, retail and repairs (SIC G)	0.1%	4.0%	3.0%
6 : Hotels and restaurants (SIC H)	24.4%	25.7%	22.6%
7 : Transport, storage and communication (SIC I)	17.7%	14.0%	11.7%
8 : Financial intermediation (SIC J)	40.7%	36.0%	8.7%
9 : Real Estate, renting and business activities (SIC K)	28.4%	29.5%	21.3%
10 : Public administration; Other community, social and personal services (SIC L,O)	9.8%	7.5%	6.1%
11 : Education; health and social work (SIC M,N)	23.1%	23.4%	22.7%
Column Total	11.3%	12.6%	11.1%

Source: ABI, Nomis

	Leicestershire CC*	**East Midlands**	**England**
1995	10 742	10 298	11 048
1996	11 377	10 892	11 712
1997	11 919	11 495	12 429
1998	12 360	12 044	13 222
1999	12 270	12 407	13 817
2000	12 389	12 811	14 350
2001	12 917	13 480	15 060

2002	13 671	14 150	15 853
2003	14 656	14 984	16 759
2004	15 579	15 789	17 672
2005**	16 170	16 307	18 267

Source: GVA, ONS

**Leicestershire includes Rutland*

***Provisional figures*