



LEICESTER SHIRE
economic
partnership

Leicester & Leicestershire **business survey** summer 2004





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foreword

>Welcome to the Summer 2004 edition of the Leicester and Leicestershire Business Survey. The latest survey has some very positive messages about our local economy.

Business confidence has continued to improve in both the service and manufacturing sectors. The balance of optimism now stands at +6% compared to +3% six months ago. Local business performance in terms of sales and profits continues to be strong, with 45% reporting increased turnover. The labour market is also buoyant with 58% of businesses recruiting in the last six months.

The Leicester and Leicestershire Business Survey is produced by Leicester Shire Intelligence*. The survey is conducted every six months and is one of the most comprehensive surveys available, reflecting the views of over 750 local businesses. It provides a barometer of local business confidence and an overview of business performance and concerns. We have a set of core questions that we ask in every survey, so that we can examine trends over time. However, we always include some topical questions to explore new and emerging issues.

In this survey, we have asked our local businesses a number of questions about their expansion and relocation plans. It is encouraging to see that one in ten of the businesses surveyed plan to grow rapidly and a further 44% expect more

gradual growth. 11% of our local businesses are planning to relocate in the next couple of years. Most of those planning to relocate wish to remain in the local area. Businesses are particularly positive about the area's central location and good road transport links. Other advantages to local businesses include the multicultural communities, the workforce, a low cost base and the attractive countryside. A number of businesses commented that Leicester is a vibrant city and that the area is 'up and coming'.

We hope that you find this publication useful. If you have any topics that you would like to see explored in future surveys, please contact one of the partners listed at the back of the document. We welcome new ideas.



CAROLINE BOUCHER

Research Programme Manager
Leicester Shire Economic Partnership

*Leicester Shire Intelligence is a key project within the Leicester Shire Economic Partnership's strategy. For more information visit our website www.lsint.info

Leicester Shire Intelligence aims to provide high quality research and intelligence about the sub-region. A key role is to encourage the commissioning of collaborative research projects such as this business survey. In doing so, we hope to avoid duplication and fill gaps in our local knowledge.

key issues

General business conditions

- Business optimism has again improved slightly. Overall, views on optimism were mixed. 22% thought business conditions would improve compared to 16% who thought they would deteriorate over the next six months. Two in five (42%) thought there would be little change.
- The service sector was again more optimistic than manufacturing, however the optimism of manufacturers has continued to increase whereas that in the service sector has remained flat. Pessimism within the textiles sector remains high at -19%.

Sales and profits

- Both the sales and profit outlook for firms have remained fairly positive. The balance of businesses reporting an increased turnover is +25%, whilst the balance of increased profits is +18%.
- 32% reported an increase in advanced orders or bookings and 13% a decline. 51% predicted an increase in profits over the next six months and 9% predicted a decline.

Main business concerns

- The main concern for businesses is still red tape. Competition, attracting customers, winning orders, business generation and finding suitable staff are also of concern.
- Exchange rates continue to be of concern to exporters.

Export activity

- Export growth has declined slightly, with a balance of +10% of exporters showing an increase in export sales, compared to +19% six months ago.
- The outlook for exports is positive, with 30% saying their advanced overseas orders had increased over the past six months.

Business finance and investment

- The cashflow position has changed little over the last 6 months. 28% said their cashflow position had improved and 17% that it had worsened.
- 28% of businesses have revised their investment plans upwards, slightly fewer than in Winter 2003/04.
- 10% of companies plan to grow rapidly and 44% gradually. 40% plan to stay much the same and 3% plan to contract or close down.

Price pressures and labour costs

- The proportion of businesses that have increased their prices has risen over the past six months. 34% of companies increased their prices compared with 10% who decreased them.

- The main price pressures are raw materials and other overheads. Pressure due to raw material prices has increased over the past six months.
- Wage rates have increased by 3.2% overall, much the same as in the Winter 2003/04 survey.

The workforce

- The proportion of firms recruiting staff has decreased slightly to 58%. The percentage of recruiting firms reporting difficulties was 52%, much the same as that reported six months ago.
- The greatest areas of recruitment difficulty were skilled craft workers, low skilled occupations and plant and machine operatives.
- 36% of firms agreed that skill shortages were having a serious impact on their business, much the same as six months ago.
- 22% had spent more than their usual amount on training in the past six months. Overall, 4% had spent less, 45% their usual amount and 27% nothing.

E-commerce

- The growth in website ownership has flattened, now standing at 70%.
- 63% of Internet users used Broadband, an increase from 52% in Winter 03/04.
- Almost half the firms surveyed (46%) undertake transactions or exchange of documents on-line, 40% with customers and 37% with suppliers. 11% of firms are under pressure to trade on line.

Disability Discrimination Act (DDA)

- 75% of firms were aware that provisions of the DDA concerning physical features of premises will come into force in 2004.
- 47% had made an assessment to determine the barriers disabled people might face.

Strengths of Leicester and Leicestershire as a place to do business

- 27% of firms thought the planned regeneration in Leicester City centre would have a positive impact on their company.
- 16% thought the area was a very good place to do business and 41% a good place. A total of 32% thought it average and 6% thought it poor or very poor.
- The main strengths of the area were its central location and its motorway and road links. Other strengths included the workforce, the multicultural or diverse community and the range of companies.

general business conditions

"There are a number of very positive messages coming from this latest survey. Our local businesses are performing well and feel confident about the future. The strength of our local business base is key to future economic growth in Leicester and Leicestershire."

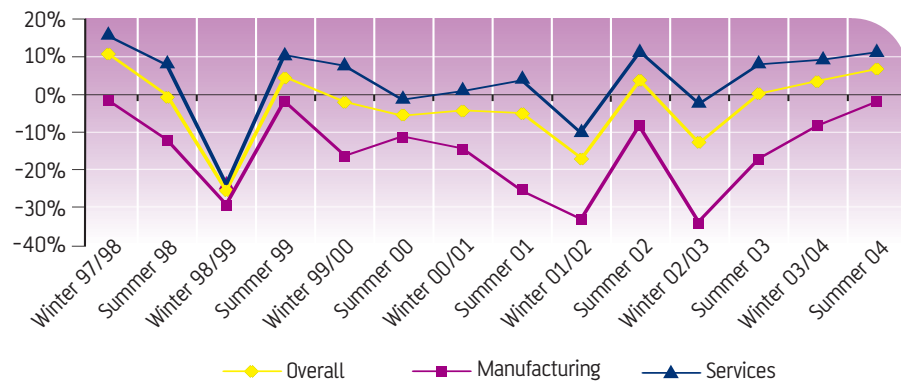
Kishor Tailor
Chief Executive, LSEP

Business optimism

Local business confidence has increased steadily since Winter 02/03. The balance of optimism (*) is +6%, compared with +3% in Winter 03/04 and 0% in Summer 2003. Overall, 22% of respondents thought that general business conditions would improve, 16% that they would deteriorate and 42% thought they would not change much.

Service sector organisations are again more confident than manufacturing with the balance of optimism positive (+11%, much the same as six months ago). Manufacturing optimism has continued to increase, now standing at -3% compared with -9% six months ago and -18% a year ago. Overall, 18% of manufacturers thought business conditions would improve, 21% that they would deteriorate and 37% that they would not change much. There was a relatively high proportion saying they did not know (24%).

Figure 1: Balance of business optimism (Winter/Summer)

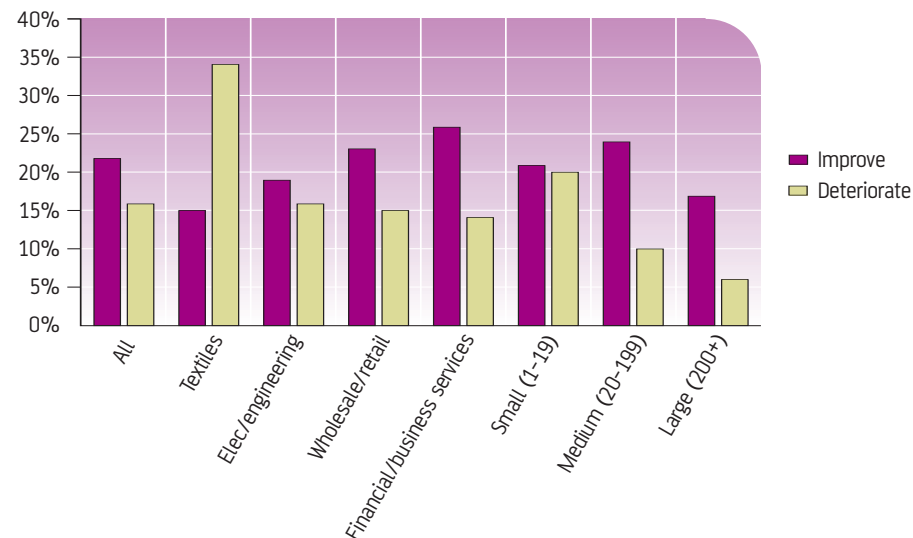


* Throughout this report balance data will be referred to. The balance is calculated by subtracting the percentage of businesses expecting a worse situation from those expecting an improvement.

Optimism is still low in the textiles sub-sector (-19%), but this is much higher than six months ago (-55%). The balance of optimism in electrical/engineering has also improved to +3% from -13% six months ago, with 19% of firms in this sector thinking conditions will improve.

Financial and business services are slightly more optimistic than others with 26% thinking conditions will improve and 14% that they will get worse. In the wholesale/retail sub-sector, 23% thought conditions would improve compared to 15% who thought they would get worse, an improvement since the Winter 03/04 survey.

Figure 2: Percentage thinking business conditions would improve/deteriorate by size and sector

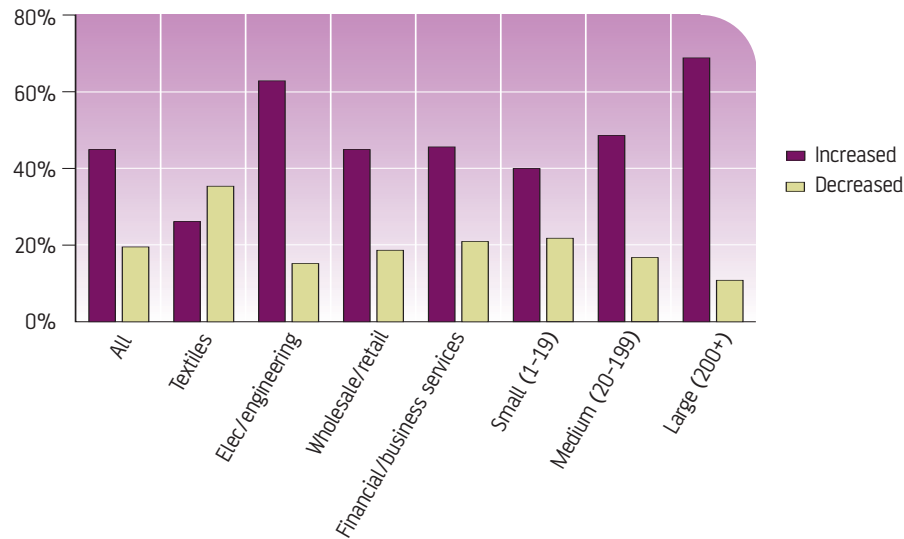


sales and profits

Sales performance

The position with regard to turnover has remained positive over the past year. The balance of businesses that report an increased turnover in the last six months is slightly lower than reported in the Winter 03/04 survey (+25%, compared with +30%) but is similar to a year ago (+27%). A total of 45% reported an increase in turnover in the previous six months compared with 20% who reported a decrease. A total of 15% reported an increase in sales of more than 10%, slightly higher than six months ago.

Figure 3: Change in sales over the last 6 months



Since the last survey the balance of sales turnover has increased for organisations with +200 employees and those with 20-199 employees but has decreased slightly for smaller organisations with less than 20 employees (the balances now stand at, +18% for small companies, +32% for medium companies, +58% for large companies).

Order intake

A third (32%) of firms reported increased orders, advanced custom and advanced bookings over the last six months, slightly lower than in the previous six months (38%). A minority of firms (13%) reported a decrease.

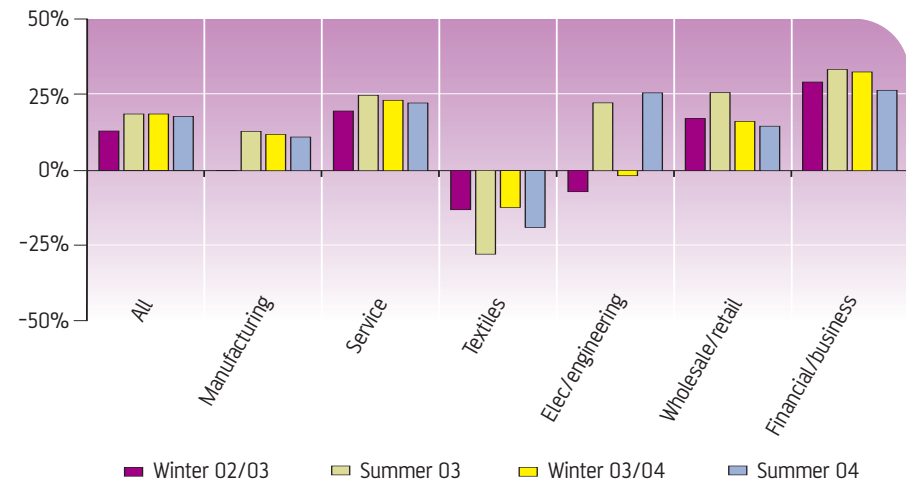
Almost half of the engineering/electrical sub-sector (49%) reported an increase in orders, a significant improvement on six months ago (37%).

Profit performance

The balance of businesses that reported increased profits has remained static over the past year and stands at +19%. Overall, 39% reported an increase in profits and 21% a decrease, with 34% saying profits had stayed much the same. 14% reported an increase in profits of more than 10%.

The best performing industry sectors in terms of profit increases were other services (35%), financial and business services (+27%), and other manufacturing sectors (+32%). Manufacturing in general was little changed at +11% (when compared to six months ago, +12%). Textiles again performed poorly at -19%. The engineering/electrical sub-sector have improved sharply from -2% in the Winter 03/04 survey to +11%.

Figure 4: Increase in profits over the last 12 months



Profitability has increased slightly in the last twelve months for organisations of all sizes (the balances now stand at +12% for small companies, +23% for medium companies, +53% for large companies).

Outlook

The outlook for sales has remained much the same over the past 6 months at +41% compared with a balance of +42% a year ago. Overall, 50% thought sales would increase, 9% that they would decrease and 33% that they would remain much the same. The manufacturing sector was slightly less optimistic than the service sector, with 12% predicting a decline in sales compared to 8% in the service sector.

The outlook for profits was also little changed. Half the sample (51%) predicted an increase in profits over the next six months and 9% a decline.

export activity

China is fast becoming one of the world's leading economic powers and it is encouraging to see that businesses in Leicestershire are taking advantage of the wide range of trade opportunities available. Support for companies in the sub-region wanting to trade in the Chinese market is available from the Leicester Shire-Sichuan Trade Bureau and I would encourage businesses to use this service and explore the opportunities available.

David Parsons
Leader of Leicestershire County Council and
Chairman of the East Midlands Regional Assembly.

Export performance

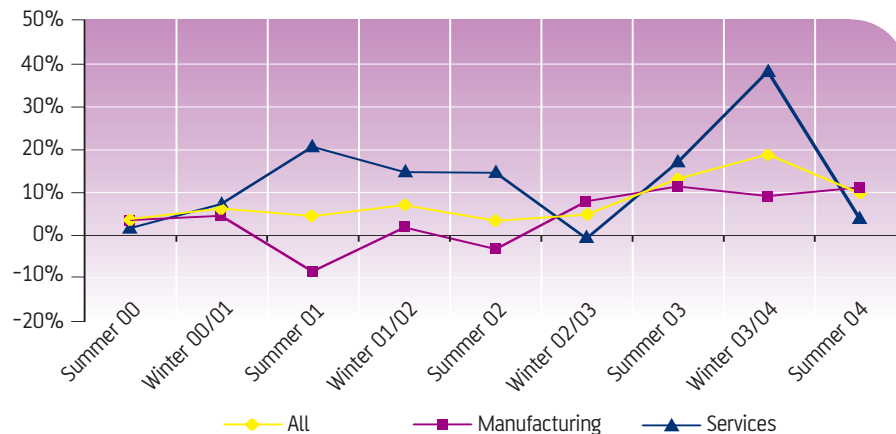
Just under a quarter of firms surveyed (23%) export products or services, much the same as six months ago. The proportion of manufacturers exporting stands at 48% and there is a modest increase for service sector organisations (10%).

Table 1: Percentage of products or services exported (%)

	None	4% or less	5-9%	10-24%	25-49%	50% or more
Manufacturing	52	9	7	11	7	11
Services	90	1	2	3	2	2

26% of exporters reported increased overseas sales in the past 6 months, and 16% reported a decrease. However, 57% said that overseas sales were constant. This is a balance of +10% compared to +19% six months ago.

Figure 5: Balance of change in export sales over the past 6 months



Overall the balance of export sales has remained fairly constant for manufacturing (from +9% to +11%), but within manufacturing, the situation for textiles businesses has improved with an overseas sales balance of +5% compared to a negative balance of -12% six months ago. The balance for the engineering /electrical sector has increased to +20% from +13% six months ago.

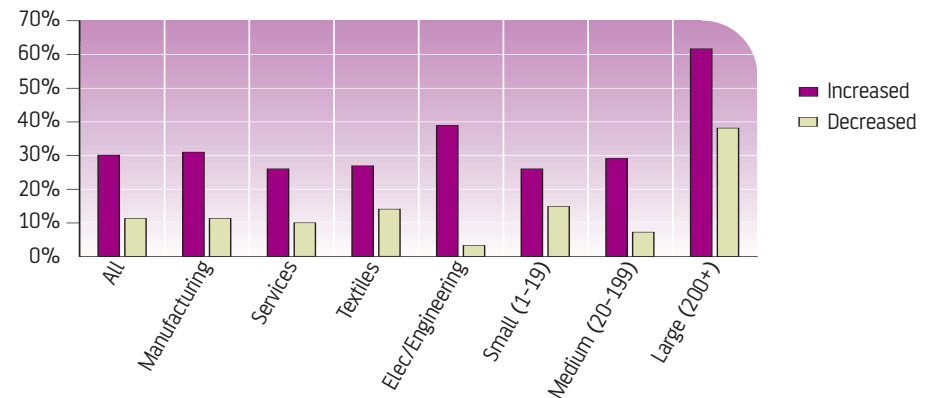
Export outlook

Overall, 30% of companies said their advanced orders had increased, 56% that they were much the same

and 11% that they had decreased. The balance (+19%) has remained much the same as six months ago (+21%).

Manufacturing shows a positive balance for advanced orders (+20%) higher than six months ago. The textile sub-sector shows a balance of +13% and the engineering/electrical sub-sector +36%.

Figure 6: Advanced export orders compared with 6 months ago



Trading with China

A total of 12% of companies had traded in or had other business links with China in the past 5 years, ranging from 21% of manufacturers to 8% of service sector companies. More than a third of exporters (37%) have had links with China. Larger companies (36% of those with +200 employees) were more likely than small companies (9% of those with <20 employees) to have had links with China.

Overall 11% of all companies and 37% of exporters said that they saw China as a potential market over the next five years.

Table 2: Has your company traded in, or had business links with China in the past 5 years?

	All	Manu- facturing	Service	Textiles	Elec/ Engineering	Small (1-19)	Medium (20-199)	Large (200+)	Ex- porters
Yes	12%	21%	8%	23%	33%	9%	15%	36%	37%

Table 3: Does your company see China as a potential market in the next 5 years?

	All	Manu- facturing	Service	Textiles	Elec/ Engineering	Small (1-19)	Medium (20-199)	Large (200+)	Ex- porters
Yes	11%	21%	6%	21%	31%	8%	14%	25%	37%

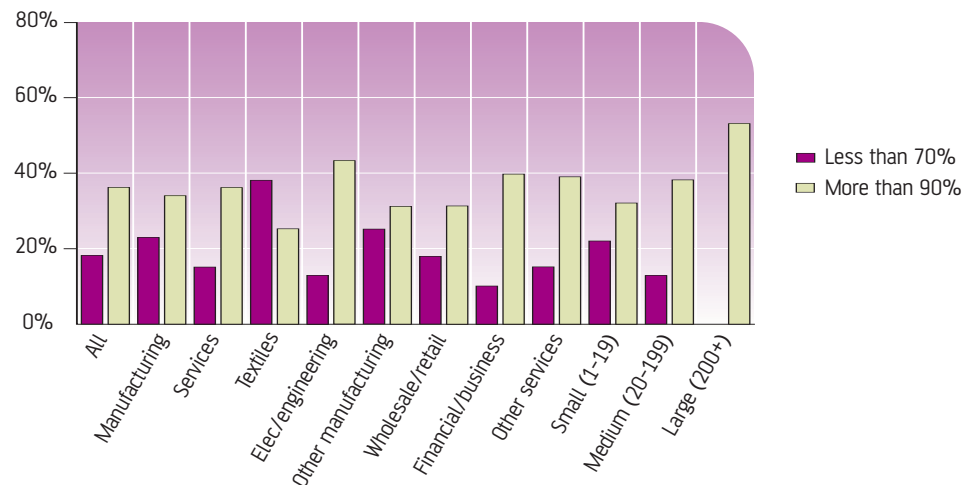
The Leicestershire business economy continues to strengthen, but volatile material and fuel prices and the tightening labour market require vigilance and a versatile response. We can't do much about oil prices, but there are real opportunities to tackle skills shortages through well focused, employer centred schemes like Skills at Work. Whilst the Chamber deplores red tape, some regulations, such as the Disability Discrimination Act do force us to recognise untapped opportunities and it is heartening to see that there is already a high level of awareness.

Stephen Woolfe – Harvey Ingram Owston
 President of the Leicestershire Chamber of Commerce

Capacity

18% of organisations are working at less than 70% capacity, this has remained little changed since the Summer 1999 survey. The proportion of firms working at nearly full capacity is 36%, slightly lower than in Winter 03/04.

Figure 7: Percentage of firms currently working at less than 70% capacity

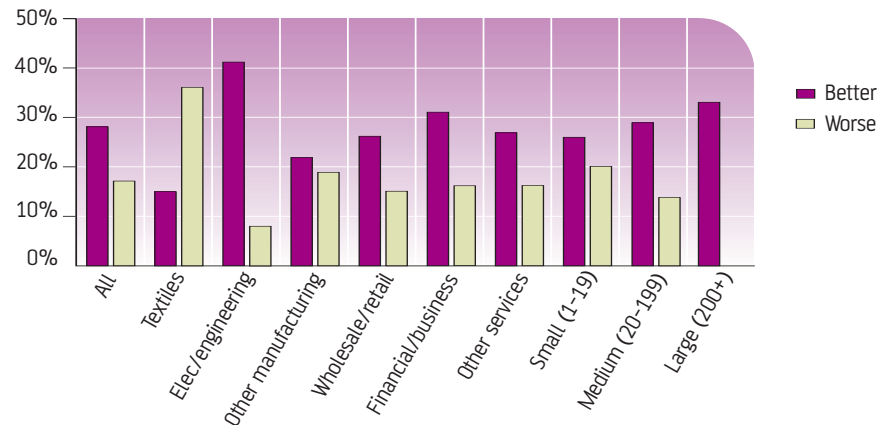


Manufacturing firms (23%) are more likely to be working at less than 70% capacity, particularly firms in the manufacturing sub-sector of textiles (38%).

Cashflow

The Cashflow position has remained much the same with 28% saying that cashflow has improved, 44% saying it had not changed and 17% saying it has worsened. The balance of +11% is much the same as six months ago. The balance for manufacturing companies is +9% and that for service sector organisations is +12%. Textiles firms still face a difficult cashflow situation with a balance of -21%, the same as six months ago.

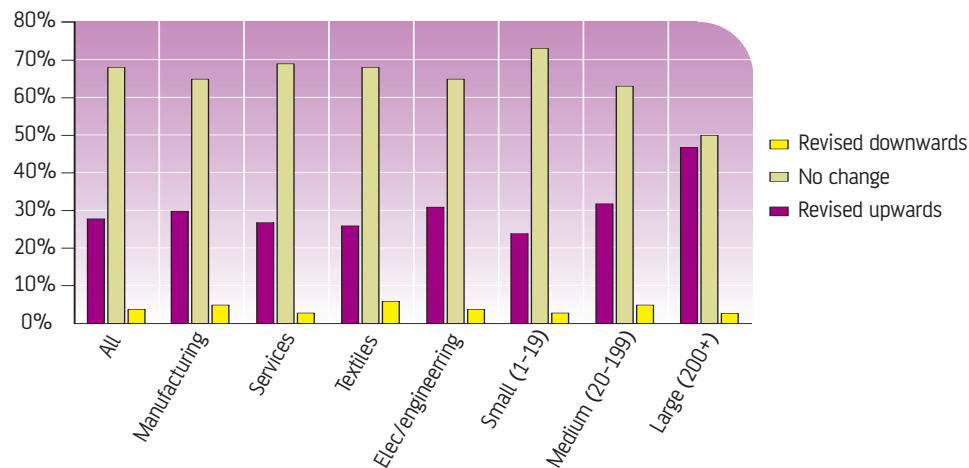
Figure 8: Percentage with cashflow better/worse than six months ago



Investment plans

Just over a quarter of all companies (28%) said they had revised their investment plans upwards, 4% downwards and 68% said there had been no change. The balance of investment is now +25%, slightly lower than six months ago (+29%). There is little difference between sectors.

Figure 9: Percentage changing their investment plans over the past 6 months



main business concerns

Although businesses are confident and performing well, they have a number of concerns such as remaining competitive, generating new business and finding suitable staff. The LSEP has identified the provision of enhanced business support as a key priority for local partners over the next three years.

Niloofar Sakari
LSEP, Programme Manager, Enterprise and Innovation

Main concerns

When businesses were asked (unprompted) what factors, if any, were causing the most concern for their company, 19% said there was nothing. The six main concerns mentioned were: attracting customers, orders or generating business; competition; increasing costs (wages, raw materials, fuel or other costs), red tape; recruitment of suitable or skilled staff and cheap imports. When compared with 6 months ago, more companies mentioned increasing costs.

Respondents were then asked to rate their concern about a number of external factors on a scale of 1 to 5, where 1 is of no concern at all and 5 is of very great concern. Results are presented as mean scores in table 4.

Reflecting findings from previous surveys, red tape was of most concern to local businesses. Competition, finding suitable staff, attracting customers, winning orders and business generation were also of concern. Concern about these factors has remained fairly constant over the past two years.

Table 4: Business concerns mean score ranked by order of importance

Factor	All Summer 04	All Winter 03/04	Manu- facturing	Services	Small (1-19)	Medium (20-199)	Large (200+)
Red Tape	3.4	3.6	3.6	3.3	3.3	3.6	3.3
Competition	3.0	3.3	3.3	2.9	2.9	3.1	3.8
Attracting customers	3.0	3.2	3.1	2.9	2.9	3.0	3.4
Finding suitable staff	3.0	*	3.2	2.9	2.8	3.0	3.4
Business Generation	2.9	3.2	3.2	2.8	2.8	3.0	3.4
Winning orders	2.8	3.0	3.3	2.5	2.6	2.9	3.4
Business Rates	2.8	2.8	3.1	2.7	2.7	2.9	2.8
Cashflow	2.7	2.8	3.0	2.5	2.6	2.8	2.5
Inflation	2.6	2.7	2.7	2.5	2.5	2.7	2.9
Interest Rates	2.5	2.6	2.5	2.4	2.4	2.7	2.7
Corporation Tax	2.3	2.5	2.8	2.1	2.2	2.5	2.3
Cheap imports	2.2	2.1	3.2	1.6	2.1	2.2	1.9
Exchange Rates	1.9	2.0	2.3	1.8	1.9	2.0	2.4

* not asked in previous surveys

Manufacturing firms were slightly more concerned about most of these factors than service sector organisations.

Exchange rates continued to be of concern to exporters (2.9) the same as in the Winter 03/04 survey. Cheap imports were of particular concern to manufacturers (3.2), exporting companies (3.0), textile companies (3.9) and the engineering/electrical sub-sector (3.0).

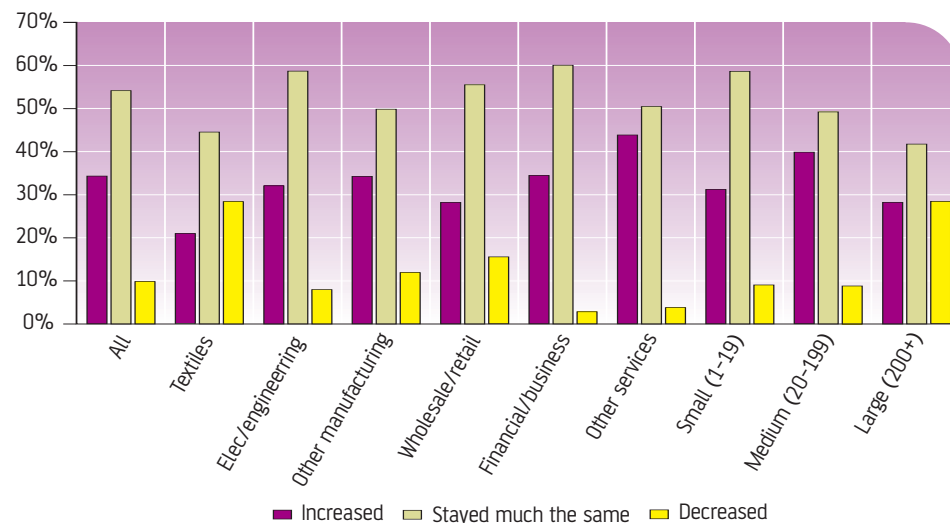
Finding suitable staff was more of a concern for medium and large sized companies.

price pressures and labour costs

Prices

Pressure on prices has increased with a third of companies having raised prices during the last six months (34%), whilst 10% say their prices have decreased. The balance of businesses that report increasing prices over the past six months has increased to +24%. However, just over half of businesses (54%) report no change in prices.

Figure 10: Businesses reporting increased and decreased prices by sector



Both manufacturers and the service sector have increased their prices (31% and 36% respectively). In the textiles sub-sector 21% increased their prices compared with 28% who decreased them. In the engineering/electrical sub-sector 32% increased prices compared to 8% who decreased them.

Table 5: Proportions by which prices have changed

	Price increase				No change	Price decrease			
	>10%	6-10%	3-5%	<3%	0	<3%	3-5%	6-10%	>10%
% of businesses	3	3	16	7	54	1	3	1	2

Pressure to increase prices was much the same as in Winter 03/04. 60% of firms predict no change in prices with 24% predicting an increase and 5% a decrease, giving a balance of +19%. More manufacturers (26%) think that prices will increase than service sector businesses (23%), with the engineering/electrical sector being the most likely to think prices will increase (35%).

Of the factors mentioned to respondents, pressures from raw material prices had increased but the other factors had changed little over the past six months. The main price pressures were raw material prices (36%) and other overheads (29%). 16% mentioned pay settlements and 13% mentioned finance costs.

Manufacturers were more likely than service sector companies to face one or more of these pressures.

Labour costs

Locally, 70% of firms reported increases in wage rates over the past 12 months, whilst only 1% reported decreases. Other manufacturing and other services were the most likely to have increased their wages. Small firms (1-19 employees) were less likely than larger firms to have raised their wages (59% of 1-19 employees; 83% of 20-199 employees and 94% of +200 employees).

Overall wage rates have increased by 3.2%, much the same as 6 months ago. This is lower than the national headline rate for average earnings growth in the private sector of 4.4% in May 2004. The rate of earnings growth was much the same in the manufacturing and service sectors (3.2% and 3.1% respectively).

the workforce

The need to focus and work with the employees of SMEs to raise basic and management skill levels is crucial. Not all SMEs recognise the value of their human resource and the role it plays in providing companies with the competitive edge.

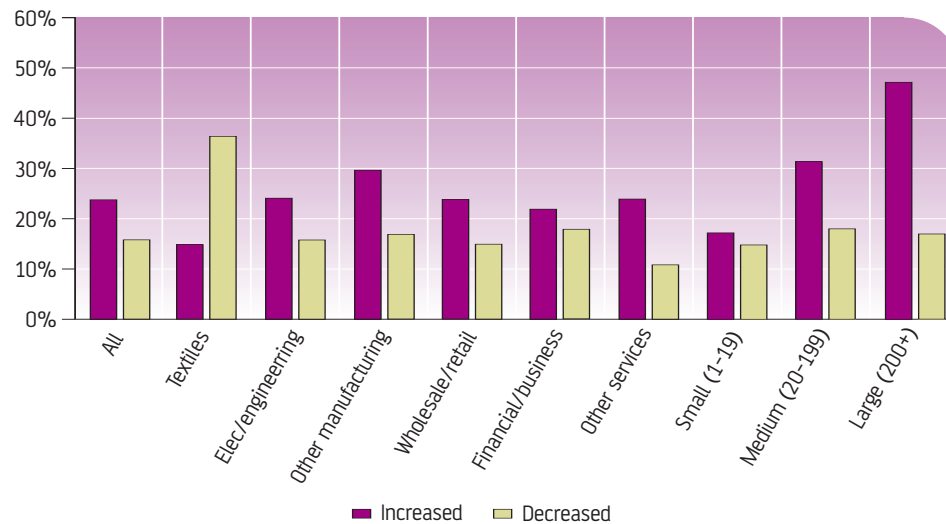
Daxa Pancholi
Head of Economic Development & Community Safety, Leicester City Council.

At the time of the survey, the local unemployment rate* for the LSEP area** was 2.3%, slightly above the regional rate (2.0%) but the same as the national rate (2.3%). The rate for the County area was 1.2% and that for Leicester City was 4.7%, a decrease since November 2003.

Workforce growth

60% of firms reported no change in their workforce size over the past six months, much the same as in the Winter 03/04 survey. 24% said that their workforce had increased and 16% that it had decreased. Overall, 20% of manufacturers said their workforce size had declined compared with 14% of the service sector. 36% of textile companies had decreased in size. The situation for the engineering/electrical sub-sector has improved in the last six months, with 24% having increased and 16% decreased in size.

Figure 11: Percentage of firms reporting increased and decreased workforce size over the past six months



Smaller companies were less likely to have increased in size, (17% of those with <20 staff compared with 31% of those with 20-199 staff and 47% of those with 200+ employees).

The outlook for the next 6 months is still fairly optimistic. Just over a quarter of firms surveyed (28%) expect the size of their workforce to increase during this time.

*Resident-based unemployment rates based on Claimant Count (June 2004)

**LSEP area comprises the areas of Leicestershire County and Leicester City

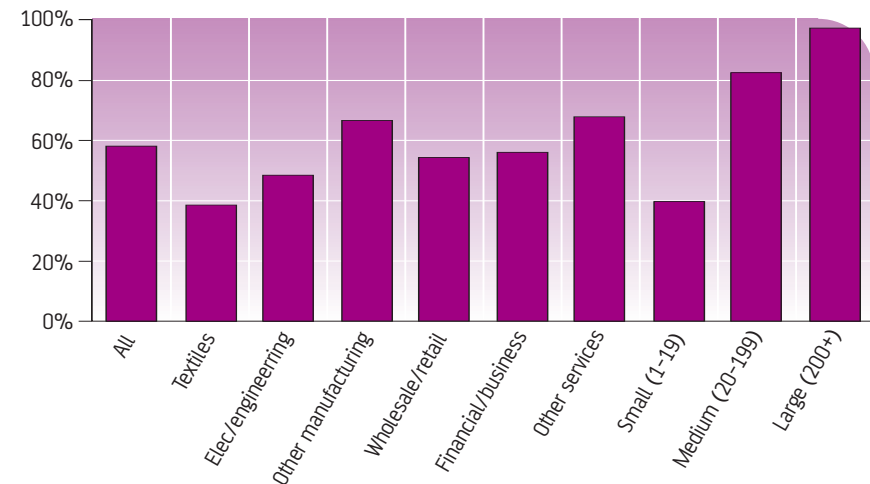
Recruitment

58% of firms surveyed had recruited staff over the previous six months, slightly fewer than in the Winter 03/04 survey. The percentage recruiting in the past six months increases with business size, ranging from 39% of firms with fewer than 20 staff to 82% of those with 20-199 staff and 97% of those with business size ranging +200 employees.

86% recruited full-time employees, whilst 41% had taken on part-time employees. In line with previous findings, service sector firms are twice as likely to have taken on part-time employees than manufacturing firms (49%, compared with 23%).

The majority of recruiting companies (90%) have taken on permanent employees, whilst 21% have taken on temporary staff.

Figure 12: Whether recruited staff in past six months



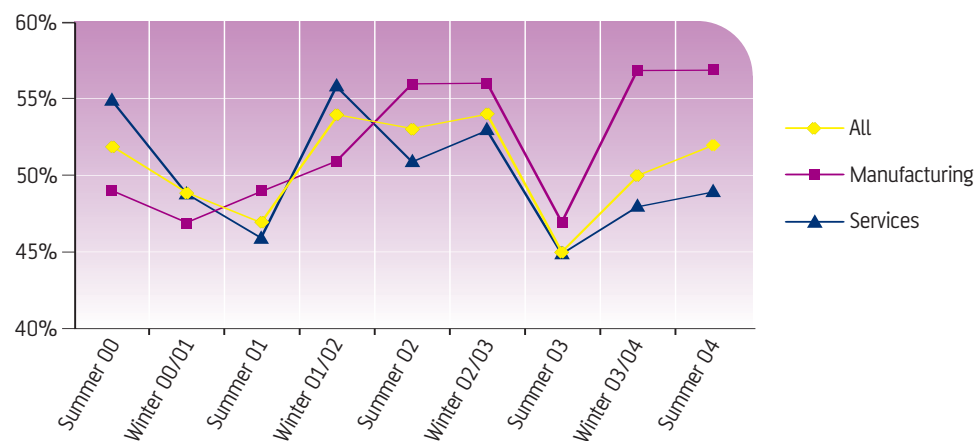
recruitment problems

Right people right job. We will only achieve this by: delivering improved services to businesses, making the most of new technology and strategic partnerships to offer a wider choice and greater control over how recruitment needs are met; working with local partnerships to develop the employment and skills agenda to ensure that our clients have the opportunity and skills to compete for available jobs and so become economically independent, socially included and not reliant on welfare benefits.

Jacqui Cryar, Business Development Manager, Job Centre Plus Leicestershire

Half of the recruiting firms (52%) experienced difficulties, much the same as six months ago (50%). In general, the problems for manufacturing sector firms (57%) were slightly greater than for service sector firms (49%). Larger companies experienced more difficulty than small companies.

Figure 13: Proportion of recruiting companies experiencing recruitment difficulties



Areas of recruitment difficulty

Overall, firms have had the greatest difficulty recruiting for skilled craft occupations (29% of those reporting recruitment difficulties), low skilled occupations (25%) and plant and machine operatives (22% of those experiencing recruitment difficulties). The proportion of firms reporting difficulties with clerical & secretarial occupations was 13%. Care work was the most frequently cited difficult occupation to fill. Manufacturing firms experienced two key areas of difficulty (skilled craft occupations 47% and plant and machine operatives 42%). Problem occupations were more widespread in the service sector with the area of greatest difficulty being low skilled occupations (30%).

Table 6: % of businesses reporting recruitment difficulties by occupation (multiple responses possible) (Standard Occupational Classification 2000)

	All	Manu- facturing	Services	Small (1-19)	Medium (20-199)	Large (200+)
Craft & related	29	47	20	24	33	26
Other low skilled	25	16	30	13	31	35
Plant & machine operatives	22	42	11	17	26	13
Associate technical & professional	14	14	14	12	16	13
Clerical & secretarial	13	5	18	17	10	17
Personal & protective services	11	-	16	14	10	-
Sales	9	6	10	12	6	13
Managers & administrators	7	5	7	1	9	13
Professional	5	1	7	1	7	4

Note: percentages refer to recruiting firms experiencing recruitment difficulties

skills shortages

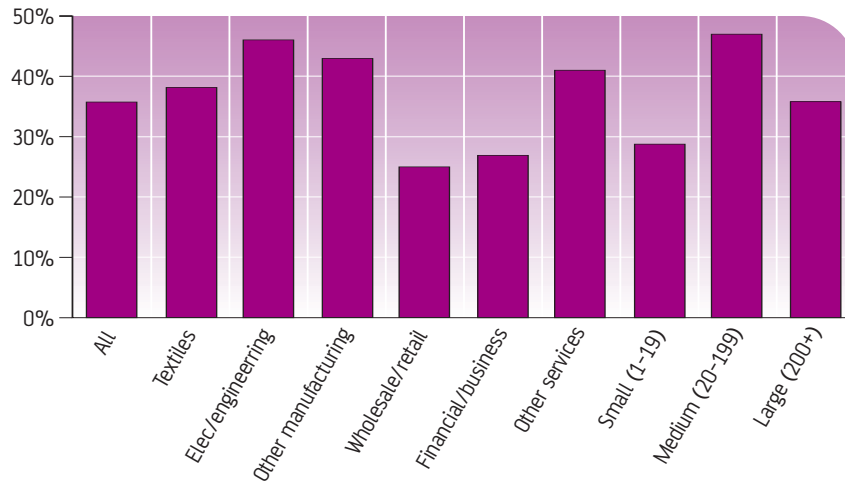
Leicestershire Learning and Skills Council is currently reviewing local learning and skills provision to see how well it meets the needs of learners, communities and employers. The starting point has been an analysis of what should be available to everyone in Leicestershire, and the results will then be compared with the provision currently available so that gaps can be identified. In 2005 we will publish a delivery plan outlining clear actions for meeting needs and improving choice.

Mick Evans
Senior Manager Planning, Research and Communications - Leicestershire LSC

The position on skills shortages has changed little in the last six months. Overall, 36% of firms surveyed agreed that skill shortages were having a serious impact on their business, much the same as six months ago (39%).

In manufacturing, there is a higher proportion of firms reporting skills shortages (43%) than in the service sector (32%). Very small companies (fewer than 10 staff) were the least likely to report skills shortages (25%).

Figure 14: Percentage of firms agreeing that skills shortages are having a serious impact on their business



The most significant skills that companies thought needed improving in their workforce were technical skills specific to their sector (28%), advanced IT (21%), communications skills with clients/customers (21%), communication skills within the company (20%) and customer care (20%). Small companies were less likely to say they had skills gaps.

Table 7: Skills which need improving in the workforce (%)

	All	Manu- facturing	Service	Small (1-19)	Medium (20-199)	Large (200+)
Technical skills specific to your industry	28	36	23	21	35	44
Advanced IT	21	19	22	16	28	36
Communication skills-clients/customers	21	17	22	16	26	42
Communication skills within company	20	20	21	12	29	47
Customer care	20	17	22	12	29	50
Management/supervisory skills	19	16	21	14	24	44
Marketing/sales	18	15	19	16	19	28
Basic IT	15	11	17	13	18	25
Professional skills	13	9	15	9	18	28
Basic Literacy	11	10	12	7	16	14
Basic Numeracy	10	11	9	8	12	17
None	40	38	41	49	30	11

Multiple response.

e-commerce

Leicestershire County Council is pleased to see the increasing use of Broadband by Leicestershire businesses, which will help to make a valuable contribution to the development of the County's economy.

Dr R.K.A Feltham
County Councillor

Current website ownership

70% of firms owned a website (much the same as in Winter 03/04), ranging from 54% of very small companies (under 10 staff) to all large companies. Web site ownership has risen from 53% in Summer 2000.

Website ownership is at the same level for the manufacturing and service sectors. It is much lower than average in the textile sector (38%) and is highest in the engineering/electrical (82%) and financial and business services (79%) sectors.

Of those companies with a website, 79% have their catalogue or details of products and services available to view on line. Companies with fewer than 20 employees were slightly less likely to have this available.

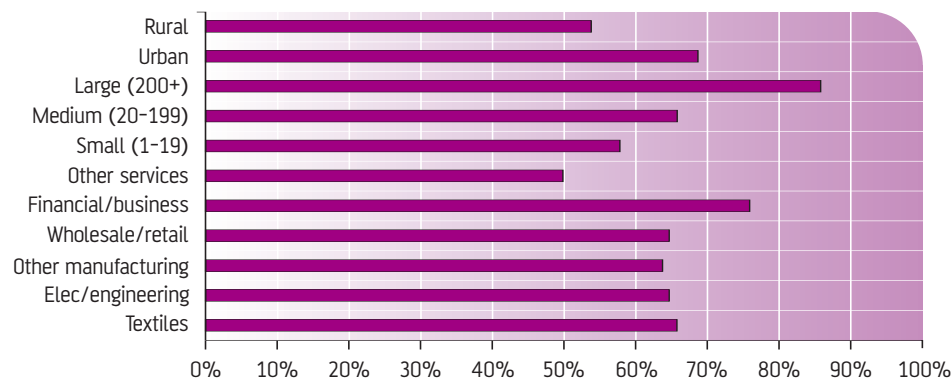
Use of Internet

The majority of companies (83%) said they used e-mail and/or the internet, ranging from 70% of those with fewer than 10 employees to 97% of those with 50 or more employees. Small retail and catering outlets were the least likely to be connected to e-mail/internet. This is unchanged since Winter 03/04.

Use of Broadband

The use of high speed Broadband connections continues to rise sharply. Almost two in three of those using the internet were on Broadband (63%), an increase from 52% in Winter 03/04 and 43% in Summer 2003. Broadband use was higher in urban (69%) than rural (54%) areas, although use in both types of area has increased over the past 6 months. Use was highest in Leicester (71%) and Oadby and Wigston (71%) and lowest in Hinckley and Bosworth (54%), Harborough (47%) and Melton (40%). (All figures are based on those using the internet).

Figure 15: Percentage of internet users using broadband

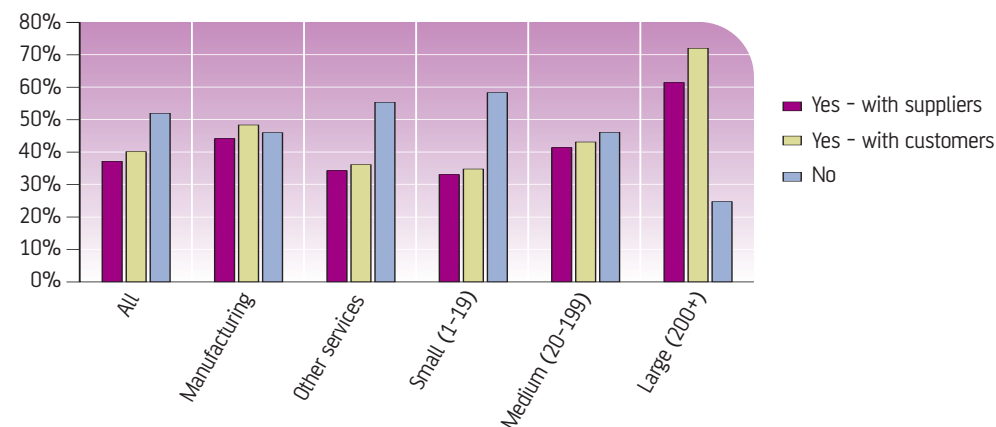


On-line trading

Almost half the firms (46%) undertake transactions or exchange of documents on-line, 37% with suppliers and 40% with customers, much the same as in Winter 03/04. Manufacturers (53%) are more likely than the service sector (42%) to trade on-line, either with customers or suppliers. Larger companies were more likely to trade on-line (41% small, 49% medium and 75% of large companies).

11% of companies reported that they were under pressure from customers or clients to do business, trade or collaborate on-line. 8% were under pressure from suppliers to trade on-line.

Figure 16: Proportion of companies who trade or exchange documents on-line

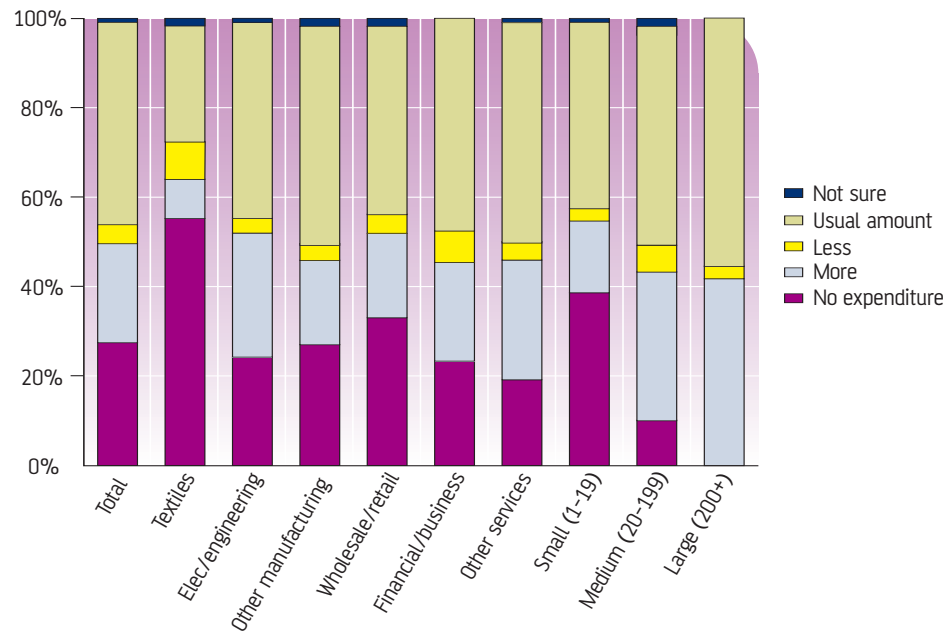


training and investment

Expenditure on training

Overall, 22% of firms surveyed said they had spent more than their usual amount on training in the past six months, whilst only 4% spent less. A total of 45% spent their usual amount, whilst 27% said they had spent nothing. This is much the same as six months ago. 50% of companies with fewer than ten staff spent nothing on training. Only 9% of textile companies reported increased training expenditure, with 55% spending nothing.

Figure 17: Change in expenditure on training



spotlight on: e-technology in business

Use of e-technology in business

Respondents were asked whether specific forms of e-technology were used in their businesses. Using the internet for information gathering was the most frequently cited (72%). 50% used it for market research, 44% for on-line ordering and 44% for identifying potential suppliers.

Table 8: Uses of e-technology by sector and size, % (base all companies).

	All	Manu- facturing	Services	Small (1-19)	Medium (20-199)	Large (200+)
On-line ordering for buying supplies	44	41	46	39	48	75
On-line selling of goods and services	30	32	29	27	29	64
On-line recruitment	16	14	17	8	24	53
Use internet for information gathering	72	80	68	65	81	89
Market research	50	55	47	43	56	78
E-learning, managers	22	19	23	16	25	56
E-learning, other staff	18	15	20	12	23	50
Customer management	23	26	21	17	27	58
Supply chain management	20	24	18	13	26	64
Identifying suppliers	44	57	37	38	49	69
Downloading software	45	51	41	40	51	58
ICT support	31	35	30	26	36	61
Invoicing	28	27	29	26	28	56
None of these	22	16	26	29	13	3

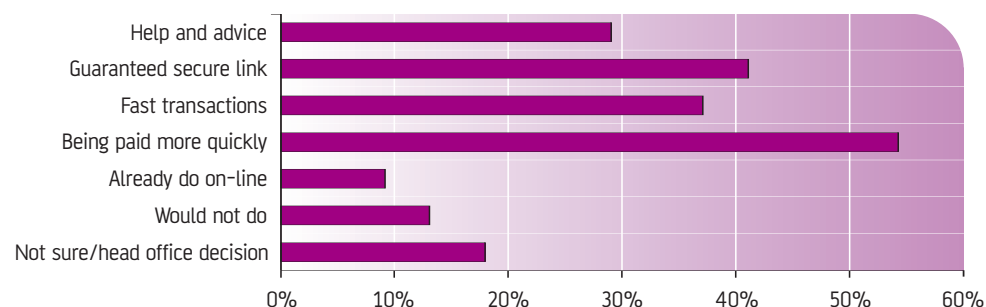
Use of ICT and e-technology for accounts

Two thirds of companies (68%) use a software package for raising invoices, processing orders or keeping track of accounts. Manufacturers (80%) are more likely than service sector companies (61%) to do this. Use ranges from 61% of small (< 20 employees) to 77% of medium (20-199 employees) and 75% of large companies (>200). 6% of respondents (mainly larger companies) did not know as this was dealt with at head office or by another department.

Half of those using a software package for accounting used Sage, with the rest using a wide variety of other packages.

Companies which currently use a software package for accounts were asked what would make them more likely to undertake financial transactions on-line. Being paid more quickly would encourage 54%, a guaranteed secure link 41% and fast transactions 37%.

Figure 18: What would encourage you to undertake financial transactions on-line?
(Base those currently using software package for accounts)



Public sector approved contractors' lists

32% of the sample said that they were interested in getting on an approved contractors' list for public sector organisations. A further 5% said they were not interested because they were already on an approved contractor's list. Almost all of those interested would like to receive further information about this.

Table 9: Proportion of firms interested in getting on a public sector approved contractors' list

	All	Manufacturing	Services	Small (1-19)	Medium (20-199)	Large (200+)
Yes	32%	36%	20%	31%	35%	38%

The main reason for not wanting to be on an approved contractor's list was that the product or service offered was not something public sector organisations would purchase. Previous experience of being on a list without any benefit, too much bureaucracy, the company being too small and currently having enough or too much work were also mentioned.

spotlight on: disability discrimination

The County Council is implementing this year's programme of works to remove barriers to access to its premises, that has been prepared in consultation with local access groups. It is also investigating ways in which arrangements for assessing its premises can be strengthened in the future.

Rob Fraser, County Councillor
Cabinet Lead Member for Equalities

Disability Discrimination Act (DDA)

The provisions of the DDA to make 'reasonable adjustments' to the physical features of a company's premises will come into force in October 2004. Three in four companies (75%) were aware of this.

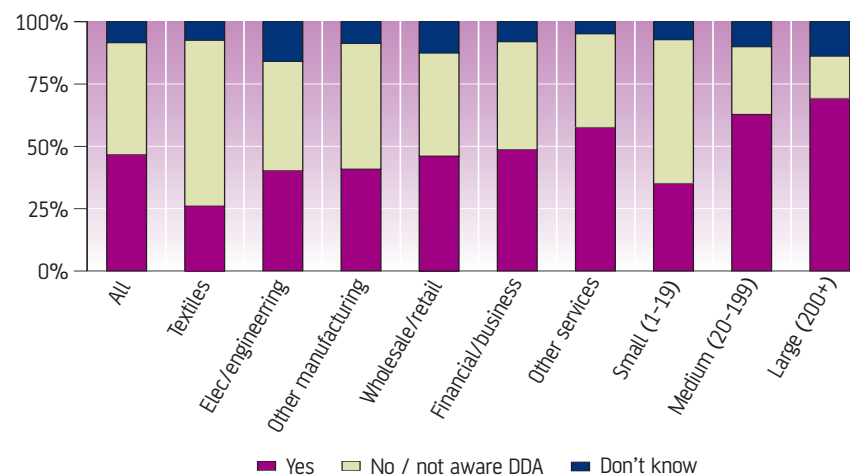
Table 10: Awareness of new provisions of Disability Discrimination Act (%)

	All	Manu- facturing	Services	Small (1-19)	Medium (20-199)	Large (200+)
Yes	75	70	78	68	85	86
No	18	24	15	23	11	6
Don't Know	2	4	1	1	3	8
NA	5	2	6	7	1	-

Almost half the companies (47%) had made an assessment to determine the barriers disabled people may face. Larger companies were more likely than others to have done this, ranging from 27% of those with fewer than 10 employees to 69% of those with 200+ employees. A number of companies said they did not know, either because this was dealt with by head office, or because another person in the company was responsible.

Overall, 8% of companies had made the necessary changes, 11% planned to make the changes and 26% said they had made an assessment but no changes were needed. 23% said there were no changes planned but 33% said that they did not know or that this was not applicable to them.

Figure 19: Percentage having assessed their premises for barriers disabled people may face



spotlight on: relocation & growth plans

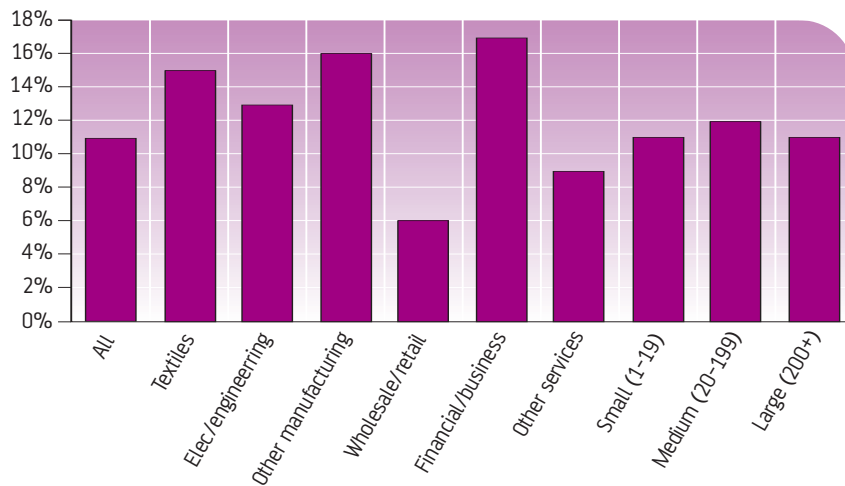
Leicester Shire Promotions, through our Invest Leicestershire division, is committed to promoting the Leicestershire offering for businesses looking to relocate from outside the area or those existing companies who need to expand locally. Our team has increased its engagement with UK and foreign-owned organisations, and is providing targeted solutions for up to 200 Leicestershire businesses, addressing the barriers they face to developing and thriving within Leicestershire.

Martin Peters, Chief Executive of Leicester Shire Promotions

Spotlight – relocation

Just over one in ten companies (11%) said that they were planning to relocate in the next couple of years, ranging from 15% of manufacturers to 10% of service sector companies. The wholesale/retail sub-sector were the least likely to be planning to relocate.

Figure 20: Percentage of companies planning to relocate in next couple of years



Of those planning to relocate, 28% were planning to move to Leicester and 56% to Leicestershire. A total of 15% (2% of the complete sample) were planning to locate outside the City and County.

Table 11: Where companies are planning to relocate to (%)

	All	Manu- facturing	Services	City	County
In Leicester	28	35	22	54	6
In Leicestershire	56	49	61	33	74
Outside Leicestershire	15	16	14	13	17

(those planning to relocate, 86 companies)

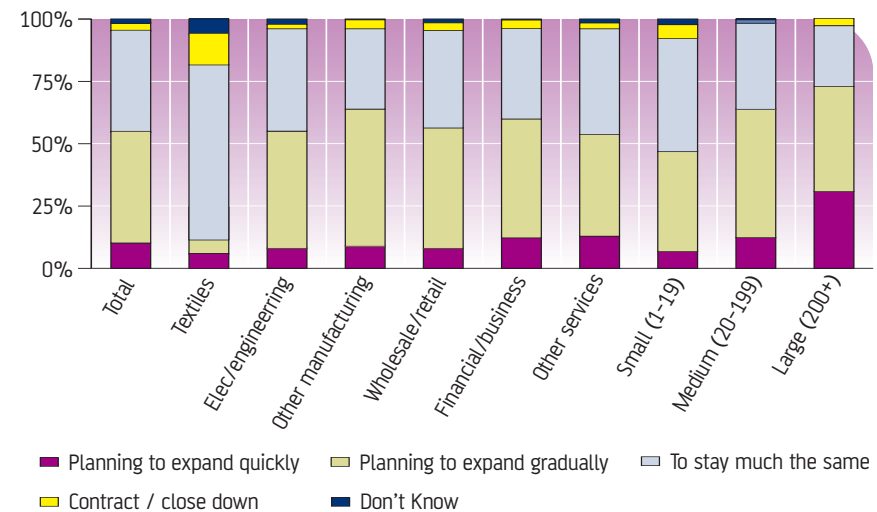
Reasons for relocating outside the area were mixed and included moving overseas for lower production costs.

When asked where they would go if they needed any advice or information about relocation, 20% of those planning to relocate said they would not need to go anywhere and 7% said their head office. 33% mentioned an estate or property agent. Business Link, Councils, LSC and emda were also mentioned.

Spotlight – growth plans

A total of 10% of companies said that they were planning to expand quickly, with 44% saying they planned to expand gradually. 40% said they planned to stay much the same with 3% saying they would contract or close down. The textile sub-sector was far more likely than any other sector to say they would contract or close (13%) or stay much the same (57%). Large companies were more likely than others to say they planned to expand quickly (31% of those with 200+ employees compared with 19% of those with 50-199 employees and 5% of those with fewer than 10 employees).

Figure 21: Growth plans



spotlight on: regeneration in Leicester

As my role is to co-ordinate work on attracting government departments and agencies from London to Leicester and Leicestershire, I am particularly pleased to see the positive image businesses have of Leicester and Leicestershire as a place to do business. What is particularly encouraging is the recognition of the role the area's cultural diversity is making to the success of businesses in the area. Such a ringing endorsement provides a clear message to those thinking of relocating that this is an area with all the right ingredients for a successful move.

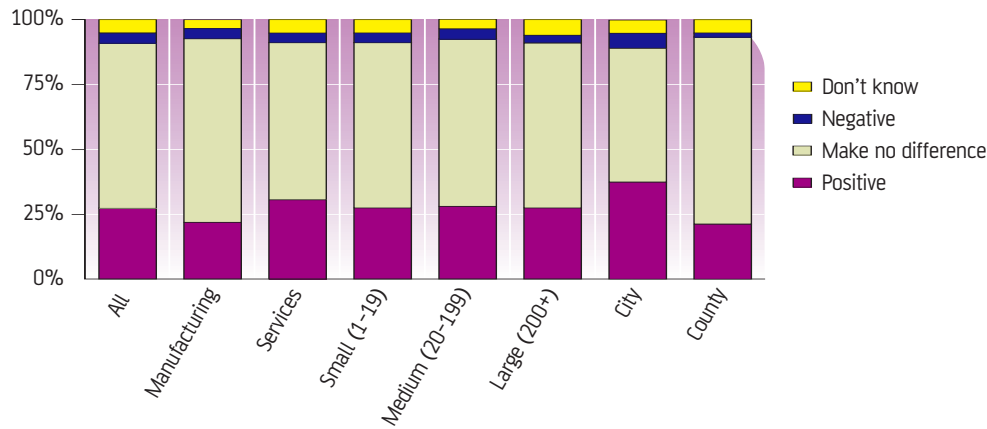
Steve Dibnah
Manager - Public Sector Relocation Project, LSEP

Spotlight – Regeneration in Leicester

The regeneration of Leicester City centre was broadly seen as positive, with 27% saying it would have a positive impact on their business and 63% saying it would make little difference. Only 4% said it would have a negative impact.

37% of City based companies said the regeneration would have a positive impact. 56% of the finance/business and 43% of the wholesale/retail sub-sectors based in the City thought this would benefit them.

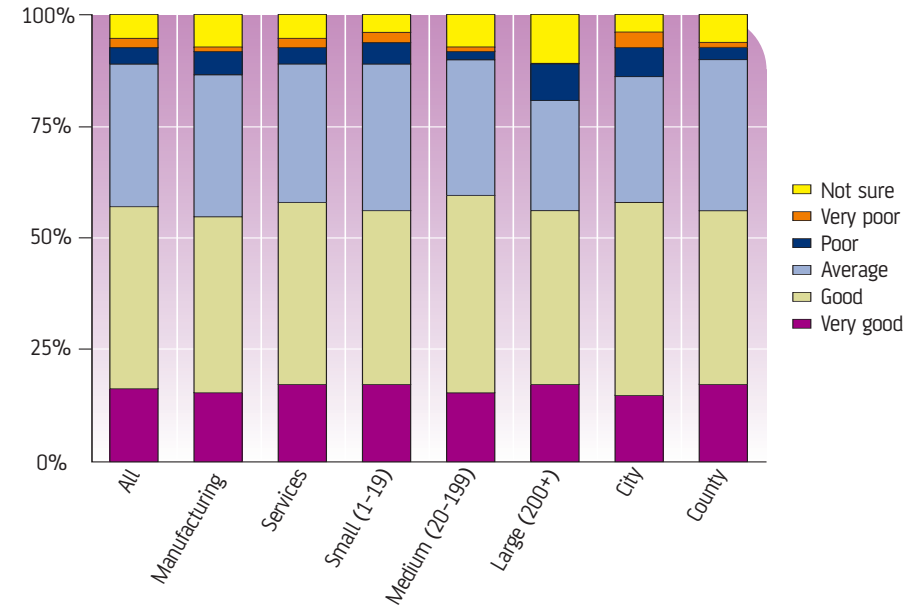
Figure 22: Impact of the planned regeneration in Leicester City centre on businesses



Opinions about Leicester and Leicestershire as a place to do business

Views about Leicester and Leicestershire, as a place to do business were positive with 16% saying it was very good and 41% good. A total of 32% thought it average with 6% thinking it poor or very poor. There was very little difference in opinion between sectors, sizes or location other than the textile sub-sector who were slightly less satisfied.

Figure 23: Opinion of Leicester or Leicestershire as a place to do business



Main strengths of Leicester and Leicestershire

When asked what were the main strengths of Leicester or Leicestershire as a place to do business, the two main factors mentioned were its central location (42%) and its good motorway or road links (35%).

A wide range of other characteristics were mentioned including the multicultural or diverse community; a good, hard working workforce; a wide range of businesses; a large customer base; rail and air links and a skilled workforce. It was also thought to be relatively inexpensive in terms of overheads, wages and property prices, but fairly affluent in the County in terms of incomes.

When asked how they might try and sell the area to other businesses thinking of moving, in addition to the issues cited above, respondents mentioned the lovely countryside and that it is an attractive place to live. A number of companies commented that Leicester was a vibrant city and that the whole area was 'up and coming'.

methodological notes

Methodological notes

The Leicester & Leicestershire Business Survey is conducted twice a year and is produced through a partnership involving Leicester Shire Economic Partnership, Leicestershire County Council, Leicester City Council, Leicestershire Chamber of Commerce, Leicestershire Learning and Skills Council and Business Link Leicestershire Ltd.

The survey

A telephone survey of 752 businesses within Leicester and Leicestershire was undertaken from mid-June to mid-July 2004. The sample was drawn from the Leicestershire, Leicester and Rutland Business Database (data4business) and aims to reflect as accurately as possible the mix of businesses found in the survey area. Rutland businesses were not included in this survey.

The following table shows the survey sample broken down into business sector and size band

	City	%	County	%	Total	%
Business Sector						
Manufacturing	99	34%	155	33%	254	34%
Services	189	66%	309	67%	498	66%
Business Size						
1-9 employees	90	31%	162	35%	252	34%
10-19 employees	80	28%	105	23%	185	25%
20-50 employees	65	23%	110	24%	175	23%
51-199 employees	38	13%	66	14%	104	14%
200+ employees	15	5%	21	5%	36	5%

Leicester & Leicestershire **business survey** summer 2004

The next Leicester & Leicestershire Business Survey will be conducted in November / December 2004

An electronic version of the survey report is available on the Leicester Shire Intelligence web site, www.lsint.info

Requests for further copies of the survey or a large print version and requests for detailed statistical cross tabulations of the data should be made to:

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Telephone: 0116 265 7341
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If you would like to speak to a specialist advisor on any issues outlined in this survey please contact:



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