



LEICESTER SHIRE  
**economic**  
partnership

# Leicester & Leicestershire **business survey** **summer 2003**



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# foreword

Leicester Shire Intelligence is pleased to present the Summer 2003 edition of the Leicester and Leicestershire Business Survey.

This represents the first publication from Leicester Shire Intelligence, an exciting new partnership venture for Leicestershire.

The partnership has been created to build upon the successful work of the Leicestershire Economic Research Partnership (LERP). It is a key project within the Leicester Shire Economic Partnership's strategy and has therefore, recently benefited from financial support from the East Midlands Development Agency. All partners previously involved in LERP are pleased to support the evolution of LERP into Leicester Shire Intelligence. It represents an opportunity to increase the influence of research and intelligence upon planning in Leicestershire in a more coherent way.

The purpose of the partnership is to provide high quality research and intelligence about the sub region. It will act as a central point for economic information for Leicestershire, providing key statistics, analysis and access to quality assured research projects. A key role is to encourage the commissioning of collaborative research projects such as this business survey, to avoid duplication and also to fill gaps in our knowledge.

The partnership complements the East Midlands Regional Observatory, the Regional Intelligence Unit and the Framework for Regional Employment Skills Action (FRESA).

It is our aim that the information provided by the partnership will be widely used to inform strategic planning, business planning, funding bids and decision making within the LSEP and key partner organisations.

Finally, we hope that you find this publication useful. If you have any suggestions for ways of developing or adding further value to the survey, please contact me, or one of the partners in the project, as we always welcome new ideas.



**CAROLINE BOUCHER**

Research Programme Manager  
Leicester Shire Economic Partnership



# key issues

## General business conditions

- Business optimism continues to fluctuate. Optimism has improved since Winter 2002/03, but is still slightly lower than twelve months ago. Overall, views on optimism were mixed (balance 0%). 21% thought business conditions would improve compared to 21% who thought they would deteriorate over the next six months. Two in five (41%) thought there would be little change.
- This increase in optimism applied to both the manufacturing and service sectors. Pessimism within the textiles sector remains very low at -44%.

## Sales and profits

- The sales and profit outlook for firms has increased slightly in the last six months. The balance of businesses reporting an increased turnover is +27% (from +22% in Winter 2002/03), whilst the balance of increased profits has also increased slightly to +19% (from +13%).
- Under half the sample (47%) reported an increase in turnover with 20% reporting a decrease.
- Outlook for both sales and profits has changed little in the last six months. The balance of optimism with regard to future sales is +36%, whilst that for improved profitability is +38%.

## Main business concerns

- The main concerns for businesses are still red tape and competition.
- Exchange rates continue to be of concern to exporters.

## Export activity

- Export growth has improved over the past six months, with a balance of +13% of exporters showing an increase in export sales, compared to +5% six months ago, although the proportion of firms saying that they export has decreased slightly.
- The outlook for exports is also positive, with a balance of +13% experiencing an increase in their overseas orders over the past six months.

## Business finance and investment

- The cashflow position has changed little, with a balance of +11% experiencing an improvement in this respect, much the same as six months ago. 27% said their cashflow position had improved with 16% saying it had worsened.
- The percentage of firms working at less than 70% capacity has decreased slightly to 16%.
- The balance of firms that have revised their investment plans upward is now 24%, much the same as six months ago.

## The Euro

- 27% of firms thought Britain should join the Euro to benefit their business, 49% said it should not and 23% did not know. On balance exporters thought that joining would benefit them (47% should join, 41% should not).

## Price pressures and labour costs

- The proportion of businesses that have increased their prices has remained much the same (28%) compared with 12% who have decreased their prices.
- The main price pressures are raw materials and other overheads, although all pressures had reduced slightly over the past six months.
- Wage rates have increased by 3.7% overall, higher than in the Winter 2002/03 survey.

## The workforce

- The proportion of firms recruiting staff has decreased to 56%. The percentage of recruiting firms reporting difficulties was 45%, lower than that reported six months ago.
- The greatest area of recruitment difficulty remained skilled manual workers and semi-skilled jobs with unsocial hours.
- The position with regard to skills shortages has changed little over the past twelve months.
- 37% of firms agree that skill shortages are having a serious impact on their business.
- 27% had spent more than their usual amount on training in the past six months, much the same as six months ago.
- The most frequently cited skills gaps in their current workforce were communication skills (32%), management or supervisory skills (28%), technical skills specific to their industry (27%), customer care (25%), advanced IT (22%) and marketing/sales (22%).
- 52% said they were aware of modern apprenticeships and understood what they were, with a further 22% saying they had heard of them but did not understand them fully.

## E-commerce

- 72% of businesses have a website.
- 43% of internet users have a high-speed broadband connection. 16% of internet users in rural areas had tried to get broadband and found it unavailable in their area.

## Crime

- 45% of firms had been the victim of crime in the previous 12 months. There was no difference between urban and rural or City and County locations.

# general business conditions

Business optimism is a powerful thing. It's a measure of managers' confidence in their own abilities and their perception of the world outside – two success factors inextricably linked. This survey shows the business confidence of Leicestershire companies on the increase and no longer shows a negative response.

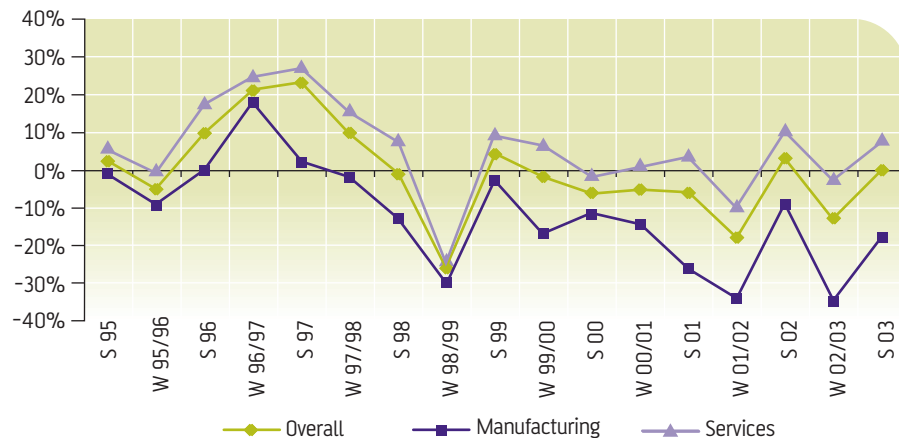
**Mike Jewitt**  
Operations Director, Business Link Leicestershire

## Business optimism

Local business confidence has continued to fluctuate. It has increased in the past six months but is still slightly lower than it was a year ago (Summer 2002). The balance of optimism (\*) is 0%, compared with +3% in Summer 2002 and -13% (Winter 2002/03). Overall, 21% of respondents thought that general business conditions would improve, 21% that they would deteriorate and 41% thought they would not change much.

Service sector organisations are again more confident than manufacturing organisations with the balance of optimism positive (8%, increasing from -2% six months ago). Manufacturing optimism has increased sharply from -35% six months ago, to -18%, but is still lower than a year ago. Overall, 14% of manufacturers thought business conditions would improve, 32% that they would deteriorate and 36% that they would not change much.

Figure 1: Balance of business optimism

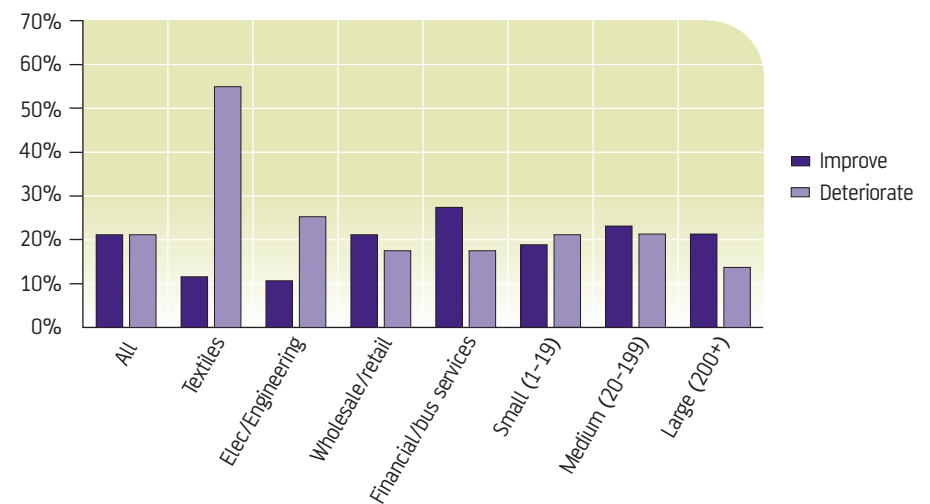


\* Throughout this report balance data will be referred to. The balance is calculated by subtracting the percentage of businesses expecting a worse situation from those expecting an improvement.

Optimism is still very low in the textiles sub-sector (-44%). The balance of optimism in electrical/engineering has increased to -15% from -27% six months ago, with 10% of firms in this sector thinking conditions will improve compared to 25% that think they will get worse.

Financial and business services are slightly more optimistic than other sectors with 27% thinking conditions will improve and 17% that they will get worse. In the wholesale/retail sub-sector, 21% thought conditions would improve compared to 17% that thought they would get worse, an improvement since the Winter 2002/03 survey.

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



# sales and profits

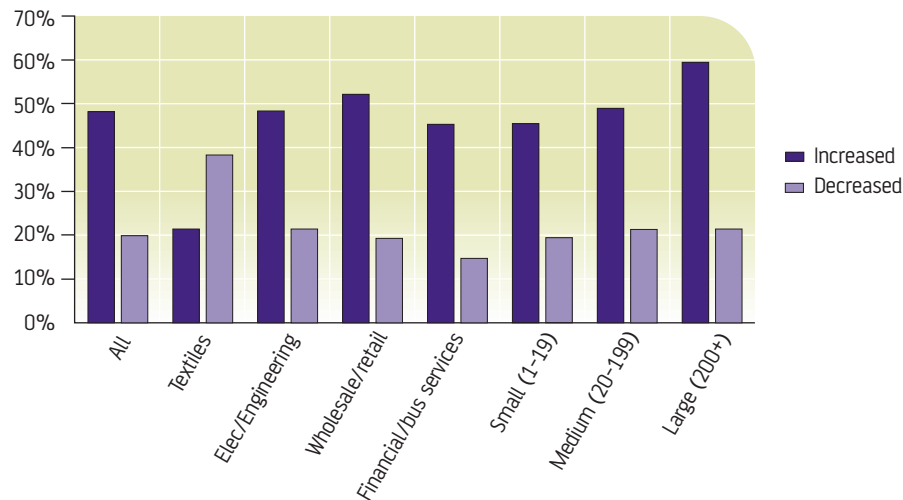
The long-term orderbook gives much less of a clue to future trends in these days of "just in time" ordering. Our members have learned to have greater faith in repeat business despite this reassurance. Investing in quality has paid off well and our members' return to growth reflects that they add real value for their customers

**Max Boden**  
Company Secretary, Leicestershire Chamber of Commerce and Industry

## Sales performance

The position with regard to turnover has improved slightly in the last six months. The balance of businesses that report an increased turnover in the last six months is higher than reported in the Winter 2002/03 survey (+27%, compared with +22%). A total of 47% reported an increase in turnover in the previous six months compared with 20% who reported a decrease. A total of 20% reported an increase in sales of more than 10%.

Figure 3: Balance of increase in sales over the last 6 months



## Order intake

A third (33%) of firms report increased orders, advanced custom and advanced bookings in the last six months, much the same as in the previous six months. This is again offset by a decrease in a minority of firms (13%), leaving a balance of +20%.

Service sector organisations have performed much the same as manufacturing in this respect (+19%, compared with +18%), with the manufacturing sector having improved from +11% six months ago and the service sector having declined from +25% six months ago.

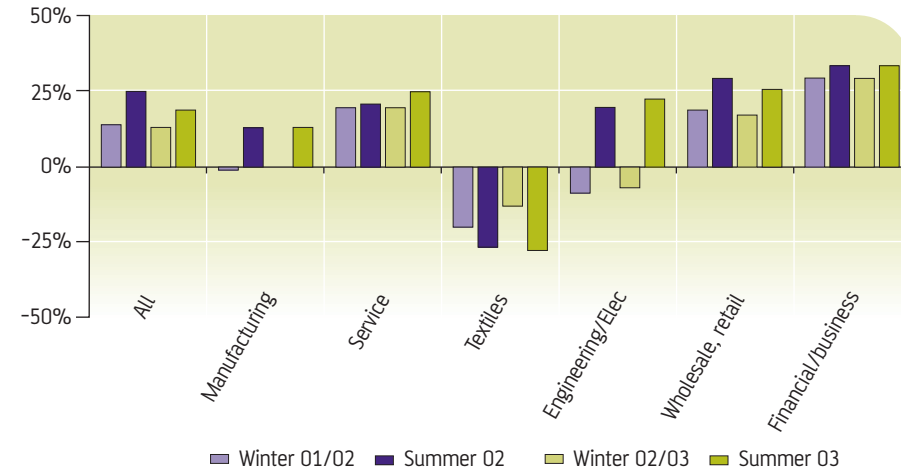
## Profit performance

The balance of businesses that reported increased profits in the last six months was slightly higher than reported in Winter 2002/03 (+19%, compared with +13%). However, it is slightly lower than a year ago (+25%). Overall, 43% reported an increase in profits and 22% a decrease. 17% reported an increase of more than 10%.

The best performing industry sector in terms of increases in profits is again, financial and business services (+34%). Manufacturing in general had improved to +13%. Textiles have again performed very poorly at -28%. The engineering/electrical sub-sector had increased to +22%.

Profitability has increased slightly in the last twelve months within organisations of all sizes (+16% of small companies, +25% of medium companies, +46% of large companies).

Figure 4: Balance of increase in profits over the last 12 months



## Outlook

The outlook for sales is much the same as it was six months ago (a balance of +36%), slightly lower than a year ago. The manufacturing sector was less optimistic than the service sector, with 41% predicting an improvement in sales compared to 50% in the service sector.

The outlook for profits has changed little over the past year. Half the sample predicted an increase in profits over the next six months, and 12% a decline.

# export activity

The strengthening Euro exchange rate has helped to win back some business and the steady upturn in the global economy is a real opportunity. Although the number of exporters is much lower than a decade ago, the potential for a return to this level should be taken seriously. The growing participation of service sector business in overseas trade is a trend that I am watching with interest.

**Martin Traynor**  
Chief Executive, Leicestershire Chamber of Commerce and Industry

## Export performance

Just over one in five firms surveyed (21%) export products or services, slightly fewer than six months ago. The proportion of manufacturers exporting has fallen slightly to 44% and that of service sector organisations to 10%.

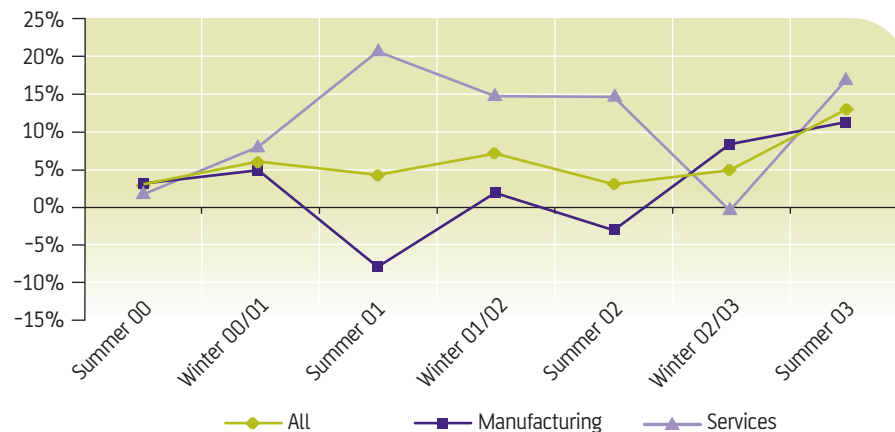
Table 1: Percentage of products or services exported (%)

|               | None | 4% or less | 5-9% | 10-24% | 25-49% | 50% or more |
|---------------|------|------------|------|--------|--------|-------------|
| Manufacturing | 56   | 5          | 8    | 12     | 6      | 12          |
| Services      | 90   | 2          | 3    | 2      | 1      | 3           |

Over the last six months, 32% of exporters have increased their overseas sales, whilst fewer have seen a decrease (19%), an improvement on the Winter 2002/2003 survey.

This is a balance of +13% compared to +5% six months ago and +3% 12 months ago, in contrast to the past two years where export sales remained fairly flat.

Figure 5: Balance of change in export sales over the past 12 months



The balance of export sales has improved slightly for manufacturing (from +8% to +11%). Within manufacturing, the situation of textiles businesses has changed sharply with an overseas sales balance of -10% compared to a positive balance of +8% six months ago. The balance for the engineering/electrical sector has improved to +27% from +18% six months ago. The decline for the service sector seen in the Winter 2002/2003 survey has been reversed (from 0% to 17%).

## Export outlook

The outlook for exports is little changed, with a balance of +13% compared to +14% in Winter 2002/2003. Overall, 38% said their advanced orders had increased, 46% that they were much the same and 15% that they had decreased.

Manufacturing shows a positive balance (+17%), much the same as six months ago. The advanced orders for the textile sub-sector shows a negative balance of -6% and the engineering/electrical sub-sector +34%.

## Spotlight on the Euro

Companies were asked to say whether or not they thought that joining the Euro would have a beneficial effect on their business. Views were mixed, with 27% saying Britain should join, 49% that it should not and 23% were unsure. Some of this latter group would be companies for whom the Euro has no impact on their business. Exporters were, on balance, just in favour of joining the Euro, with 47% approving and 41% against.

Table 2: To have most benefit for your business, should Britain join the Euro? (%)

|            | All | Manu-<br>facturing | Service | Small<br>(1-19) | Medium<br>(20-199) | Large<br>(200+) | Exporters | Non<br>exporters |
|------------|-----|--------------------|---------|-----------------|--------------------|-----------------|-----------|------------------|
| Yes        | 27  | 30                 | 26      | 26              | 28                 | 38              | 47        | 22               |
| No         | 49  | 55                 | 47      | 52              | 48                 | 38              | 41        | 52               |
| Don't know | 23  | 15                 | 27      | 23              | 24                 | 23              | 13        | 26               |

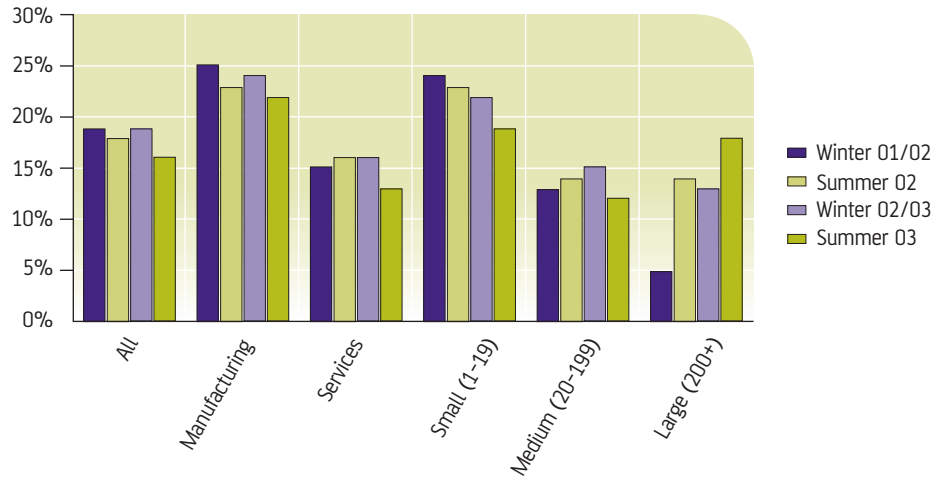
The mood of many businesses is still cautious, although increasing stability in world affairs increases confidence. Sadly the red tape associated with the Chancellor's "tax incentives" to invest in productivity makes their impact of limited value to smaller companies and barely touches the sectors most in need, such as textiles.

**Max Boden**  
Company Secretary, Leicestershire Chamber of Commerce & Industry

## Capacity

Since the Summer 1999 survey, the proportion of organisations working at less than 70% of capacity has remained little changed at 16%, much the same as six months ago. The proportion of firms working at nearly full capacity is 39%, also little changed over the past twelve months. Manufacturing firms (22%) are more likely to be working at less than 70% capacity, particularly firms in the manufacturing sub-sector of textiles (30%).

Figure 6: Proportion of firms currently working at less than 70% capacity



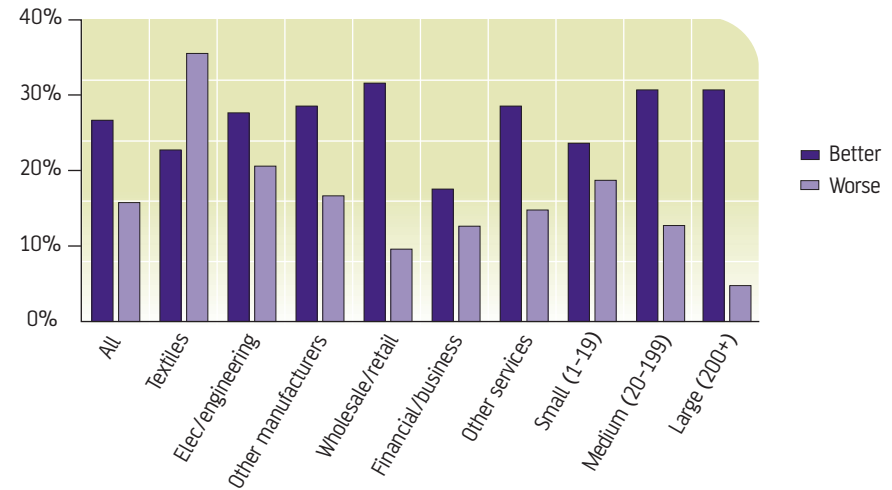
## Cashflow

The Cashflow position has remained much the same, with 27% of businesses saying that cashflow has improved, 48% saying it had not changed and 16% saying it has worsened. The balance is +11%, which is much the same as found in the Winter 2002/2003 survey.

## Investment plans

Positive balances in terms of investment plans being revised upwards are evident in all industry sectors and manufacturing sub-sectors, with a quarter of all companies (28%) saying they had revised their investment plans upwards, 4% saying they had been revised downwards and 67% saying there had been no change. The balance of investment is now +24%, little changed from previous surveys. There is little difference between sectors.

Figure 7: Percentage with cashflow better/worse than six months ago





# main business concerns

The business community is increasingly aware of how legal requirements and red tape can cut into time needed for actually managing the business. In order to remain competitive, owner managers are working smarter and learning from each other through the development of local business networks.

**Tina McEwen**  
Chief Executive, Business Link Leicestershire

## Main concerns

Respondents were 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.

Reflecting the findings of previous surveys; red tape and competition are of most concern to local businesses. Concern about these factors has remained fairly constant over the past two years. Concern about interest rates has fallen slightly. Exchange rates continued to be of concern to exporters (3.5).

Table 3: Business concerns mean score ranked by order of importance

| Factor          | All Summer 03 | All Winter 02/03 | Manufacturing | Services | Small (1-19) | Medium (20-199) | Large (200+) |
|-----------------|---------------|------------------|---------------|----------|--------------|-----------------|--------------|
| Red Tape        | 3.5           | 3.7              | 3.5           | 3.5      | 3.3          | 3.8             | 3.2          |
| Competition     | 3.3           | 3.4              | 3.4           | 3.3      | 3.1          | 3.6             | 3.7          |
| Business Rates  | 3.0           | 3.1              | 3.3           | 2.9      | 2.9          | 3.1             | 2.6          |
| Inflation       | 2.8           | 2.9              | 2.9           | 2.7      | 2.7          | 2.9             | 3.1          |
| Interest Rates  | 2.6           | 2.8              | 2.5           | 2.6      | 2.5          | 2.6             | 2.8          |
| Corporation Tax | 2.5           | 2.6              | 2.9           | 2.3      | 2.3          | 2.7             | 2.3          |
| Exchange Rates  | 2.1           | 2.2              | 2.6           | 1.9      | 2.0          | 2.3             | 2.4          |

Companies were asked the extent to which SARS or terrorism was a concern for their business. 60% said they were of no concern at all, but 6% rated this as a "4" (great concern) and 6% as a "5" (very great concern). These were of most concern to companies in the communications and transport sector, which includes travel companies.

Table 4: Business concerns for City and County firms

| Factor          | City      |              | County    |              |
|-----------------|-----------|--------------|-----------|--------------|
|                 | Summer 03 | Winter 02/03 | Summer 03 | Winter 02/03 |
| Red Tape        | 3.5       | 3.5          | 3.5       | 3.7          |
| Competition     | 3.4       | 3.5          | 3.2       | 3.3          |
| Business Rates  | 3.1       | 3.1          | 2.9       | 3.1          |
| Inflation       | 2.8       | 2.9          | 2.8       | 2.9          |
| Interest Rates  | 2.5       | 2.8          | 2.6       | 2.8          |
| Corporation Tax | 2.6       | 2.5          | 2.4       | 2.7          |
| Exchange Rates  | 2.2       | 2.1          | 2.1       | 2.3          |

City firms are slightly more concerned about competition, business rates and corporation tax than County firms. Urban companies are slightly more concerned about competition than rural firms but otherwise opinions were much the same.

## Leicester City in the Premiership

A total of 18% of firms thought that Leicester City Football Club being promoted to the Premiership would benefit their business. This included firms such as shops and hotels who thought this would attract more visitors, firms that might trade directly with the club and companies that said that many of their workforce supported City and they would work better because they were happier!

A small proportion (2%) thought this would have a negative impact, but the majority of respondents (78%) said it would make no difference to them.

# price pressures and labour costs

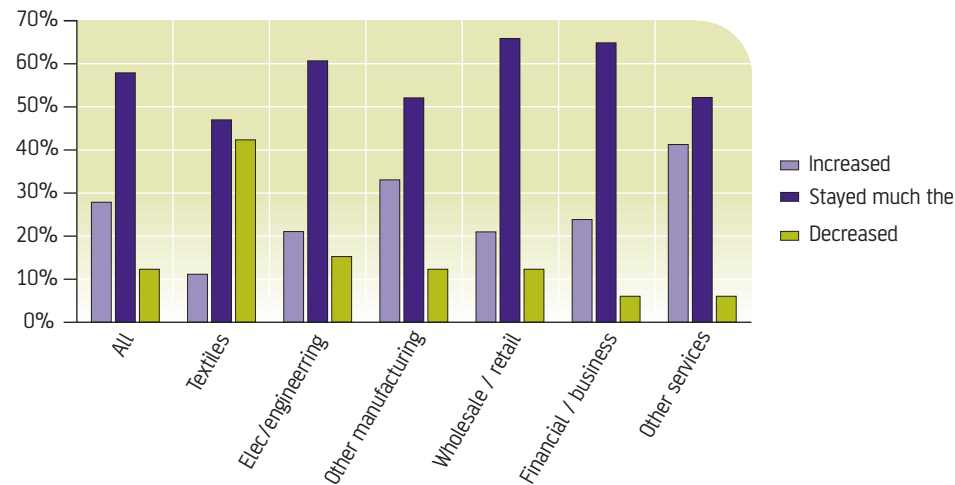
Leicester's economy is changing as we develop higher value-added goods and services, creating better paid jobs. Now we need to make sure that all our people have the skills to benefit from these new opportunities.

Patricia Hewitt MP (Leicester west)  
Secretary of State for Trade and Industry, and Minister for Women and Equality

## Prices

A quarter of businesses increased their prices during the last six months (28%), whilst 12% say their prices have decreased. The balance of businesses that report increases in prices in the last six months is slightly higher than reported in the Winter 2002/2003 survey (+16%, compared with +11%), but is slightly lower than it was in Summer 2002. However, more than half the businesses (58%) report no change in prices.

Figure 8: Businesses reporting increased and decreased prices by sector



In the textiles sub-sectors, more firms had decreased their prices than had increased them, but for the engineering/electrical sub-sector the situation found in the Winter 2002/2003 survey had reversed, with more firms in this sector having increased prices rather than reduced them (balance +6%).

Small companies were less likely to have increased their prices than larger ones. 23% of those with <20 employees had increased their prices, compared with 33% of those with 20-199 employees and 36% of those with 200+ employees.

Table 5: Proportions by which prices have changed

| %               | Price increase |      |     |    | No change | Price decrease |     |      |     |
|-----------------|----------------|------|-----|----|-----------|----------------|-----|------|-----|
|                 | >10            | 6-10 | 3-5 | <3 |           | <3             | 3-5 | 6-10 | >10 |
| % of businesses | 2              | 2    | 13  | 5  | 58        | 2              | 3   | 1    | 2   |

Note: Not all businesses responded to amount of price increase

Pressure to increase prices was less than in the Winter 2002/2003. 69% of firms predict no change in prices, higher than six months ago, with a slightly smaller proportion (19%) predicting an increase.

A minority (5%) anticipate that prices will decrease, slightly less than six months ago, giving a balance of +14%. More service sector companies (21%) think that prices will increase than manufacturers (14%), but the proportion of manufacturers predicting an increase in prices is less than it was six months ago (24% Winter 2002/2003).

Of the factors mentioned to respondents, the main price pressures had all reduced slightly. The main price pressures were raw material prices (26%) and other overheads (24%). 18% mentioned pay settlements and 14% mentioned finance costs.

## Labour costs

Locally, 67% of firms report increases in wage rates over the past 12 months, whilst only 2% report decreases, much the same as in the Winter 2002/2003 and Summer 2002 surveys. There was little difference between sectors. Small firms (1-19 employees) were less likely than larger firms to have raised their wages.

Overall (counting those firms whose wage rates have not changed much as a zero increase), wage rates have increased by 3.7%, slightly higher than the national headline rate figure for average earnings growth of 3.4% in May 2003. This rate of earnings growth is higher than was found six months ago, particularly for manufacturing. It ranges from 3.8% within service sector organisations to 3.5% in manufacturing businesses.

# the workforce

It's important that we take a co-ordinated, strategic city-wide approach if we are to make the best use of the resources available to us. This can be done through the development of an employment strategy, which will ensure that local people benefit from the development set to take place across the city over the next few years. This will help us to develop a way to sustain job opportunities over a number of years.

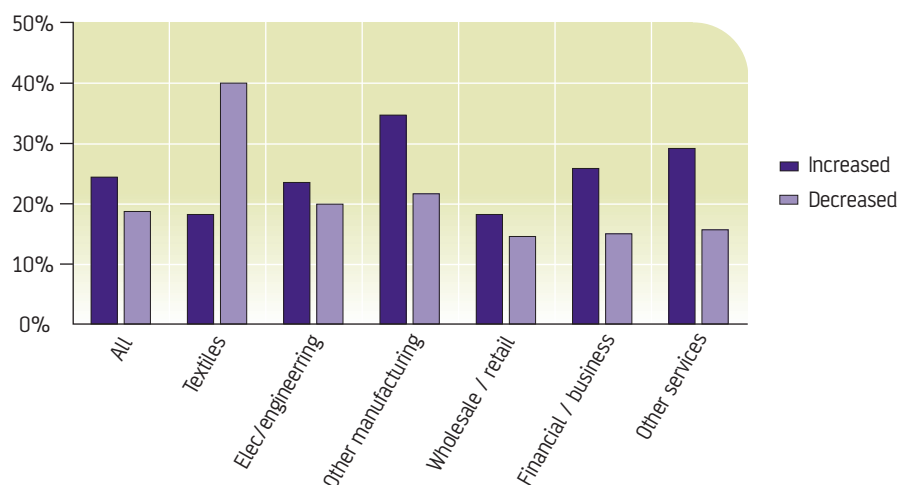
**CLlr Gary Hunt**  
Cabinet Link Member; Environment, Regeneration and Development

At the time of the survey, the local unemployment rate\* for the LSC area\*\* was 3.0%, slightly above both the regional rate (2.3%) and the national rate (2.6%). The rate for the County area has increased to 1.6% and that for Leicester City has risen to 5.9%.

## Workforce growth

56% of firms reported no change in their workforce over the past six months, the same as in the Winter 2002/2003 survey. This ranged from 48% of the manufacturing sector to 60% of the service sector. 25% said that their workforce had increased and 18% that it had decreased. Overall, 25% of manufacturers said their workforce had declined compared with 15% of the service sector. 40% of textile companies had decreased in size. The situation for the engineering/electrical sub-sector has improved in the last six months, with 23% having increased and 20% decreased in size.

Figure 9: Percentage of firms reporting increased and decreased workforce over the past six months



Smaller companies were less likely to have increased in size (19% of those with <20 employees compared with 32% of those with 20-199 employees and 41% of those with 200+ employees).

The outlook for the next 6 months is still fairly optimistic. Over a quarter of firms surveyed (29%) expect the size of their workforce to increase during this time.

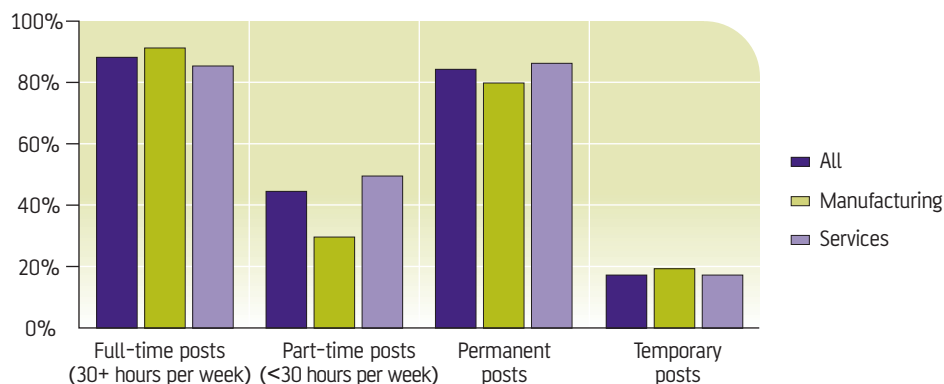
## Recruitment

Just over half the firms surveyed (56%) have recruited staff in the last 6 months. Compared with six months ago, fewer firms in both the manufacturing and service sectors have recruited staff. The percentage recruiting in the past six months increases from 39% of firms with fewer than 20 staff to 76% of those with 20-199 staff and 92% of those with 200+ employees.

88% recruited full-time employees, whilst 44% employed part-time employees. In line with previous findings, manufacturing firms are much less likely to have taken on part-time employees (29%, compared with 50% of service sector firms).

The majority of recruiting companies (84%) have taken on permanent employees, whilst 17% have taken on temporary staff.

Figure 10: Types of post recruited in the past six months, % of recruiting firms



(multiple responses possible)

\* Resident-based unemployment proportions based on the claimant count (June)

\*\*LSC area comprises the areas of Leicestershire County and Leicester City

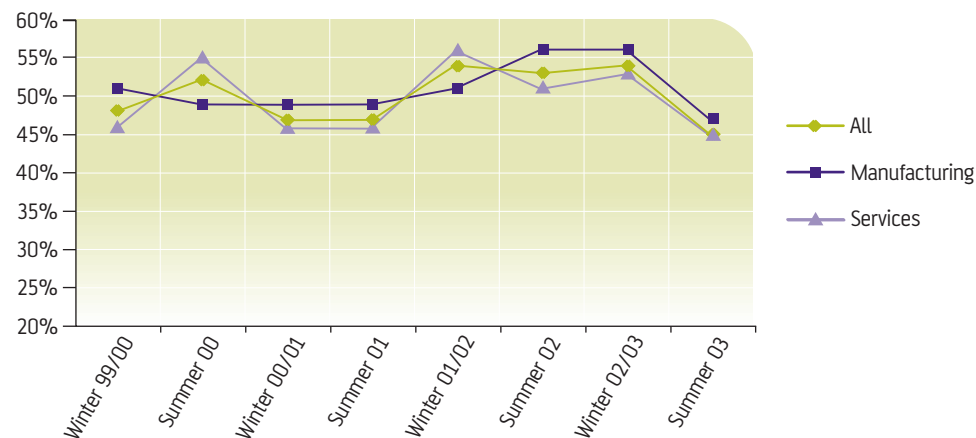
# recruitment problems

The relatively low number of companies who are aware of the coming legislation is concerning, particularly amongst small companies. The legislation will have a greater impact on companies than is generally perceived, as it will include retirement age, recruitment, selection and promotion, pay and non-pay benefits, unfair dismissal and statutory redundancy payments. At Experience Works! we are continuing to raise awareness of the legislation and its implications. We are also continuing to inform companies about the Code of Practice on Age Diversity and the benefits of age profiling.

Christine Hibbard, County Co-ordinator, Experience Works!

Just under half of recruiting firms (45%) have experienced difficulties in recruiting, fewer than six months ago (54%). In general, the recruitment problems for manufacturing sector firms (47%) were at a similar level to the service sector (45%). The problem was the greatest in the engineering/electrical sub sector where 52% of recruiting companies reported difficulties.

Figure 11: Proportion of recruiting companies experiencing recruitment difficulties



## Areas of recruitment difficulty

Overall, firms have had the greatest difficulty recruiting personal service occupations (28% of those reporting recruitment difficulties), and craft occupations (skilled manual workers; 23% of those experiencing recruitment difficulties). The proportion of firms reporting difficulties with clerical & secretarial occupations has decreased slightly to 21%. Machine and plant operators (19%) and other low skilled occupations (18%) have also proved difficult to recruit. The most difficult positions were those with unsocial hours, such as care workers and bar staff. Manufacturing firms experienced two key areas of difficulty (skilled manual 37%; plant and machine operatives 29%), whereas problem occupations were more widespread in the service sector. The construction, catering and hotels, and residential care sub sectors reported the greatest difficulties in recruiting.

Table 6: Businesses reporting recruitment difficulties by occupation

|                                    | All Sum 2003 | All Win 02/03 | Small (1-19) | Medium (20-199) | Large (200+) | Manu-facturing | Ser-vices |
|------------------------------------|--------------|---------------|--------------|-----------------|--------------|----------------|-----------|
| Personal & protective services     | 28           | 16            | 28           | 31              | 6            | 2              | 40        |
| Craft & related                    | 23           | 29            | 24           | 22              | 28           | 37             | 17        |
| Plant & machine operatives         | 19           | 17            | 15           | 22              | 22           | 29             | 15        |
| Clerical & secretarial             | 18           | 21            | 13           | 17              | 28           | 16             | 17        |
| Other low skilled                  | 18           | 13            | 13           | 22              | 17           | 10             | 23        |
| Associate technical & professional | 12           | 12            | 16           | 8               | 22           | 11             | 13        |
| Sales                              | 12           | 11            | 7            | 15              | 17           | 15             | 11        |
| Managers & administrators          | 7            | 6             | 4            | 8               | 11           | 6              | 8         |
| Professional                       | 6            | 9             | 1            | 5               | 22           | 3              | 7         |

(multiple responses possible) (%)

## Age discrimination legislation

Awareness of age discrimination legislation and related good practice was fairly low. 44% of companies said they were aware of the forthcoming legislation on age discrimination, ranging from 30% of those with fewer than 10 employees to 72% of those with more than 200 employees.

One in three (32%) were aware of the government's Code of Practice on Age Diversity in the workplace, again with awareness being greater amongst larger companies.

37% said they kept an up to date age profile of their workforce, but only 27% said they analysed the age profile of applicants for vacancies to see how this fitted with the current age profile of their workforce.

Table 7: Awareness of Age Discrimination issues (%)

|   | All | Manufacturing | Services | Small (1-19) | Medium (20-199) | Large (200+) |
|---|-----|---------------|----------|--------------|-----------------|--------------|
| Aware coming legislation Age Discrimination | 44  | 39            | 47       | 36           | 52              | 72           |
| Aware Code of Practice on Age Diversity     | 32  | 31            | 32       | 25           | 38              | 59           |
| Keep an up to date age profile of workforce | 37  | 38            | 37       | 26           | 48              | 77           |
| Analyse age profile of applicants           | 27  | 29            | 26       | 11           | 33              | 33           |

# skills shortages

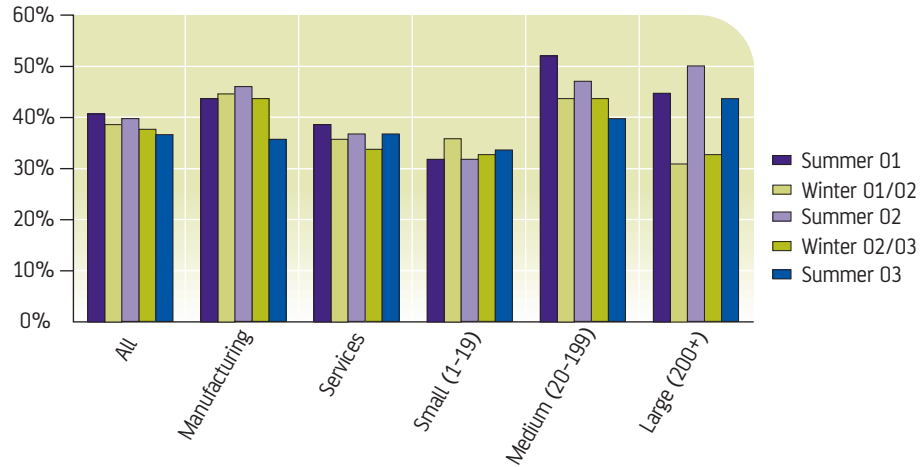
We believe that Skills at Work can actually contribute towards business improvement within Leicestershire. There is an accepted relationship between individual development and organisational performance. If you invest in individuals that will give you a return in terms of performance at an organisational level.

**Brett Hanson**  
Project Manager Skills at Work, Leicestershire Learning and Skills Council

The position on skills shortages has changed little in the last six months. Overall, 37% of firms surveyed agreed that skill shortages were having a serious impact on their business.

In manufacturing there is a slightly lower proportion of firms reporting skills shortages (36% now compared to 44% in Winter 2002/2003). The service sector reports a slightly higher level of skills shortages (37% now compared with 34% six months ago).

Figure 12: Proportion of firms agreeing that skills shortages are having a serious impact on their business



## Basic skills

2% of firms said that shortages in basic skills amongst their workforce were very serious and 4% fairly serious, much the same as six months ago. 72% said this was not a problem at all and 14% said it was not very serious.

Table 8: Lack of basic skills in the workforce extent to which it is a problem (%)

|                          | All Summer 2003 | All Winter 2002/03 | Manu-facturing | Services | Small (1-19) | Medium (20-199) | Large (200+) |
|--------------------------|-----------------|--------------------|----------------|----------|--------------|-----------------|--------------|
| Is a problem             | 6               | 7                  | 5              | 7        | 5            | 8               | 5            |
| Not a problem            | 86              | 84                 | 89             | 85       | 84           | 89              | 92           |
| Not sure, not applicable | 7               | 9                  | 6              | 8        | 11           | 3               | 3            |

The most significant skills which companies thought needed improving in their workforce were communications skills (32%), technical skills specific to their sector (27%), and management or supervisory skills (28%). Small companies were less likely to say they had skills gaps.

Table 9: Skills which need improving in the workforce (%)

|  | All | Manu-facturing | Service | Small (1-19) | Medium (20-199) | Large (200+) |
|--|-----|----------------|---------|--------------|-----------------|--------------|
| Communication skills                       | 32  | 31             | 33      | 24           | 40              | 64           |
| Management/supervisory skills              | 28  | 29             | 27      | 20           | 36              | 54           |
| Technical skills specific to your industry | 27  | 35             | 24      | 21           | 33              | 46           |
| Customer care                              | 25  | 19             | 28      | 19           | 32              | 46           |
| Advanced IT                                | 22  | 19             | 23      | 16           | 27              | 46           |
| Marketing/sales                            | 22  | 20             | 22      | 20           | 23              | 31           |
| Basic IT                                   | 19  | 19             | 19      | 15           | 21              | 41           |
| Professional                               | 16  | 15             | 17      | 13           | 21              | 18           |
| Literacy                                   | 12  | 12             | 12      | 10           | 14              | 23           |
| Numeracy                                   | 12  | 10             | 12      | 9            | 13              | 21           |
| None of these                              | 36  | 36             | 36      | 45           | 26              | 13           |

# training and investment

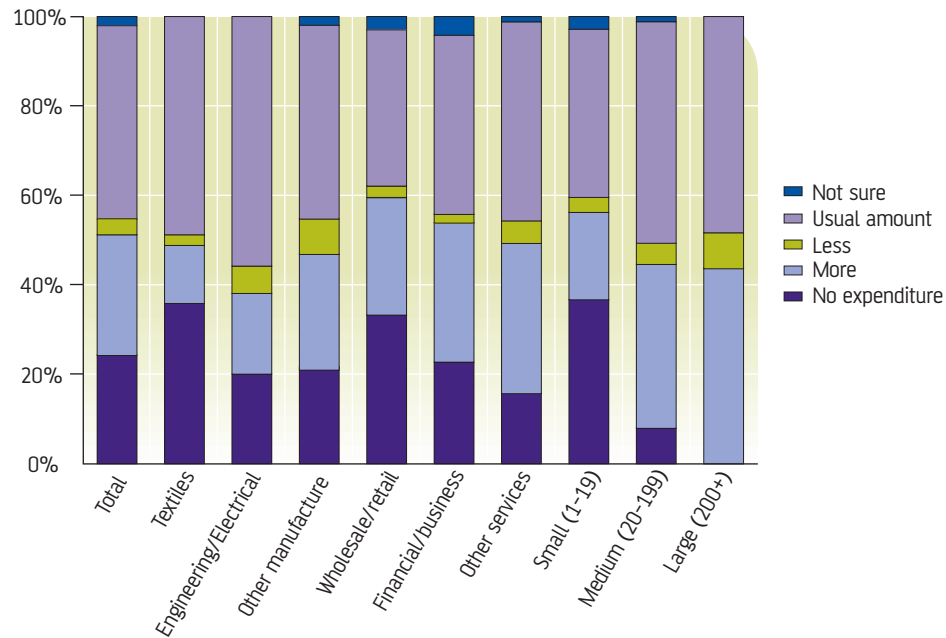
The LSC has implemented a number of projects in 2003 to raise awareness and understanding of Modern Apprenticeships, including an integrated marketing campaign using roadshows to raise awareness with employers. It is pleasing to see a substantial increase in the proportion of businesses that have an understanding as well as an awareness of Modern Apprenticeships."

**Natasha Atkinson**  
Marketing Manager, Leicestershire Learning and Skills Council

## Expenditure on training

Overall, 27% of firms surveyed said they have spent more than their usual amount on training in the past six months, whilst only 4% have spent less. A total of 43% have spent their usual amount, whilst 24% said they have spent nothing. This is much the same as six months ago. Larger firms (47% of those with 50 or more staff) are more likely to have increased their spend on training in the past six months. 49% of companies with fewer than ten staff spent nothing on training. Only 13% of textile companies reported increased training expenditure, with 36% spending nothing.

Figure 13: Change in expenditure on training over the past 6 months



## Modern Apprenticeships

Half the sample (52%) said they understood what Modern Apprenticeships were, with a further 22% saying they were aware of them but did not really understand them. A quarter of the sample (26%) were not aware of them. Larger companies, the engineering/electrical sub-sector and 'other services', were more likely to understand Modern Apprenticeships than others.

15% said they had taken on a Modern Apprentice in the past two years, ranging from 7% of those with fewer than ten staff to 23% of those with more than 200 employees. The engineering/electrical sub-sector was the most likely to have taken on an apprentice.

Table 10: Awareness of Modern Apprenticeships (%)

|  | All | Manu-<br>facturing | Service | Small<br>(1-19) | Medium<br>(20-199) | Large<br>(200+) |
|--|-----|--------------------|---------|-----------------|--------------------|-----------------|
| Aware and understand what they are               | 52  | 47                 | 54      | 44              | 60                 | 69              |
| Aware but do not really understand what they are | 22  | 23                 | 22      | 25              | 20                 | 13              |
| Not aware  | 26  | 30                 | 24      | 30              | 21                 | 18              |
| Taken on an apprentice in past 2 years           | 15  | 11                 | 20      | 23              | 17                 | 14              |

# e-commerce

Businesses globally are increasingly using high-speed broadband connections to the Internet to help them expand their business, retain customers, and drive down costs. The LSEP together with its partners is embarking on a programme that will ensure that all businesses in Leicestershire have access to broadband and the support they need to use ICT and broadband effectively.

**Michael Thompson**  
ICT Programme Manager, Leicester Shire Economic Partnership

## Current web site ownership

The proportion of firms that own a web site has remained constant at 72%, ranging from 54% of very small companies (under 10 staff) to all large companies.

By sector, web site ownership is slightly less widespread in the manufacturing sector (70%, compared with 74% of service sector firms). Web site ownership is lower than average in the textile sector (51%) and is highest in the engineering/electrical sector (85%). It increases with the size of the company.

The use of web sites with interactive pages, rather than as merely a 'poster-site', has remained static (41% of firms with a web site have static pages, 34% have interactive pages and 19% have both). Service sector organisations are more likely to use interactive pages on their web site than manufacturing firms (57%, compared with 42%).

## Use of Internet

The majority of companies (83%) said they used e-mail and/or the internet, ranging from 72% of those with fewer than 10 employees to all of the large companies. Small retail outlets were the least likely to be connected to e-mail/internet.

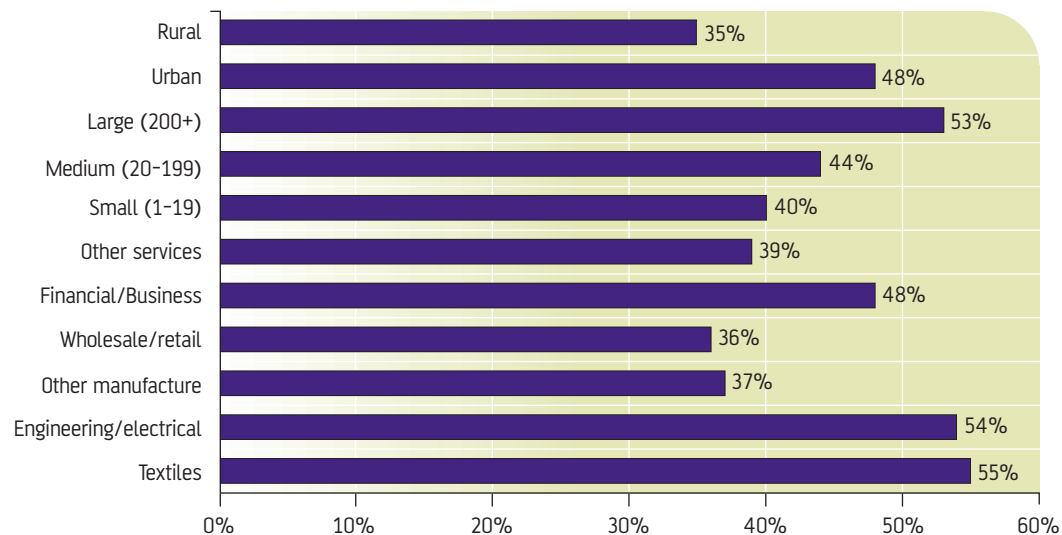
## Use of Broadband

Under half of those using the internet were on broadband (43%). This figure was slightly higher for manufacturers (47%) than service sector companies (41%). Broadband use was higher in urban (48%) than rural (35%) areas. Use was highest in Leicester (48%) and Oadby and Wigston (53%), and lowest in Harborough (34%) and Melton (18%). (All figures are based on those using the internet).

A further 21% of internet users are planning to get broadband in the next year or so.

One in ten (9%) of all respondents said they had tried to get broadband and found it unavailable in their area, rising to 16% of rural businesses. A small number of respondents commented that they had not tried to get broadband as they knew it was unavailable. One in three businesses located in Melton, and a quarter in Harborough, had tried to get broadband.

Figure 14: Percentage of internet users using broadband



Broadband users were much happier with their connection than others (95%) compared to 75% of those without broadband.

When asked about the business benefits of using broadband, most respondents said it was faster or that it was 'on all the time'. 6% of internet users said it was cheaper.

# spotlight on: environmental policy

Businesses that take their environmental responsibilities seriously and strive to become more resource efficient can reap many benefits. Not only can these initiatives save money and reduce risk but they can give a significant competitive advantage when attracting customers.

**Mr White**  
Cabinet Lead Member for Community Services, Leicestershire County Council

## Spotlight on environmental policy

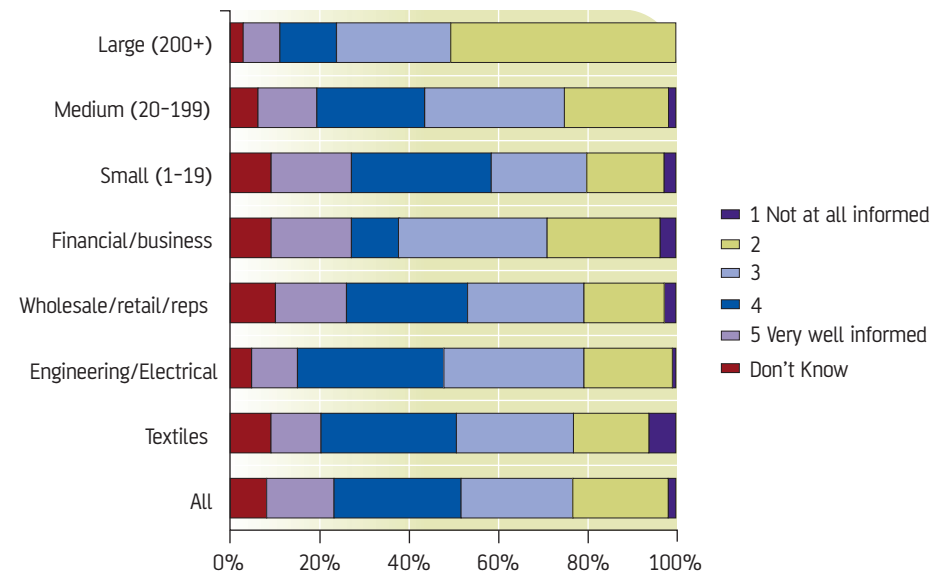
55% of companies said they had a policy regarding environmental issues, energy or sustainability, ranging from 36% of those with fewer than 10 employees to 90% of those with 200+ employees. Manufacturers (58%) were slightly more likely than the service sector (53%) to have such policies.

Table 11: Does your company have policies regarding environmental issues, energy or sustainability? (%)

| All | Textiles | Eng-Elec | Other manufacture | Whole-sale, retail | Financial business | Other services | Small (1-19) | Medium (20-199) | Large (200+) |
|-----|----------|----------|-------------------|--------------------|--------------------|----------------|--------------|-----------------|--------------|
| 55  | 43       | 61       | 64                | 50                 | 54                 | 55             | 44           | 64              | 90           |

Almost half the sample (46%) thought they were well informed about environmental matters but a quarter (23%) were not. Larger companies were much better informed than small companies, ranging from 34% of those with fewer than 10 employees to 77% of those with more than 200 employees saying they felt well informed. Service sector companies felt slightly better informed than manufacturers, with the textile sub-sector being the least well informed.

Figure 15: How well informed are you about how environmental and energy issues affect your business?





# spotlight on: business information

The public, private and education sectors involved in facilitating business solutions are working closer than ever before to create a climate within which entrepreneurs and world class businesses can flourish in Leicestershire.

Neil Farish  
Marketing Manager, Business Link Leicestershire

## Spotlight on business information

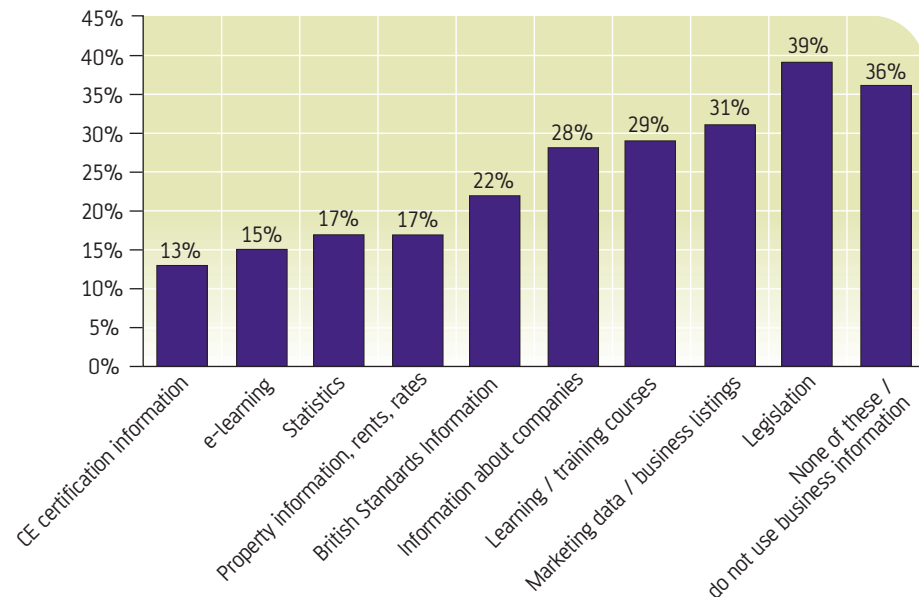
A total of 64% of companies said they used business information. Some of the companies which did not said this was all supplied by head office. Legislation was the most frequently used type of information (39%), followed by marketing information/listings and information about learning or training courses.

The most commonly used source of information was the internet (43% of all business information users), followed by trade and professional organisations (34%). 16% mentioned Business Link and 13% the Chamber of Commerce. 31% mentioned 'other' sources, which included banks, accountants, business directories and mail shots.

One in three said the internet was their preferred source of business information, with 22% citing trade and professional organisations.

One in three users of business information said they currently paid for at least some information. When asked what type of information they paid for, many respondents mentioned the source rather than the type of information. 22% of those paying for information said they paid for marketing information/listings, 9% said they paid for publications or magazines and 21% said the information received was part of their membership subscriptions to trade or professional organisations.

Figure 16: Types of business information used by companies



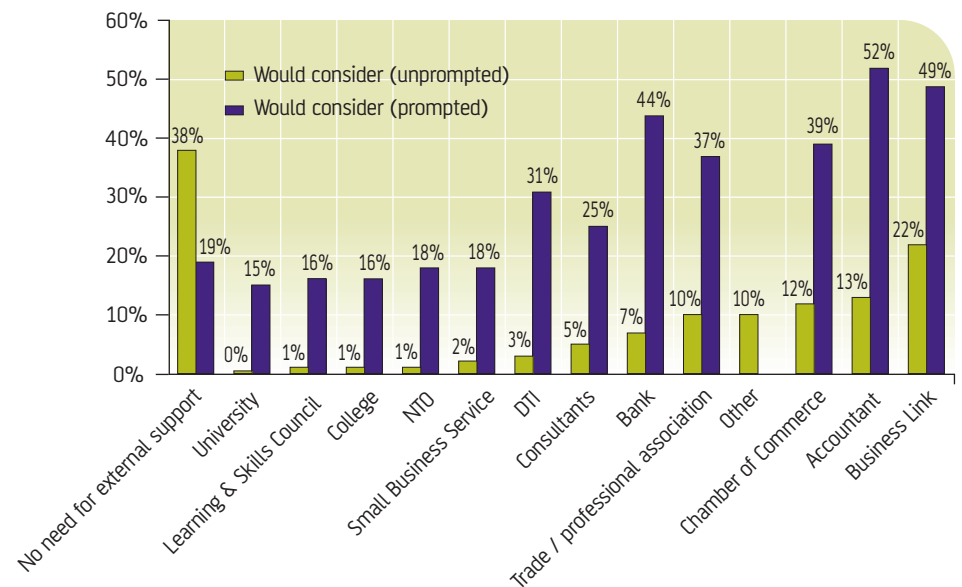
(note: respondents could mention more than one type of information)

## External business advice and support

When firms were asked which company or organisation they would consider approaching if they were to seek external business advice, 22% mentioned Business Link spontaneously. 38% said they had no need for external business advice or support or would just contact their head office. 13% mentioned an accountant, 12% the Chamber of Commerce and 10% a trade or professional organisation.

When asked which of a list of companies or organisations they would consider contacting for business advice and support, 49% said they would consider contacting Business Link. 52% said they would consider contacting an accountant, 39% the Chamber of Commerce, 37% a trade or professional organisation, 31% the DTI and 25% consultants.

Figure 17: Companies or organisations firms would approach for business advice and support



# spotlight on: crime

Crime is an important issue that can affect all businesses, irrespective of whether they are based in the City or County. It is encouraging to see so many companies taking positive steps to prevent crime, including installing alarms and CCTV on their property and car parks. The County Council is committed to working with all its Partners to help reduce crime and ensure Leicestershire continues to be a safe place to live and work.

**Mr Byron Rhodes**  
Cabinet Lead Member for Community Safety, Leicestershire County Council

## Spotlight on crime

45% of firms had been victims of crime in the previous 12 months. Service sector firms (49%) were more likely to have been victims than manufacturers (38%). The risk of being a victim of crime increased with the size of the company (36% of those with 1-19 employees, 57% of those with 20-199 employees and 67% of those with more than 200). The wholesale and retail sector were the most likely to be victims of crime (55%).

20% of firms had experienced vandalism to buildings or vehicles, 19% burglary, 12% stealing or breaking into a vehicle, 10% shoplifting or petty theft and 10% verbal abuse or harassment.

There was no difference in the proportion of urban and rural or City and County firms who had been victims of crime.

Figure 18: Types of crimes experienced in the past 12 months

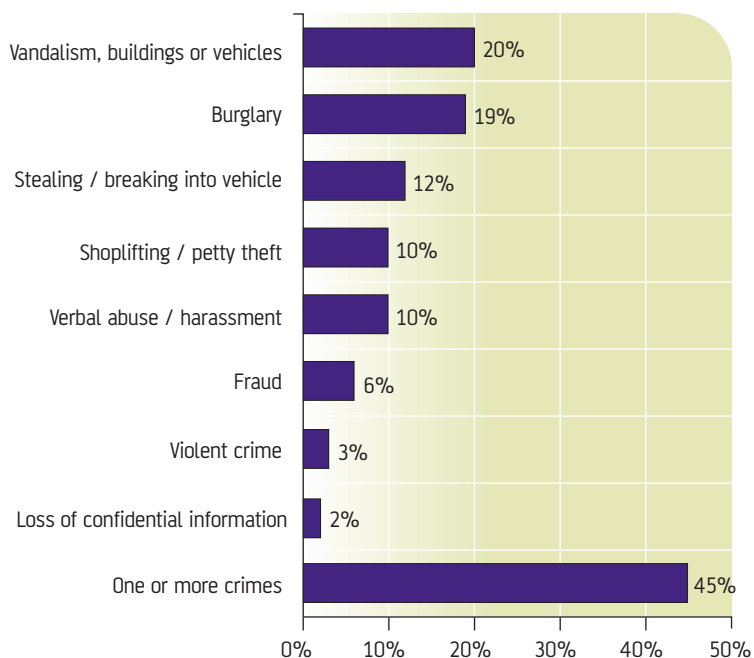


Table 12 shows the type of security measures firms have taken to prevent crime. Three quarters of all firms now have an alarm, 46% have installed new or better locks and 38% have CCTV.

Table 12: Types of security measures taken to prevent crime (%)

|                                       | All | Manu-<br>facturing | Services | Small<br>(1-19) | Medium<br>(20-199) | Large<br>(200+) |
|---------------------------------------|-----|--------------------|----------|-----------------|--------------------|-----------------|
| Alarm                                 | 77  | 82                 | 74       | 71              | 82                 | 95              |
| New/better locks                      | 46  | 48                 | 45       | 42              | 51                 | 56              |
| Installed CCTV                        | 38  | 37                 | 39       | 25              | 53                 | 77              |
| Shutters or blinds                    | 31  | 35                 | 30       | 26              | 38                 | 41              |
| Security doors                        | 29  | 33                 | 26       | 20              | 37                 | 54              |
| Installed floodlights                 | 27  | 28                 | 27       | 19              | 35                 | 51              |
| Installed a safe                      | 26  | 24                 | 27       | 18              | 33                 | 59              |
| Installed fences/gates                | 26  | 28                 | 25       | 18              | 34                 | 49              |
| Security guards                       | 17  | 18                 | 16       | 5               | 27                 | 69              |
| Toughened glass                       | 16  | 19                 | 14       | 12              | 19                 | 28              |
| Security tags on property/merchandise | 11  | 8                  | 12       | 5               | 16                 | 36              |
| Ram raiding posts                     | 5   | 4                  | 6        | 4               | 7                  | 10              |
| Joined Business Watch                 | 4   | 3                  | 5        | 2               | 7                  | 10              |
| Guard dog                             | 2   | 1                  | 2        | 2               | 1                  | -               |
| Other                                 | 7   | 7                  | 7        | 7               | 8                  | 8               |
| None of these                         | 7   | 5                  | 9        | 11              | 3                  | -               |

## Car parks

77% of firms had on-site parking for staff, customers and/or company vehicles, ranging from 60% of those with fewer than 10 staff to all those with 200 or more staff. 67% of City firms had on-site parking compared with 83% of County firms. Manufacturers (87%) were more likely to have on-site parking than service sector firms (72%).

66% of firms with on-site parking had some sort of security, with 30% having lighting, 27% CCTV, 13% security fencing, 13% a security barrier, 12% allocated parking spaces and 10% security patrols. 8% mentioned 'other' measures, mainly a gate and being able to see the car park from their offices.

# methodological notes

## Methodological notes

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

## The survey

A telephone survey of 763 businesses within Leicester and Leicestershire was undertaken during June 2003. 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.

| Business Sector  | City | %   | County | %   | Total | %   |
|------------------|------|-----|--------|-----|-------|-----|
| Manufacturing    | 97   | 33% | 145    | 31% | 242   | 32% |
| Services         | 197  | 67% | 324    | 69% | 521   | 68% |
| Business Size    |      |     |        |     |       |     |
| 1-9 employees    | 103  | 35% | 157    | 33% | 260   | 34% |
| 10-19 employees  | 64   | 22% | 101    | 22% | 165   | 22% |
| 20-50 employees  | 74   | 25% | 114    | 24% | 188   | 25% |
| 51-199 employees | 43   | 15% | 68     | 14% | 111   | 15% |
| 200+ employees   | 10   | 3%  | 29     | 6%  | 39    | 5%  |

The next Leicester & Leicestershire Business Survey will be conducted in November/December 2003.

An electronic version of the survey report is available on the Leicestershire Economic Research Partnership web site, [www.lerp.co.uk](http://www.lerp.co.uk).

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:

Jo Miller, Senior Information Officer  
 Policy, Research and Information  
 Chief Executive's Department  
 Leicestershire County Council  
 County Hall, Glenfield  
 Leicester LE3 8RA  
 Telephone: 0116 265 7341  
 Email: [jomiller@leics.gov.uk](mailto:jomiller@leics.gov.uk)

Figure 19: Security measures in on-site car parks

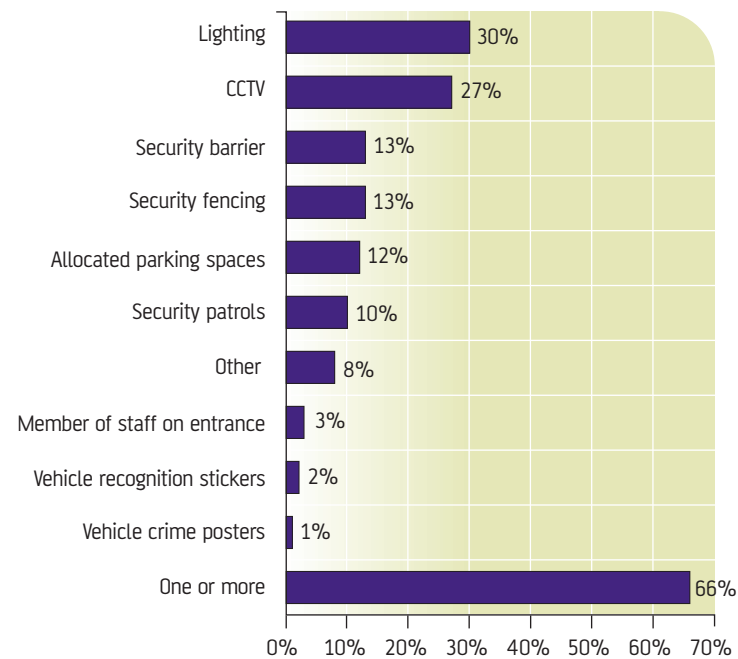


Table 13: Awareness of Secured Car Park Scheme (%)

|                       | All | Manufacturing | Services | Small (1-19) | Medium (20-199) | Large (200+) |
|-----------------------|-----|---------------|----------|--------------|-----------------|--------------|
| Yes - know what it is | 10  | 5             | 13       | 9            | 9               | 23           |
| Yes - vaguely         | 9   | 8             | 9        | 9            | 8               | 8            |
| No                    | 80  | 87            | 77       | 81           | 82              | 67           |

10% of firms with on-site parking said they had heard of the Secured Car Park Scheme and understood what it was, and 9% said they had heard about it vaguely. Urban firms (12%) were slightly more likely to have heard about it than rural ones (7%).



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



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