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Leicester & Leicestershire
Enterprise Partnership

winter
2011

Leicester and
Leicestershire

BUSINESS SURVEY

winter 2011

Leicester and Leicestershire BUSINESS SURVEY

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Foreword

Leicester and Leicestershire Business Survey

I am delighted to present to you the key findings from our recent survey of local businesses.

Leicester and Leicestershire was one of the first areas in the country to have an approved Local Enterprise Partnership (LEP). The Coalition Government has established LEPs to provide strategic leadership at a local level and to determine economic development priorities. As such, LEPs have a critical role to play in providing economic analysis and intelligence to inform local strategies and local decision making.

This business survey is one of the early publications from the Leicester and Leicestershire LEP. The survey reflects the views of over one thousand local businesses that were interviewed, by telephone, in January 2011. The representative sample included businesses from a wide range of sectors and from both urban and rural areas.

The survey suggests that our local businesses are performing well with solid sales and profit performance in both the manufacturing and services sectors. Over two thirds of our local businesses have growth plans, with 9% planning rapid growth and 36% planning moderate growth.

Nevertheless, local business confidence has fallen in recent months and there are challenging times ahead. 28% of respondents expect general business conditions to deteriorate in the next 12 months, whereas 24% of businesses expect conditions to improve. This gives a negative balance of optimism of -4% which is in sharp contrast to the +30% seen a year ago.

Businesses are concerned about the economic climate in general, consumer confidence, rising costs and the impact of public sector cuts. In particular, concerns about fuel and energy costs have increased significantly.

We have conducted business surveys since 1994 and the LEP has used core questions from previous surveys to track trends over time. In addition, this survey has gathered intelligence on topics of local interest including investment in research and development, recruitment difficulties, skills shortages, transport issues and the level of home-working.

The LEP will be using the findings from this survey along with its more detailed Local Economic Assessment to shape future strategy and investment decisions.

I hope that you find this report interesting and informative.



Mandip Rai
Head of Leicester and Leicestershire Enterprise Partnership



Key Findings

General business conditions

- Business optimism for the next twelve months has declined since the last survey (Winter 2009/10) and now stands at -4%.
- Overall, 24% thought business conditions would improve compared to 28% who thought they would deteriorate over the next twelve months and 37% thought there would be little change.
- Optimism in the manufacturing sector is lower at -15% than in the service sector which stands at -1%.

Sales and profits

- The sales position of both the service and manufacturing sectors has improved slightly since Winter 2009/10. The balance of firms reporting an increase in turnover is now +13% compared to -8% in Winter 2009/10. Manufacturers were more likely than the service sector to say that both sales and profits had improved.
- Optimism about future sales has not changed much with 48% thinking sales would increase over the next twelve months and 11% predicting a decline. 42% predicted an increase in profits over the next twelve months and 15% a decline.

Main business concerns

- When asked, unprompted, what factors were causing concern for the future of their business, concern about the economy, inflation and customers' disposable income were mentioned.
- From a prompted list, fuel and energy prices and competition emerged as the issues of most concern to local businesses.
- However, concerns about most business and financial issues have decreased slightly since the last survey conducted in the Winter 2009/10.
- Concerns about finding suitable staff and staff retention have remained at a low level.

Price pressures and labour costs

- There was evidence of pressure on businesses to increase their prices, with 44% having increased prices in the past twelve months. 9% had decreased prices, with 44% saying they had not changed much.
- The number of firms increasing wages has increased since the Winter 2009/10 survey, with 52% of firms reporting increases and 3% a decrease.

The workforce, skills and recruitment

- The proportion of firms recruiting staff (66%) in the previous 12 months has increased slightly since Winter 2009/10. The decline in the percentage of recruiting firms reporting difficulties has reversed with 25% of recruiting companies finding it hard to recruit staff.
- The number of firms increasing in size has improved slightly with 26% saying their workforce had increased, 52% that there was little change and 21% reporting a decrease.
- The most frequently used recruitment methods were word of mouth (55%), newspaper advertisements (37%), Job Centre Plus (35%), 30% their company website and 25% a recruitment agency.
- 44% of businesses plan to recruit in the next 12 months.
- 36% of companies planning to recruit said they would consider taking on an apprentice (corresponding to 18% of all companies). Manufacturers were more likely to consider an apprentice than service sector companies.

Skills and training

- 21% of firms agreed that skill shortages were having a serious impact on their business, unchanged from the Winter 2009/10 survey.
- The most frequently cited skills gaps were customer care, communication (oral and written), management and supervisory skills and team working.
- 21% had spent more than their usual amount on training in the past twelve months, much the same as in the previous survey. Overall, 8% had spent less, 47% their usual amount and 23% nothing.
- Half of companies had accessed training externally with 23% mentioning an FE college, 8% higher education and 41% private training providers.
- 78% said that the training had met their needs.
- Only 4% said they had found it difficult to access the training they needed.

Business planning and growth

- 73% of businesses have a business plan ranging from 56% of those with fewer than 10 employees to almost all those with 200+ employees.
- Two in three companies (69%) plan to grow with 9% saying they plan to grow rapidly, 36% moderately and 25% slowly. 23% plan to remain much the same with 4% saying they will decline or cease trading. Service sector firms (70%) were slightly more likely to be planning to grow than manufacturers (66%).

General Business Conditions

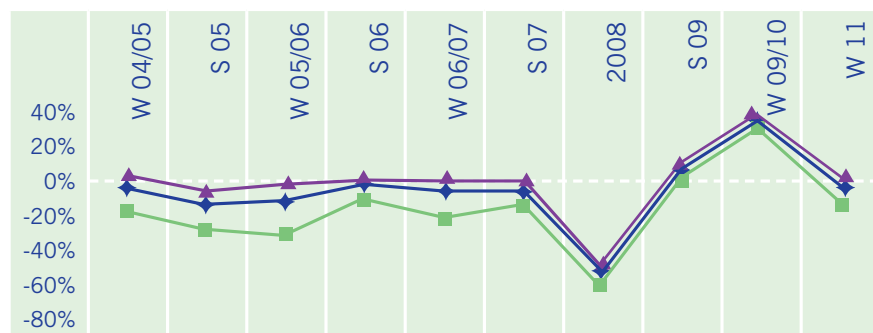
Business Optimism

The level of business optimism has declined since the last survey in Winter 2009/10. The balance of optimism* is now -4%, compared to +30% in Winter 2009/10 and +7% in Summer 2009. Overall, 24% of respondents think that general business conditions will improve over the next twelve months. However, 28% think that they will deteriorate and 37% think they will not change much.

Confidence has declined in both the manufacturing and service sectors and stands at -15% in the manufacturing sector, with 21% of manufacturers thinking conditions will improve, 36% thinking that they will deteriorate and 30% that they will not change much.

In the service sector, the balance is -1% with 25% thinking conditions will improve, 26% that they will get worse and 39% that they will not change much.

Figure 1: Balance of business optimism



◆ Overall ■ Manufacturing ▲ Services

S=Summer and W=Winter

* 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 in the electrical/engineering sub-sector has declined to -13%, with 25% of firms in this sector predicting conditions will improve compared with 36% which think they will get worse. Equal numbers of businesses in the construction sub-sector think conditions will improve as think they will deteriorate.

The level of optimism in the wholesale, retail and hospitality sector now stands at -4% and that of the financial and business services sub-sector at +5%.

Table 1: Percentage predicting business conditions would improve/deteriorate by company size and sector

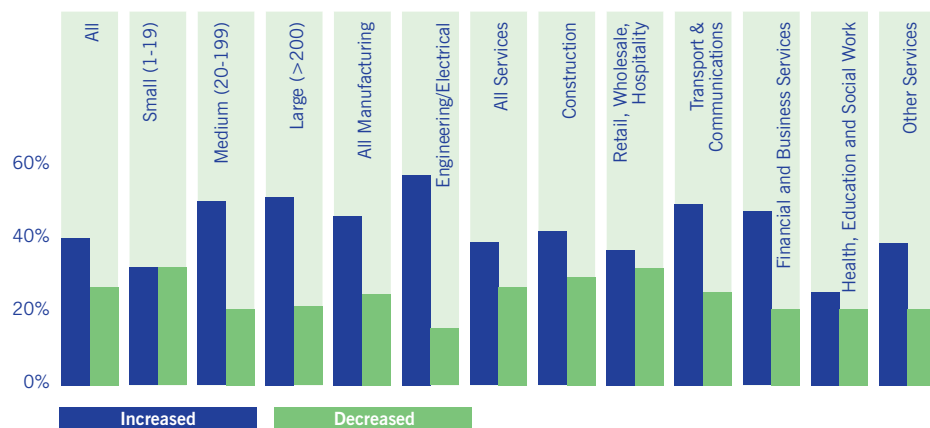
	Improve	Not change	Worsen	Don't know
All	24%	37%	28%	10%
Small (1-19)	23%	39%	30%	9%
Medium (20-199)	26%	36%	26%	11%
Large (200+)	27%	31%	27%	16%
Manufacturing	21%	30%	36%	13%
All services	25%	39%	26%	9%
Engineering / electrical	25%	22%	36%	17%
Other manufacturing	19%	34%	36%	11%
Construction	28%	36%	27%	9%
Retail, wholesale and hospitality	24%	39%	28%	9%
Transport and communications	30%	41%	21%	7%
Communications and financial and business services	29%	38%	24%	8%
Health, education and social work	18%	42%	22%	18%
Other services	29%	44%	23%	4%

Sales and Profits

Sales Performance

Although optimism for the next twelve months has fallen since the last survey in Winter 2009/10, in general, local businesses have performed well in terms of turnover. The balance of firms reporting an increase in turnover has improved to +13%, compared to -8% in Winter 2009/10. A total of 39% reported an increase in turnover in the previous twelve months compared with 26% who reported a decrease. A total of 12% reported an increase in sales of more than 10%, with 8% of companies reporting a decrease of more than 10% in their sales.

Figure 2: Change in sales over the last 12 months



Small companies were far less likely to report an increase in sales than larger ones with a balance of +28% for large (200+ employees) and +29% for medium (20-199 employees) but 0% for small (1-19 employees) companies. Since the last survey in Winter 2009/10, the sales of manufacturing companies have improved more than that of the service sector. Manufacturers were more likely than service sector firms to report an increase in sales, with 45% of manufacturing companies reporting an increase in sales and 24% reporting a decrease in the previous twelve months. In the service sector, 38% of firms reported an increase in sales and 26% a decrease. The engineering/ electrical sub-sector was the most likely to report an increase in sales (56%).

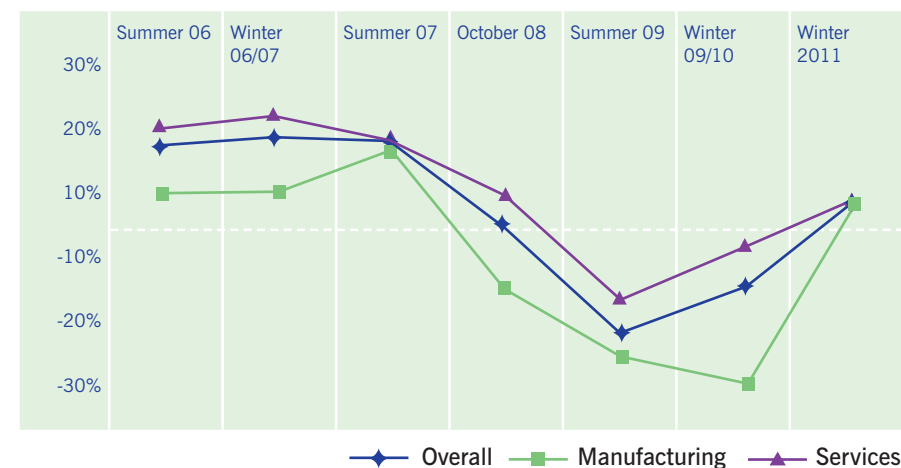
Profit Performance

The position with regards to profits has also improved since Winter 2009/10 - with more firms now reporting an increase rather than a decline in profits. The balance of businesses that reported increased profits is now at +8% compared with -12% in the last survey. Overall, 34% reported an increase in profits and 26% a decrease, with 30% saying they were much the same. 10% reported an increase in profits of more than 10% with 8% saying their profits had declined by more than 10%.

Small firms (with fewer than 20 employees) had the worst profit performance with a balance of -2% compared with +19% for medium (20-199) firms and +26% for large firms (200+).

The profit performance of manufacturers has improved markedly since the last survey (now at 9%) and that of the service sector has improved slightly (now 8%).

Figure 3: Balance of change in profits over the last 12 months



Outlook

The outlook for sales has not changed much since the Winter 2009/10 survey. Overall, 48% thought sales would increase over the next twelve months, 11% that they would decrease and 35% that they would remain much the same. The views of manufacturing and service sector companies were much the same with regard to sales outlook.

However, the outlook for profits has deteriorated slightly, with 42% predicting an increase in profits over the next twelve months (compared with 48% in Winter 2009/10) and 15% predicting a decline.

Market Conditions

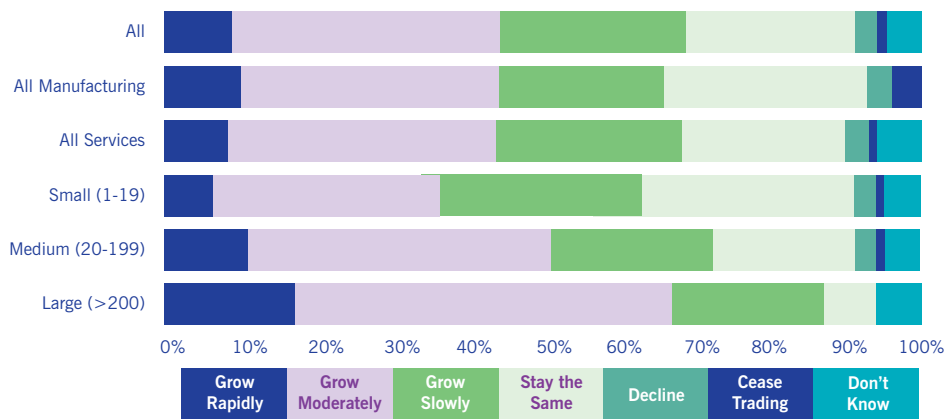
Future Growth Plans

Two in three companies (69%) plan to grow, with 9% saying they plan to grow rapidly, 36% to grow moderately and 25% to grow slowly. 23% of firms plan to stay much the same with 4% saying they will decline or cease trading. Growth intentions appear similar to those expressed in previous surveys. It should be noted that these figures relate to intentions or plans to grow and this may not necessarily mean that these businesses have the ability to grow rapidly.

66% of manufacturing companies said they plan to grow compared with 70% of service sector companies, again much same as was found in previous surveys.

Larger companies are more likely than small firms to be planning to grow (87% of large (200+) compared with 74% of medium (20-199) and 64% of small (1-19) companies).

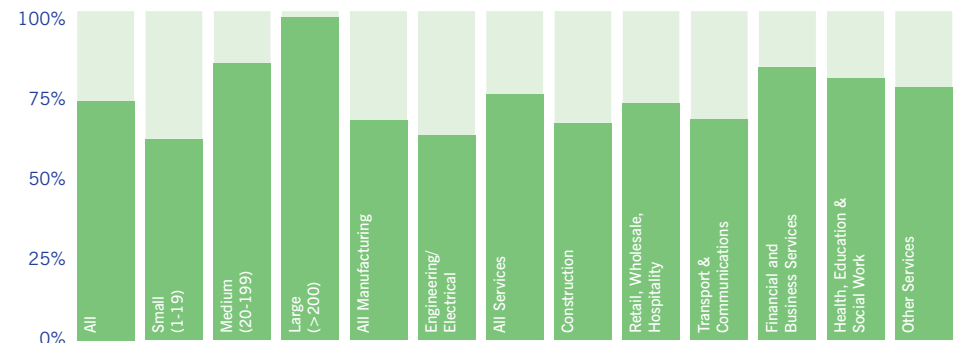
Figure 4: Future growth plans



Business Planning

A total of 73% of companies have a business plan, ranging from 56% of those with fewer than 10 staff to almost all of those with 200+ staff. Manufacturing companies (67%) were less likely to have a business plan than service sector companies (75%).

Figure 5: Percentage of firms with a business plan



Main Business Concerns

When businesses were asked (unprompted) what factors, if any, were causing the most concern for the future of their company, 11% said they had no major concerns. A total of (17%) mentioned the economic climate generally, 11% were concerned about customers' disposable income or 'consumer confidence' or customers losing their jobs and 8% specifically mentioned public sector cuts. A further 13% said they were concerned about inflation or rising costs, higher than in previous surveys.

Other concerns were a lack of sales or orders (7%), competition (6%) and the recent VAT rise (4%).

Respondents were then asked from a prompted list 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. The results are presented as mean scores.

The issues of most concern to businesses were petrol or diesel and energy costs and these concerns have increased slightly since the last survey.

When compared to the survey conducted in Winter 2009/10 concerns about red tape, finding new business and cash flow have decreased slightly.

Concerns about finding suitable staff and staff retention have continued to remain low and are unchanged.

There was little concern about finding suitable premises.

For most issues manufacturers are slightly more concerned than service sector companies.

Table 2: Business concerns, mean score ranked by order of importance

	All Winter 2011	All Winter 2009/10	Manufacturing	Services	Small (1-19)	Medium (20-199)	Large (>200)
Petrol or diesel costs	3.4	3.1	3.8	3.3	3.4	3.4	3.5
Energy costs	3.3	3.2	3.7	3.2	3.2	3.4	3.5
Competition	3.1	3.2	3.1	3.1	3.0	3.1	3.2
Red tape	3.0	3.3	3.3	2.9	3.1	3.0	2.7
Finding new business	3.0	3.2	3.2	2.9	3.0	3.0	2.8
Cash flow	2.6	2.8	3.0	2.5	2.7	2.6	2.4
Finding suitable staff	2.3	2.3	2.4	2.3	2.2	2.5	2.4
Access to finance	2.3	2.3	2.5	2.2	2.3	2.3	2.0
Traffic congestion	2.0	2.3	2.0	2.0	2.0	2.0	2.4
Staff retention	1.9	1.9	1.9	1.8	1.8	1.9	1.9
Finding suitable premises	1.4	1.5	1.4	1.3	1.4	1.3	1.2

Table 3: Percentage of firms rating selected concerns as 4 or 5

	Summer 07	October 08	Summer 09	Winter 09/10	Winter 2011
Cashflow	37%	57%	56%	35%	29%
Competition	43%	42%	42%	40%	36%
Fuel/energy prices	52%	76%			
Energy prices			57%	45%	48%
Petrol or diesel prices			50%	42%	53%
Red tape	55%	54%	53%	45%	37%
Finding new business	32%	43%	45%	44%	35%
Finding suitable staff	37%	31%	22%	21%	21%

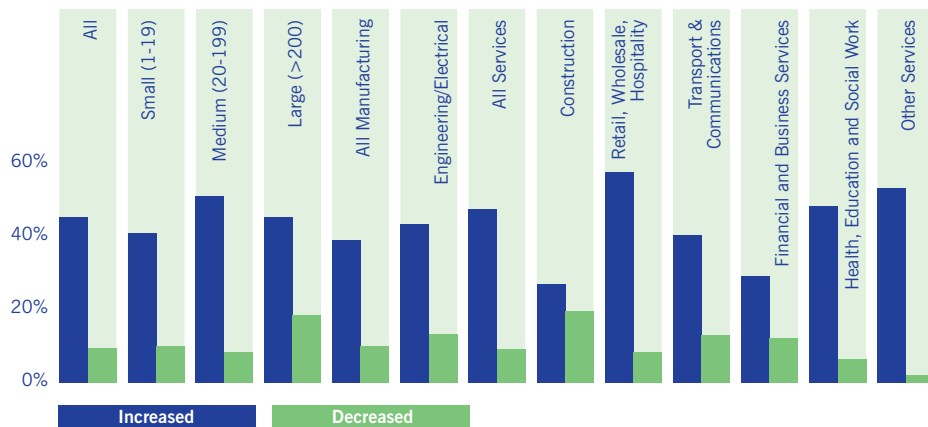
Price Pressures

Prices

Pressure on prices is higher than found in the Winter 2009/10 survey. 44% of respondents had increased their prices over the previous 12 months, with 9% saying they had decreased prices and 44% saying they had not changed much. This means far more companies had raised their prices than in the last survey when 26% had increased prices and 17% had decreased them. However, many companies will have increased their prices due to the rise in VAT from 1st January 2011.

Service sector companies (46%) were more likely to have increased their prices than manufacturers (38%). The construction sub-sector was the most likely to have reduced prices (19%) and the wholesale, retail and hospitality sub-sectors were the most likely to have increased their prices (56%).

Figure 6: Percentage of businesses reporting change in prices by sector



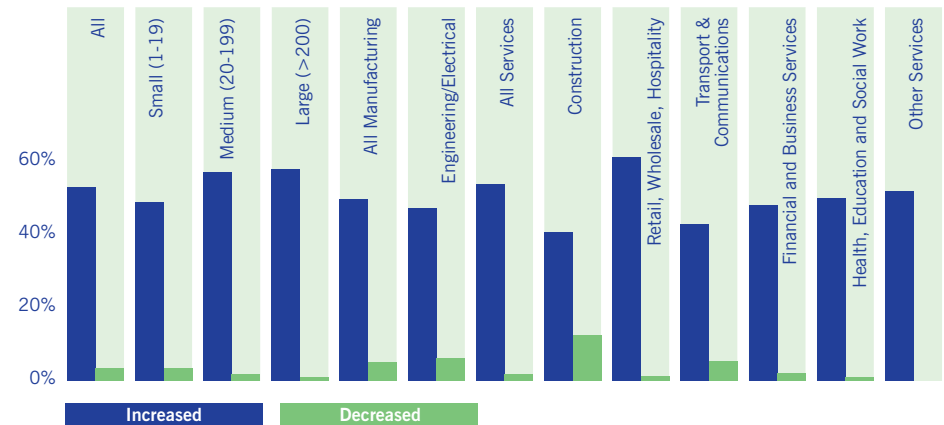
Labour Costs

Pressure on wage rates is higher than was found in the Winter 2009/10 survey with 52% of firms reporting increases over the past 12 months, whilst 3% report decreases. However, it is still lower than was found two years ago (October 2008, when 71% reported increases and 2% a decrease). Small firms (1-19 employees) were less likely than larger firms to have increased wages (48% of small businesses; 56% of medium-sized businesses and 57% of large businesses).

Manufacturing companies (49%) were slightly less likely to have increased wages than service sector companies (53%).

The sub-sector most likely to have decreased wages was construction (12%).

Figure 7: Percentage of businesses reporting a change in wages



The Workforce

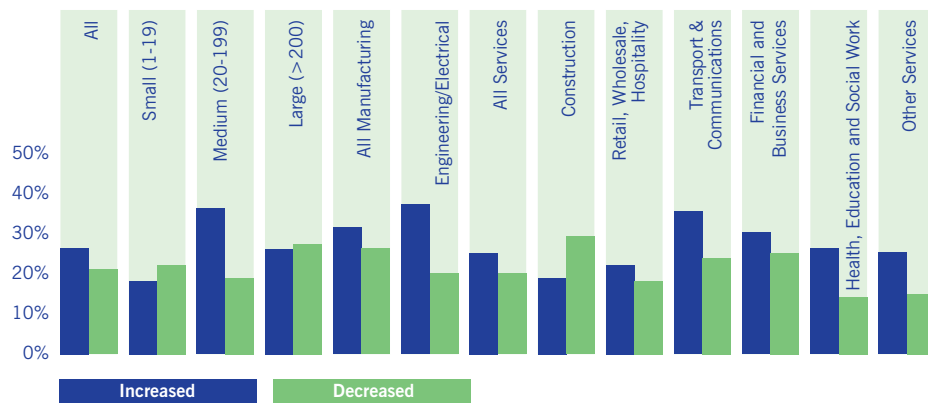
The most recent local ILO unemployment rate* for the Leicestershire sub-region was 8.3%, slightly above the national rate of 7.8%. The rate for the County area was 6.8% and that for Leicester City was 11.8% (June 2010).

Workforce Growth

There was a slight increase in the number of firms saying their workforce had increased over the previous twelve months compared to the situation in Winter 2009/10. 26% said that their workforce had increased and 52% of firms reported no change, but 21% said their workforce had decreased (compared to 32% in the last survey). Manufacturers (26%) were more likely than service sector companies (20%) to say their workforce had decreased in number. There was a marked improvement in the engineering/electrical sub-sector where 20% of firms in the engineering/ electrical sub-sector reported decreased staffing levels, compared to 55% in Winter 2009/10.

Medium sized companies were the most likely to say they had increased their workforce (18% of those with 1-19 staff, compared with 36% of those with 20-199 staff and 26% of those with 200+ employees).

Figure 8: Workforce change over the past six months



*Resident-based unemployment rates International Labour Organisation (ILO) definition (June 2010 figures)

Outlook

Just over a quarter of firms surveyed (26%) expect their workforce to increase in numbers during the next 12 months whereas 8% expect their workforce to decrease. Most businesses expect the number of employees to remain about the same (61%).

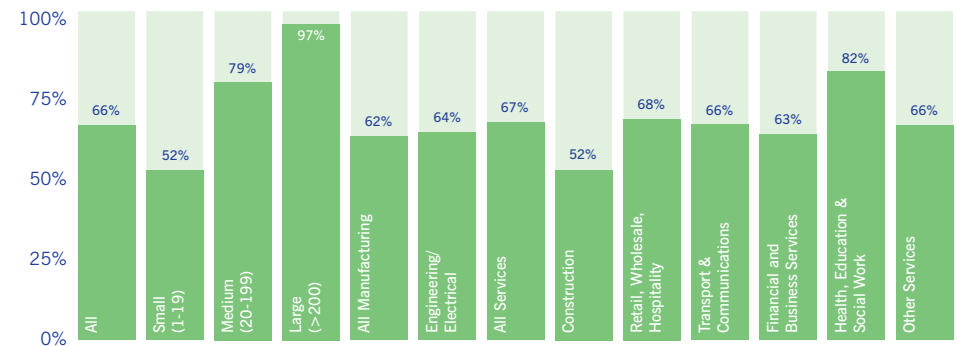
Recruitment

A high proportion (66%) of respondents had recruited staff in the last twelve months, slightly higher than the 60% found in the Winter 2009/10 survey. This figure is now approaching levels seen before the economic downturn of 2008/9. (For example, 70% had recruited in the last 12 months when businesses were surveyed in October 2008). The percentage recruiting ranged from 52% of firms with fewer than 10 staff to 79% of those with 20-199 staff and 97% of firms with 200+ employees. The proportion of manufacturing firms recruiting has increased markedly from the 48% found in Winter 2009/10 to 62% in Winter 2011. The figure for the service sector has increased much less from 64% to 67% over the same twelve month period.

74% of those companies which had taken on staff had recruited full-time employees, whilst 54% recruited part-time employees. This shows an increase in the proportion of companies recruiting part-time staff with a corresponding reduction in those recruiting full-time staff. In line with previous findings, manufacturing firms were less likely to have taken on part-time employees (29%, compared with 61% of service sector firms). The wholesale, retail and hospitality and the education, health and social work sub-sectors were the most likely to have recruited part-time staff.

The majority of recruiting companies (83%) have taken on permanent employees, whilst 27% have taken on temporary staff and 12% staff on fixed term contracts.

Figure 9: Companies who have recruited staff in past twelve months

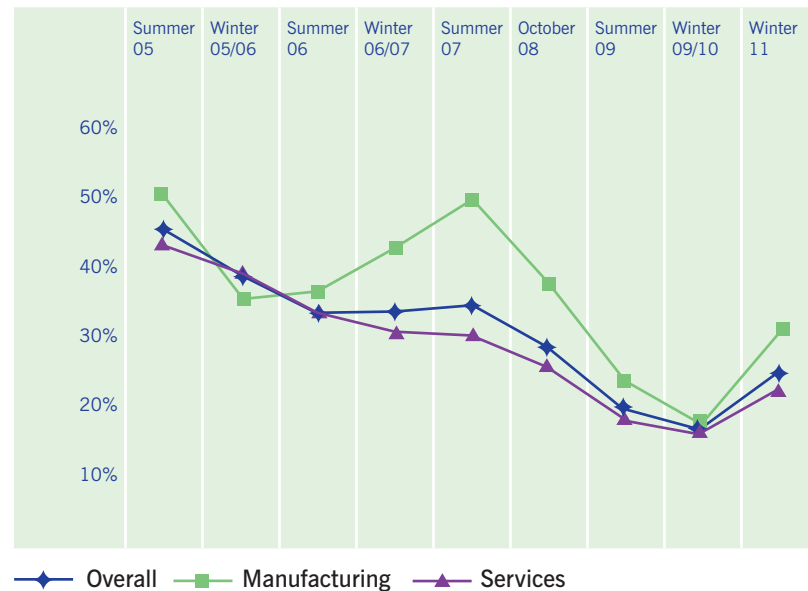


Recruitment Problems

The percentage of firms experiencing recruitment difficulties has increased slightly and now stands at 25% (of recruiting companies) compared with 16% in Winter 2009/10. Manufacturers (31%) were more likely than service sector companies (23%) to report recruitment difficulties.

The sub-sectors reporting the greatest difficulty with recruitment were engineering/electrical (35%) and health and education (36%).

Figure 10: Proportion of recruiting companies experiencing difficulties



Areas of Recruitment Difficulty

Overall, firms have had the greatest difficulty recruiting associate technical and professional occupations (21% of those reporting recruitment difficulties) and skilled craft occupations (18%). Manufacturing firms experienced particular problems with skilled craft occupations (33% of those reporting problems). Problem occupations were more widespread in the service sector.

The most frequently mentioned hard to recruit occupations were: care assistants, sales representatives and sales assistants. This has been the case for a number of years.

Table 4: Percentage of businesses reporting recruitment difficulties by occupation (multiple responses possible)

	All	Manufacturing	Services
Associate professional and technical	21%	18%	22%
Craft and skilled manual	18%	33%	13%
Personal services	14%	3%	18%
Managers and administrators	12%	5%	14%
Other low skilled occupations	9%	12%	8%
Plant and machine minders	8%	16%	5%
Sales and customer service	7%	-	10%
Admin and clerical occupations	6%	5%	7%
Professional occupations	4%	7%	3%

Note: percentages refer to those firms experiencing recruitment difficulties. Occupations based on Standard Occupational Classification 2000. Results based on only 161 responses.

Reasons for Recruitment Difficulties

The main reasons why companies found it hard to recruit staff were:

- Lack of applicants with the necessary skills (reported by 51% of those experiencing recruitment difficulties);
- Lack of applicants with the required attitude, motivation or personality (37%);
- Lack of applicants with the necessary work experience (34%);
- Lack of applicants with the necessary qualifications (30%);
- Other reasons, such as low pay or location (17%).

(Note: some companies gave more than one response and proportions are based on the 161 companies reporting recruitment difficulties).

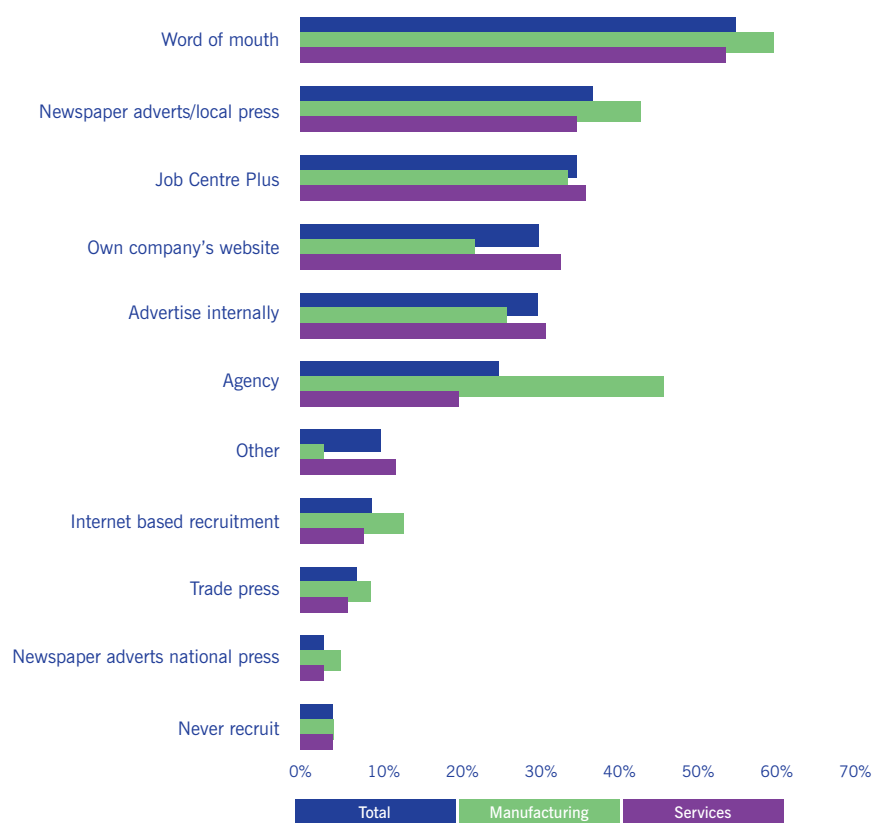
Just 6% of companies who had experienced problems recruiting staff said that problems with transport to their premises contributed a great deal to their recruitment problems, with a further 13% saying this was 'somewhat' a problem. This was more of a problem for rural businesses and, in particular, those located in Melton District.

Recruitment Methods

The most frequently used recruitment methods were 'word of mouth' (55%), followed by newspaper advertisements in the local press (37%) and Job Centre Plus (35%). Over one in ten businesses (13%) only used 'word of mouth' for recruiting staff. 30% advertised internally and 30% advertised on their company's website, 25% used a recruitment agency, 7% used trade press, 3% newspaper advertisements in the national press and 9% internet-based recruitment companies. 10% used other methods such as a notice in their premises or shop window.

The recruitment practices in the manufacturing and service sectors were broadly similar, although manufacturers were more likely to use an agency and the service sector to advertise on their company website. With the exception of word of mouth, larger companies were more likely to use all of these methods.

Figure 11: Recruitment methods used

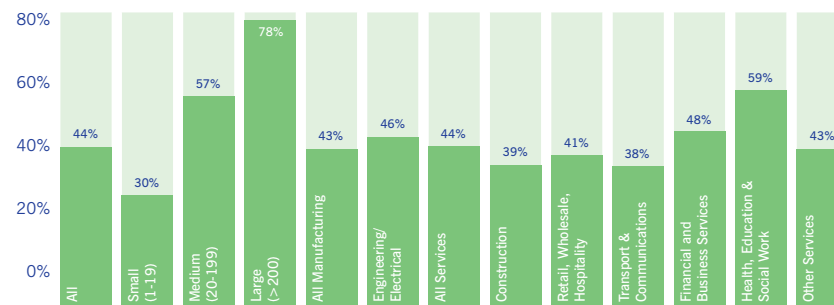


Note: multiple responses possible

Recruitment Plans

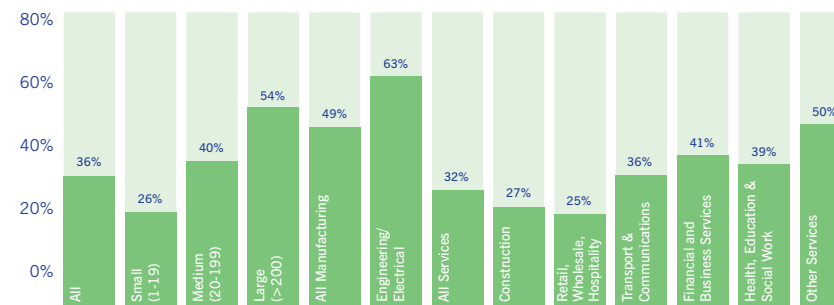
A total of 44% of businesses said that they planned to recruit in the next 12 months, 49% said they did not intend to recruit and 7% did not know. This was similar for manufacturing and service sector companies, however larger companies were more likely to be planning to recruit than smaller ones (30% of those with 1-19 staff, compared with 57% of those with 20-199 staff and 78% of those with 200+ employees).

Figure 12: Proportion of companies planning to recruit in the next 12 months



36% of companies planning to recruit said they were likely to consider recruiting an apprentice, with 51% saying they would not. 17% described this as very likely and 19% fairly likely. Manufacturers (49%) indicated they more likely to consider an apprentice than the service sector (32%). This means that 18% of all companies surveyed would at least consider recruiting an apprentice.

Figure 13: Likelihood of considering an apprentice (Based on those companies planning to recruit)



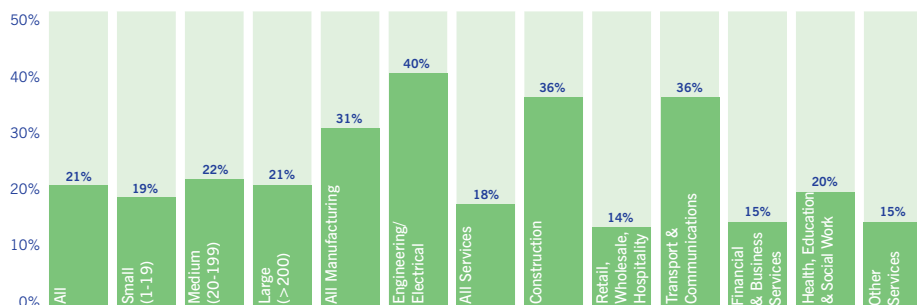
The main reasons why companies planning to recruit would not consider an apprentice were that they had no vacancies for an apprentice, that it was company or head office policy, that they already had an apprentice, that they required staff with experience or that there were no apprenticeships in their field.

Skill Shortages

The number of firms reporting skills shortages* has remained much the same since the Winter 2009/10 survey. Overall, 21% of firms surveyed agreed that skill shortages were having a serious impact on their business with 64% disagreeing with this statement.

A higher proportion of manufacturing businesses reported skills shortages (31%) compared to service sector businesses (18%). The electrical/engineering (40%), construction (36%) and transport (36%) sub-sectors were the most concerned about skills shortages.

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



When read a list of possible skills gaps (**), over 50% of businesses indicated that they had some skills gaps in their current workforce. The most significant were customer care (24%), oral communication skills within the company (23%), management/supervisory skills (21%), and team working skills (20%). However, over one in ten businesses reported skills gaps with: marketing/sales, general IT, job specific technical skills, basic literacy, problem solving, basic numeracy, professional and English language skills.

Overall, small companies were less likely to report that they had skills gaps.

* Skills shortages: vacancies or existing roles where the workforce do not have the required skills, experience or qualifications.

** Skills gaps: the extent to which employers perceive their employees as not being proficient at their job.

Table 5: Skills which need improving in workforce

	All	Manu- facturing	Services	Small (1-19)	Medium (20-199)	Large (>200)
Customer care	24%	20%	30%	23%	13%	27%
Communication skills - oral	23%	17%	31%	24%	23%	23%
Management and supervisory	21%	15%	27%	34%	24%	20%
Team working	20%	13%	27%	22%	20%	20%
Communication skills – written	18%	15%	22%	23%	17%	19%
Marketing or sales	16%	14%	19%	16%	17%	16%
General IT user	15%	12%	18%	19%	17%	14%
Technical - job specific	13%	11%	15%	16%	17%	12%
Basic literacy	13%	10%	16%	16%	14%	12%
Problem solving	12%	7%	17%	14%	10%	12%
Basic numeracy	11%	8%	15%	10%	9%	12%
Professional	11%	8%	14%	10%	8%	11%
English language	10%	8%	11%	18%	10%	10%
IT professional	9%	8%	11%	9%	13%	8%
General administrative	6%	6%	7%	4%	5%	7%
Foreign language	6%	5%	8%	-	6%	6%
None of these	46%	52%	37%	46%	44%	46%

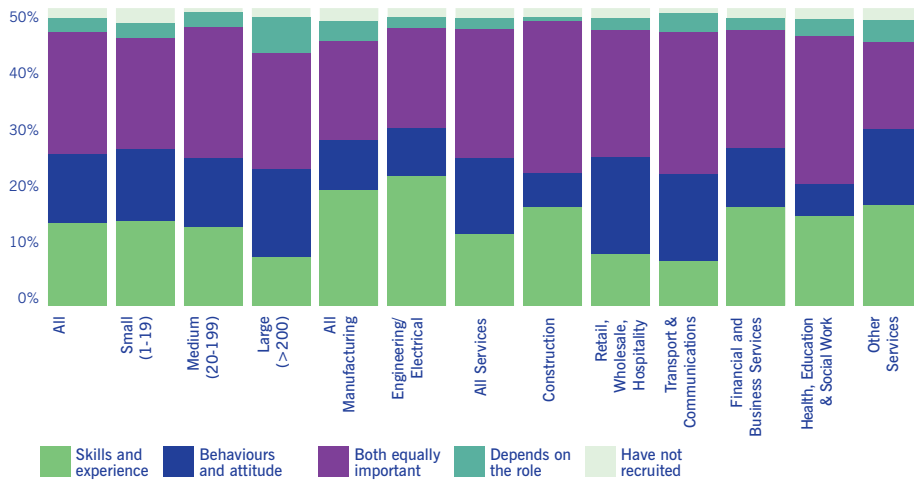
Note: respondents could give more than one response

Skills and Experience versus Behaviour and Attitude

When asked ‘whether when recruiting staff they valued skills and experience over behaviour and attitude’, the results were mixed. 41% of companies said they valued both equally, whereas 28% indicated they valued skills and experience and 24% behaviours and attitude.

Manufacturers were more likely to value skills and experience (39%). The wholesale, retail and hospitality sector was the most likely to value behaviours and attitudes (33%). Smaller companies were slightly more likely to value skills and experience (29% of those with 1-19 staff compared with 27% of those with 20-199 staff and 16% of those with 200+ employees).

Figure 15: Skills or attitudes prioritised when recruiting staff



Interest in Interviewing Unemployed People who have Completed Training

38% of businesses said they would definitely be interested in interviewing candidates who were unemployed and had successfully completed sector-specific entry level courses. A further 30% said they probably would. A total of 12% said they would not be interested. Respondents were not given any further details of the type of courses these might be and most probably assumed that it was very specific to their sector.

Service sector companies were slightly more likely than manufacturers to say they would be interested in this.

Those businesses that would consider interviewing unemployed people, generally, said that they would interview or consider anyone that applied or that they treated everyone fairly. Others said that the fact someone had completed a course meant that they had shown some commitment. Those that were unwilling, wanted staff with experience or skills or said their positions were for professional people or graduates.

Work Experience Placements and Internships

42% of companies said they would be willing to offer a work experience placement for someone aged 15-19, with larger companies being much more likely to consider this than small companies. Some respondents commented that they could only offer placements to young people aged 16 or over.

48% of companies said they would offer work placements to an unemployed person aged 19 or over.

45% of businesses said they would offer a work experience placement or internship to a recent graduate.

Table 6: Willingness to offer work placements or internships

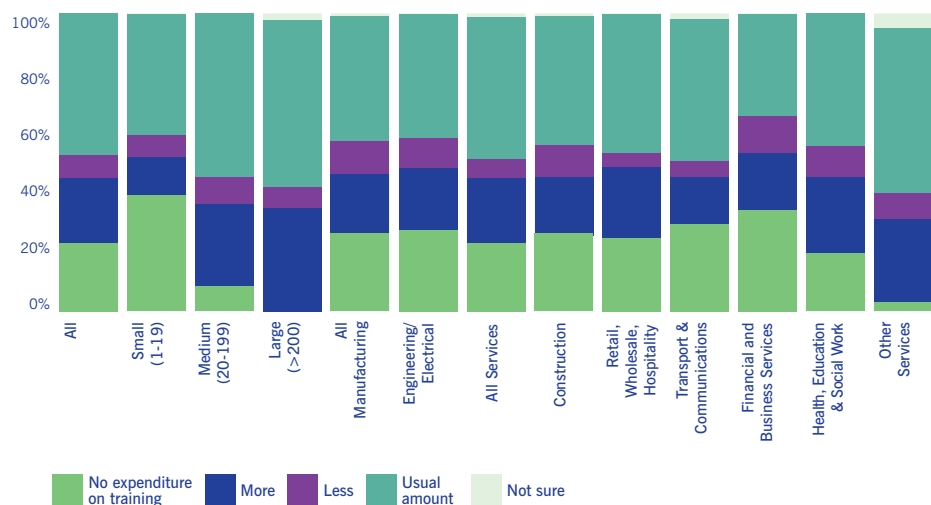
	Total	Small (1-19)	Medium (20-199)	Large (>200)	Manu-facturing	Services
Unemployed young person aged 15-19	42%	34%	49%	64%	40%	43%
Unemployed adult aged 19+	48%	41%	53%	70%	48%	47%
Recent graduate	45%	35%	54%	69%	45%	45%

Training

Expenditure on Training

21% of firms surveyed said they had spent more than their usual amount on training in the past twelve months, whilst 8% had spent less. A total of 47% had spent their usual amount, whilst 23% said they had spent nothing. 50% of companies with fewer than ten staff reported that they had spent nothing on training. When compared to the Winter 2009/10 survey, a higher proportion said they had spent nothing on training and a lower proportion spent the same. This difference is accounted for by a higher proportion of very small companies saying they had spent nothing on training.

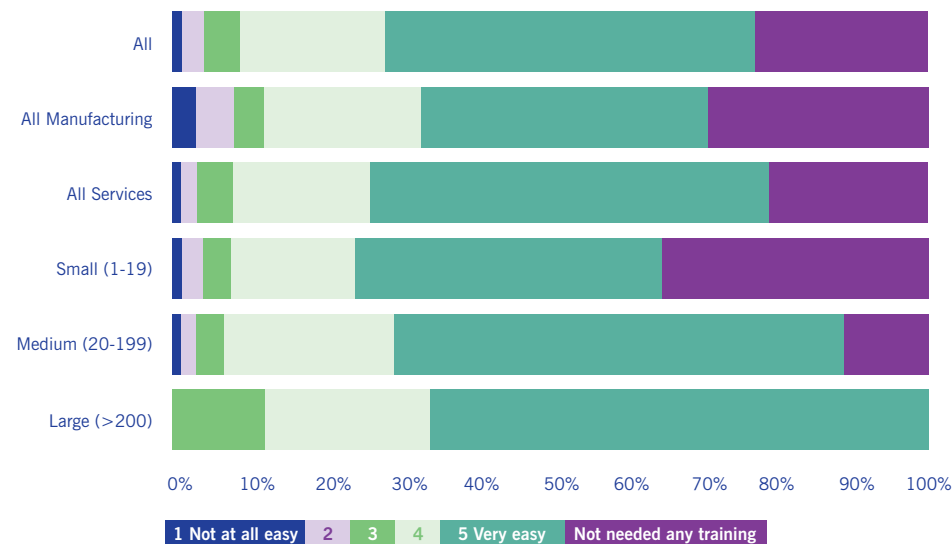
Figure 16: Change in expenditure on training over the past 12 months



Accessing Training

Only 4% of companies said they found difficulty with accessing the training they needed for their staff (rating '1 or 2' on a five point scale where 1 is not at all easy and 5 is very easy). 5% rated this as '3' and 68% as '4 or 5', with 23% saying they did not need to access any training. Manufacturing companies found it slightly more difficult to access the training they needed than service sector companies.

Figure 17: Ease of accessing training for their staff

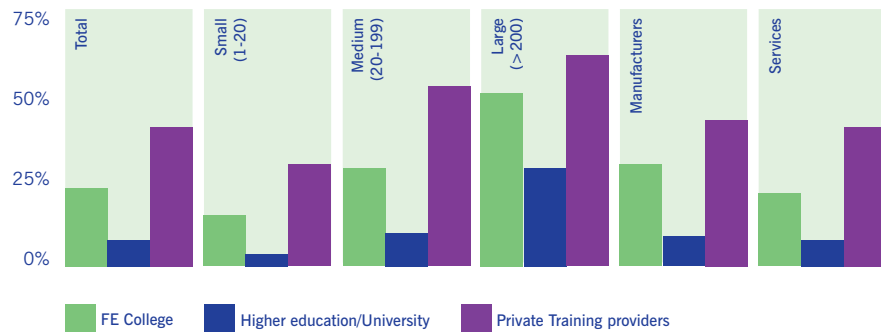


The main problems encountered were with finding courses for their sector, finding courses that met the company's particular skill needs and the cost of the training.

Experience of Accessing Training

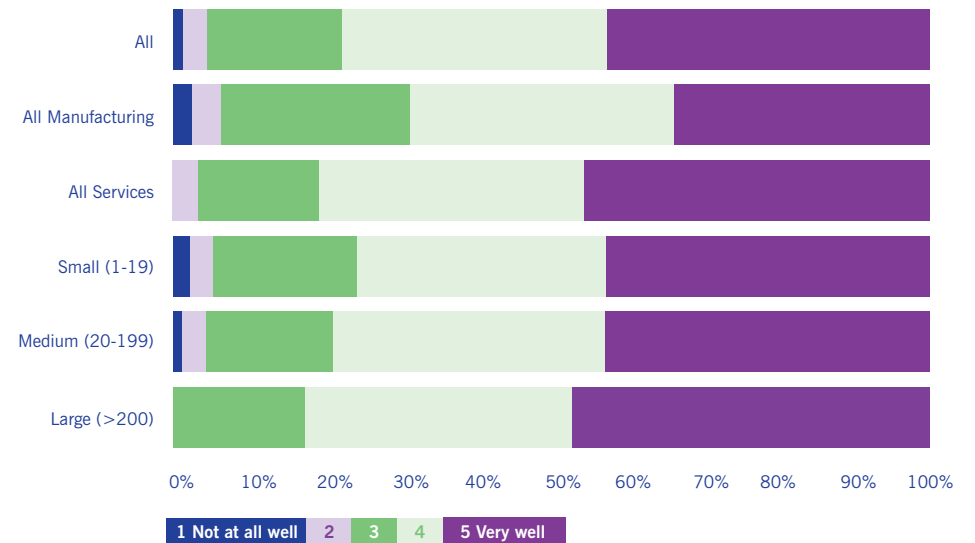
Just over half the businesses surveyed had accessed external training with 23% using a Further Education College, 8% higher education or a university and 41% private training providers. Larger companies were far more likely to have accessed training from all these sources. The education, health and social work sub-sector was the most likely to have accessed external training.

Figure 18: Sources of training



Businesses that had accessed training externally generally said that this training had met their needs, with 78% rating this as '4 or 5' on a scale of 1 to 5 (where 1 indicated the training had not meet their needs at all and 5 indicated that the training had meet their needs very well). 4% rated this as '1 or 2' and 18% as '3'. Service sector companies were slightly more satisfied than manufacturers.

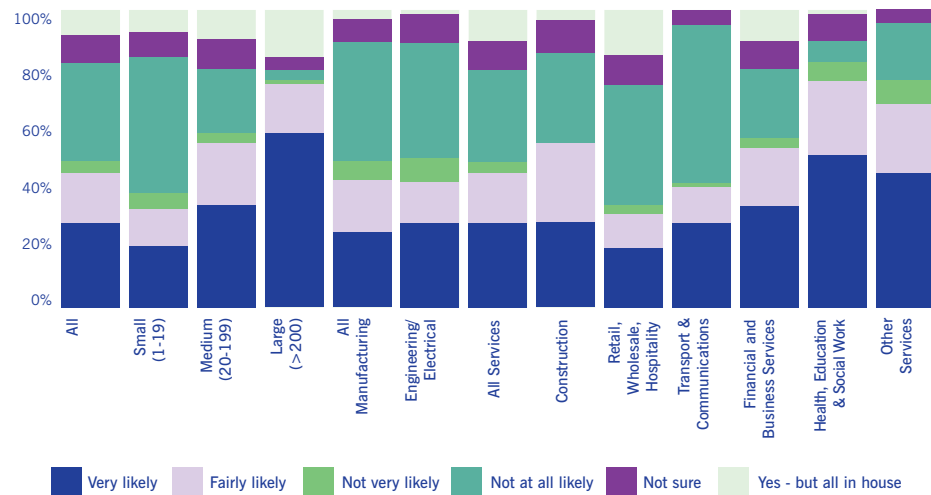
Figure 19: How well externally sourced training met needs



Accessing Training in the Future

46% of companies surveyed said they were likely to undertake staff training or commission consultants in the next couple of years, with 29% saying this was very likely and 17% fairly likely. 38% said they were not likely to do this, with a further 8% saying they would undertake staff training, but it would all be done in house.

Figure 20: Likelihood of undertaking staff training or commissioning consultants in the next couple of years



Companies saying they would undertake training or commission consultants were then asked whether or not they would be prepared to pay for a range of types of training. 11% of these businesses said they would not be prepared to pay for training. 52% would be prepared to pay for full NVQs, 54% for tailor-made training and 46% for legislative training required by their industry. Manufacturing companies were more likely than others to say they would access all these types of training.

Table 7: Willingness to pay for training

	Total	Manu- facturing	Services	Small (1-20)	Medium (20-199)	Large (>200)
NVQs full qualification	52%	57%	51%	39%	59%	72%
NVQs part qualification or units	40%	43%	39%	27%	47%	56%
Apprenticeships/Advanced Apprenticeships	37%	59%	31%	26%	43%	55%
Tailor made training	54%	63%	52%	45%	61%	60%
Consultancy	24%	30%	22%	14%	31%	26%
Legislative training required by your industry	46%	56%	43%	38%	51%	59%
Not willing to pay	11%	6%	13%	18%	7%	8%

Base: those likely to undertake staff training or commission consultants (490 respondents)

Where companies were planning to undertake training or commission consultants, 33% said they would be willing to pay 100% of the training or consultancy costs and 42% said they would be willing to pay part of the costs with the rest being government funded. A further 11% said they would expect a government or industry subsidy to cover all of the cost with 6% saying it depended on the urgency of the need. Respondents from the financial and business services sub-sector were the most likely to say they would meet 100% of the costs. Businesses in the health, education and social work sub-sector were the most likely to say that they would expect the costs to be met by government or industry.

Table 8: Extent to which businesses are willing to pay for future training

	Total	Manu- facturing	Services	Small (1-20)	Medium (20-199)	Large (>200)
100% own budget	33%	33%	33%	28%	35%	44%
Part own budget / part government	42%	50%	40%	42%	43%	39%
Expect government or industry subsidy to cover 100%	11%	9%	11%	9%	12%	13%
Depend on urgency of the training need	6%	8%	6%	5%	8%	4%
Not sure	2%	1%	2%	2%	2%	-
Not willing to pay	11%	6%	13%	18%	7%	8%

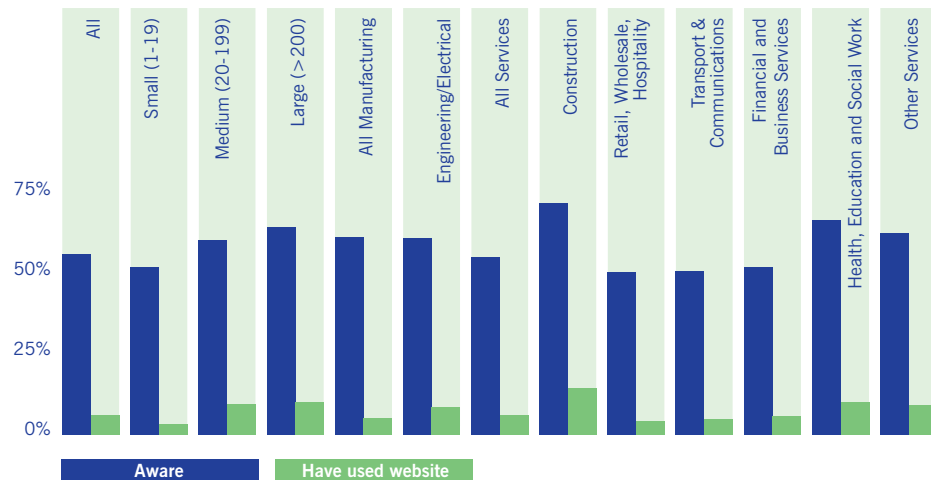
Base: those likely to undertake staff training or commission consultants (490 respondents)

National Apprenticeship Service

Just over half the companies surveyed (55%) said they had heard of the National Apprenticeship Service. Awareness was highest in the construction sub-sector.

Only 6% of businesses had used the National Apprenticeship Service's Vacancy website with use being greatest in the construction sub-sector (14%).

Figure 21: Awareness of the National Apprenticeship Service and use of their vacancy website



12% of businesses said they would be very willing to advertise any apprenticeships they might have in the future on the Apprenticeship Vacancies on line website, with a further 13% saying they would be fairly willing to do so. 7% said they would not be willing to advertise on this website. 23% said they could not respond without knowing more about it and 45% said they never had any apprentices. The electrical and engineering and construction sub-sectors appeared the most willing to advertise any vacancies they might have.

Contacting Public Agencies for Advice

Businesses were asked how likely they were to seek advice from a number of public sector agencies in the next twelve months, on a scale of 1 to 5 where 1 is not at all likely and 5 is very likely. The results are shown below as a mean score. In general, larger companies were more likely to be seeking advice than small companies.

16% said they were very or fairly likely to contact their local Environmental Health Department. 8% said they would be very or fairly likely to contact Trading Standards Business Advice. 17% said they were likely to contact HM Revenue and Customs and 24% the Health and Safety Executive (HSE) for advice. Respondents from the construction and education, health and social work sub-sectors were slightly more likely than others to say they would contact the HSE. 13% of respondents said they were likely to contact the local Fire and Rescue Service for advice, this was more likely in the education, health and social work sub-sector than in other sub-sectors.

Table 9: Likelihood of seeking advice from agencies in the next 12 months (mean scores)

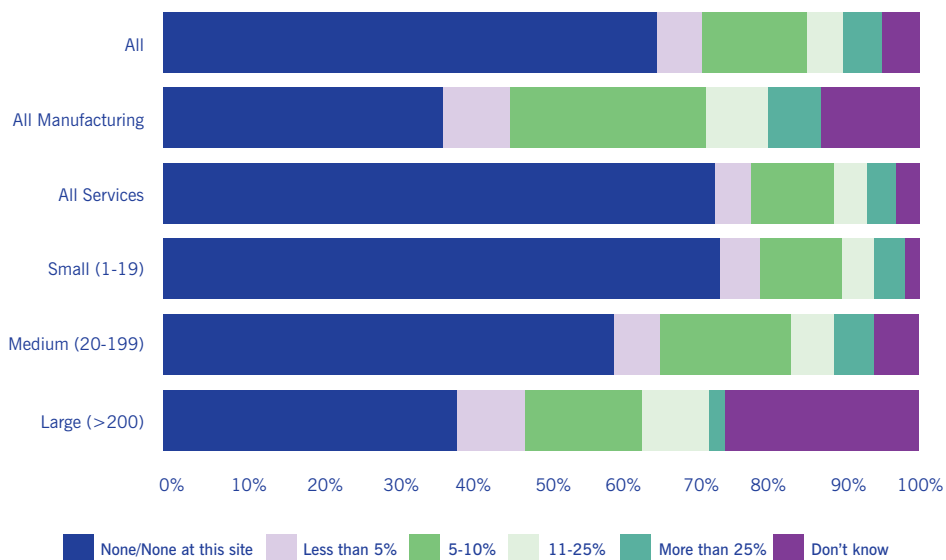
	All Winter 2011	Manu-facturing	Services	Small (1-19)	Medium (20-199)	Large (>200)
Environmental Health Department	2.0	1.9	2.1	1.8	2.3	2.3
Trading Standards Business Advice	1.7	1.6	1.7	1.6	1.8	1.8
HM Revenue and Customs	2.1	2.2	2.1	2.0	2.2	2.3
Health and Safety Executive	2.4	2.4	2.3	2.1	2.6	2.7
Local Fire and Rescue Service	1.8	1.9	1.8	1.6	2.1	2.3

Note: Table shows mean scores (where 1 = not at all likely and 5 = very likely)

Spotlight on Research & Development (R&D)

Two thirds of the companies (66%) said they currently spend nothing on R&D (or nothing was spent at that site) and 5% said they did not know what was spent on R&D. Overall, 6% of companies said that less than 5% of their current business activity was spent on R&D, 14% said 5-10% of their current business activity was R&D and 5% said more than a quarter of their current activity was R&D. 73% of manufacturers spent some money on R&D, compared to 27% of service sector companies. Larger companies were more likely to spend on R&D with 61% of large companies (200+ staff), 41% of medium sized companies (29-199) and 27% of small companies (1-19) spending something on R&D.

Figure 22: Percentage of current business activity spent on R&D



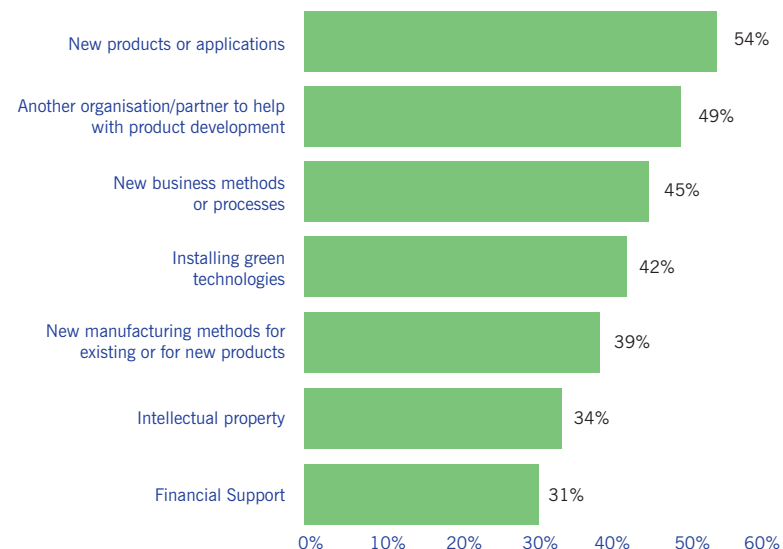
Those businesses that spent money on R&D (29% of total sample) were asked how important it was for their business. 70% of these businesses said that research and development was important for them (40% very important; 30% important).

One in three companies who spend money on R&D had accessed external support for this in the past three years with the engineering/ electrical sub-sector being most likely to have done so.

Just over a quarter of companies (28%) who spend on R&D said they were considering accessing external R&D support in the next 12-18 months (equating to 10% of all companies). Again the engineering / electrical sub-sector was the most likely to be considering this.

54% of those considering external support for R&D were looking for new products or applications, 49% for another organisation or partner to help with product development, 45% new business methods or processes, 42% installing or developing green technologies, 39% for new manufacturing methods for existing or new products, 34% support with intellectual property and 34% financial support.

Figure 23: Type of external support with R&D that businesses would like



Base: 98 respondents

Spotlight on Transport Issues and Parking

Respondents were then asked from a prompted list to rate their concern about a number of traffic and transport issues, where 1 is of no concern at all and 5 is of very great concern.

Overall concerns about traffic congestion appeared relatively low, with 18% of businesses rating this '4' or '5'. However, 60% of respondents in the transport and communications sub-sector rated concerns about traffic congestion as '4' or '5'.

11% of businesses said that 'employees getting to or from work by car', was a problem for them. Access to work by public transport was a problem for 22% of businesses, particularly those located in rural areas (40%). Customers accessing their premises by car was a problem for 11% of businesses overall, rising to 31% of rural businesses.

14% of businesses said car parking for both their employees and their customers was a problem. Parking was more of a problem for businesses located in Leicester City than elsewhere. 31% of Leicester City based businesses indicated that parking was a concern for them in terms of their employees and 33% in terms of their customers.

Table 10: Extent to which road and public transport issues are a concern for the business, % rating issue 4 or 5 on five point scale

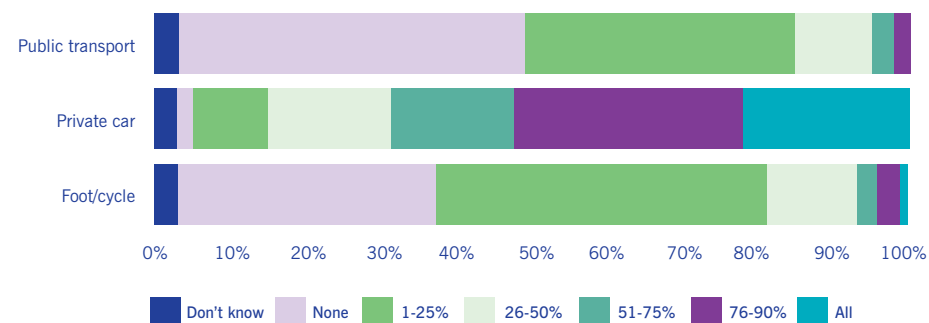
	All	Manu- facturing	Services	Urban	Rural	City	County
Traffic congestion	18%	17%	18%	18%	13%	22%	16%
Employees being able to get to and from work by car	11%	13%	10%	11%	9%	14%	10%
Employees being able to get to and from work by public transport	22%	26%	21%	20%	40%	15%	25%
Customers getting to and from your premises by car	11%	9%	11%	11%	4%	16%	8%
Customers getting to & from your premises by public transport	17%	19%	16%	15%	31%	11%	19%
Car parking for employees	14%	11%	15%	15%	2%	22%	11%
Car parking for customers	14%	9%	15%	15%	1%	23%	9%

How Staff Travel to Work

The majority of employees travel to work by car. Overall, no employees travel to work by public transport in 46% of businesses. All the staff travel to work by private car in 22% of companies and more than 75% in a further 30% of companies.

More employees travel to work by public transport to companies based in Leicester. Fewer employees travel to work by public transport to businesses based in Melton and Hinckley and Bosworth Districts.

Figure 24: Proportion of staff travelling to work by public transport or private car in each company



Travel Plans

One in ten companies (10%) had travel plans, slightly higher than was found in Summer 2009, the last time this question was asked.

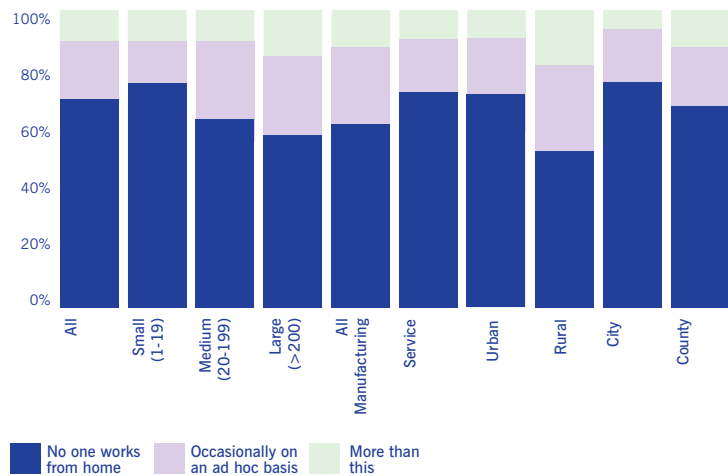
Spotlight on Home-working

Extent to which staff work from home

No staff work from home in 70% of businesses, with staff working at home on an ad hoc basis in 20% of businesses. Staff work at home regularly on 1 or 2 days a week in 5% of companies, 3-4 days a week in 3% of businesses and all staff work at home in 1% of firms.

Staff were most likely to work from home, at least occasionally, in financial and business services and least likely in the wholesale, retail and hospitality and education, health and social work sub-sectors. Staff in rural businesses were the most likely to work from home, at least occasionally.

Figure 26: Extent to which staff work from home



Desire to encourage more home-working

Only 5% of businesses, rising to 11% of rural businesses said that they wished to encourage more home-working.

Half of those who wanted to encourage more home-working (3% of the complete sample) reported that they felt supporting home-working could help their company grow.

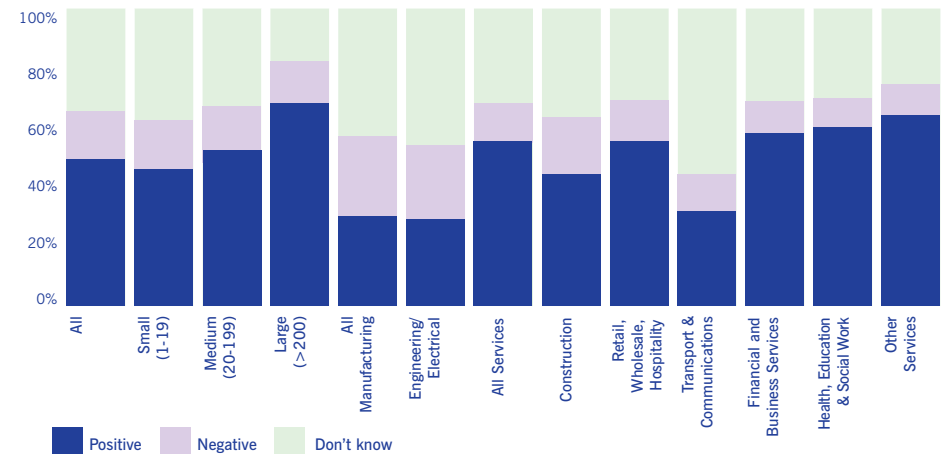
Spotlight on Image of Industry Sector

Businesses were asked to say whether they thought potential employees viewed their sector positively or negatively. Half the businesses (49%) thought the view of their sector was positive, but 16% said this was negative and a third (35%) said they did not know.

Service sector businesses (55%) were more likely to think people had a positive view than manufacturers (30%). The education, health and social work and other services sectors were thought to be viewed the most positively and electrical / engineering and transport the least.

Large companies were more likely to think people had a positive view of their sector (68% for large (200+), 52% for medium (20-199) and 46% for small (1-19) companies,).

Figure 27: How potential employees view sectors



When asked why they thought potential employees had these views, many businesses gave reasons which applied to their company rather than their sector, such as 'they would not apply otherwise', that their staff always seemed contented, that their company had a good reputation or was a household name.

Reasons for viewing their sector positively included being an area which people enjoyed such as leisure, travel, pubs, gardening etc.; a good career/chance to better oneself; an exciting/modern area of work such as IT, web design etc; a growing sector; or a chance to help people.

Reasons for viewing their sector negatively included: the sector not doing well at present; sector in a long term decline; manual work, hard work or low wages; boring work or unskilled work or that the sector has a bad image in the press.

Methodological Notes

The Leicester and Leicestershire Business Survey is now conducted annually and is produced through a research partnership involving the Leicestershire Local Enterprise Partnership, Leicestershire County Council, Leicester City Council, District Councils, Leicestershire Chamber of Commerce and the University of Leicester and De Montfort University.

The survey

A telephone survey of 1012 businesses within Leicester and Leicestershire was undertaken during January 2011. The sample was drawn from a database supplied by Experian and aims to reflect as accurately as possible the mix of businesses found in each District. The number of interviews achieved in each district was:

Blaby	104
Charnwood	112
Harborough	106
Hinckley & Bosworth	98
Leicester City	300
Melton	101
North West Leicestershire	99
Oadby and Wigston	92

This over-represents businesses in the smaller districts (Melton and Oadby and Wigston) and under-represents businesses in Leicester and Charnwood. The results in this report have been weighted to reflect the true proportions of businesses in each District listed on the database.

This sample only included businesses listed on the database as having 5 or more employees.

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

	City	%	County	%	Total	%
Business Sector						
Manufacturing	69	21%	145	22%	214	21%
Services	263	79%	522	78%	785	79%

	City	%	County	%	Total	%
Business Size						
5-9 employees	123	37%	177	27%	300	30%
10-19 employees	75	23%	149	22%	224	22%
20-50 employees	75	23%	185	28%	260	26%
51-199 employees	43	13%	119	18%	162	16%
200+ employees	15	5%	37	6%	53	5%

An electronic version of the survey report is available on the Leicestershire Statistics and Research web site, www.lsr-online.org.

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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 Policy, Research and Information
 Chief Executive's Department
 Leicestershire County Council
 County Hall
 Glenfield
 Leicester
 LE3 8RA

Telephone: 0116 305 5883 Email: joelle.bradly@leics.gov.uk

The business survey is managed by a local research partnership comprising the Leicester and Leicestershire LEP, Leicestershire County Council, Leicester City Council, Leicestershire Chamber of Commerce, District Councils, De Montfort University and the University of Leicester.



**Leicester & Leicestershire
Enterprise Partnership**

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