



Leicester & Leicestershire
Enterprise Partnership

winter
2012

Leicester and
Leicestershire

BUSINESS SURVEY



winter 2012

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.

The Leicester and Leicestershire Enterprise Partnership (LLEP) was established in May 2011 to lead economic growth by providing strategic leadership and determining priorities for investment. We recognise the importance of local research in influencing our strategy and especially welcome the views of local businesses. I am very grateful to the 1,000 businesses that have taken the time to participate in this survey, providing us with key information that will help us plan for the future.

It is very encouraging to see clear evidence of growth and strong performance over the last 12 months amongst local businesses. At a time of national economic uncertainty, many businesses report increased turnover and profits. The manufacturing sector has performed especially well and is now more optimistic than the service sector.

Planning for growth is high on the agenda for at least two thirds of local businesses, with 11% planning rapid growth. There are also signs that some businesses have started to expand, reporting growth in their workforce and increased recruitment activity.

Although there is evidence of growth, the balance of business optimism is stable. This reflects business concerns about the general economic climate and consumer confidence, along with rising fuel and energy costs. This has led to a situation where 23% of businesses expect conditions to improve and 23% anticipate that conditions will deteriorate over the next 12 months, with the remaining businesses expecting no change or feeling unsure about future conditions.

The LLEP's Economic Growth Plan outlines how we plan to create the right conditions for business growth and for new businesses to become established and flourish in our area. We will also address some of the issues that businesses have identified in this survey as potential constraints to growth including skills shortages, bureaucracy and access to superfast broadband.

I hope that you find the results of this survey interesting and helpful.



Andrew Bacon
Chairman, LLEP

Note
The Business Survey was conducted by telephone and interviews took place in February and March 2012. Further information on the methodology can be found at the end of the report.



Key Findings

General business conditions

- Business optimism for the next twelve months has improved slightly since the last survey (January 2011) and the balance of optimism¹ now stands at 0%.
- Opinions about business conditions for the next 12 months are mixed. Overall, 23% of businesses think general conditions will improve, whereas 23% expect conditions to deteriorate over the next twelve months. Many businesses (43%) expect little change in the business climate.
- The balance of optimism in the manufacturing sector has improved to +3% and is higher than observed in the service sector which stands at -1%.

Sales and profits

- There are some signs of improvement in the sales and profit performance of local businesses since the last business survey. The balance of turnover performance is +20% and for profits +12%. In particular, the manufacturing sector has shown good sales and profit performance. Service sector performance was relatively flat.
- Businesses were quite optimistic about their future sales and profit performance – with nearly half predicting an increase in sales and profits.

Main business concerns

- Businesses expressed concern about the economic climate and customer confidence when asked about their current concerns (unprompted).
- Once prompted, businesses identified fuel and energy prices as key issues causing concern. About a third of businesses expressed concern about cash flow, a similar situation to that seen 12 months ago.
- An increasing number of businesses in the engineering/electrical sub-sector expressed concerns about recruiting suitably skilled staff.

Growth plans

- Just over two in three companies (70%) plan to grow, with 11% saying they plan to grow rapidly, 35% moderately and 24% slowly. The proportion of businesses aspiring to grow was similar amongst manufacturers and service sector businesses.

Price pressures

- The pressure on businesses to increase their prices has eased since the last survey, with 30% having increased prices in the past 12 months. Most businesses (60%) had kept their prices constant and 9% had decreased prices.

The workforce and recruitment

- Many businesses had recruited over the last 12 months (64% of all respondents). The proportion of recruiting businesses finding it difficult to fill their vacancies has increased marginally over the last year, with 27% reporting problems.
- There are some encouraging signs of economic growth, with nearly a third of businesses (31%) reporting an increase in the size of their workforce over the last year. 54% had seen little change in their workforce size and just 15% reported a decrease.
- Nearly half the local businesses (45%) plan to recruit in the next 12 months. Businesses showed some interest in recruiting an apprentice, especially manufacturers.

Skills and training

- Nearly a quarter of local businesses agreed that skills shortages were having a serious impact on their business.
- Many businesses identified some skills gaps in their current workforce, highlighting communication skills, customer care, management/supervisory skills and team working.

Research and Development

- At present, about half the manufacturing respondents are investing in R&D compared to 22% of service sector businesses. Most businesses investing in R&D consider this to be very important to their business. About a third plan to invest in R&D over the coming months, especially around new products or applications, new business processes and new manufacturing methods.

Environmental issues

- Three in five businesses have an environmental policy in place. Many had targets in place around increased recycling and reducing waste. Some had also set targets around reducing energy consumption and carbon emissions.

¹ 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.

General Business Conditions

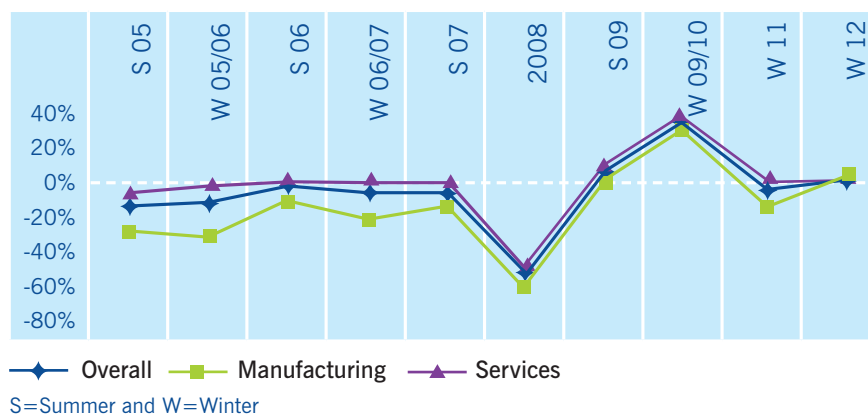
Business optimism

The level of business optimism has improved slightly since the last survey in Winter 2011. The balance of optimism¹ now stands at 0%, compared to -4% in Winter 2011, but is still much lower than the +30% found in Winter 2009/10. Overall, 23% of respondents thought that general business conditions would improve over the next twelve months. However, 23% thought that they would deteriorate and 43% thought they would not change.

Confidence has improved in the manufacturing sector and stands at +3%, with 22% of manufacturers thinking conditions will improve, 19% thinking that they will deteriorate and 44% that they will not change much. When compared to Winter 2011, the proportion thinking conditions will improve is unchanged but the proportion thinking they will deteriorate has decreased.

In the service sector, the balance is -1% with 23% thinking conditions will improve, 24% that they will get worse and 43% that they will not change much. This has not changed since Winter 2011.

Figure 1: Balance of business optimism for the next 12 months



¹ 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.

² The LLEP priority sectors have been defined slightly differently to those traditionally used in the business survey reports. As a result, the figures for the LLEP priority sectors do not exactly match those in table 1.

Optimism in the electrical/engineering sub-sector has increased to +9%, with 24% of firms in this sector predicting conditions will improve compared with 15% that think they will get worse, but 17% said they were not sure what would happen. Roughly equal numbers of businesses in the construction sub-sector thought conditions would improve as thought they would deteriorate.

Businesses appeared less optimistic in the transport & storage, health, education & social work and other services sectors.

In the LLEP Priority Sectors², the balance of optimism for the high-tech engineering sector stands at +9%, for business services at +16%, the knowledge sector at +9%, wholesale and logistics at -3% and tourism & hospitality at +1%.

Table 1: Predicted change in business conditions by company size and sector

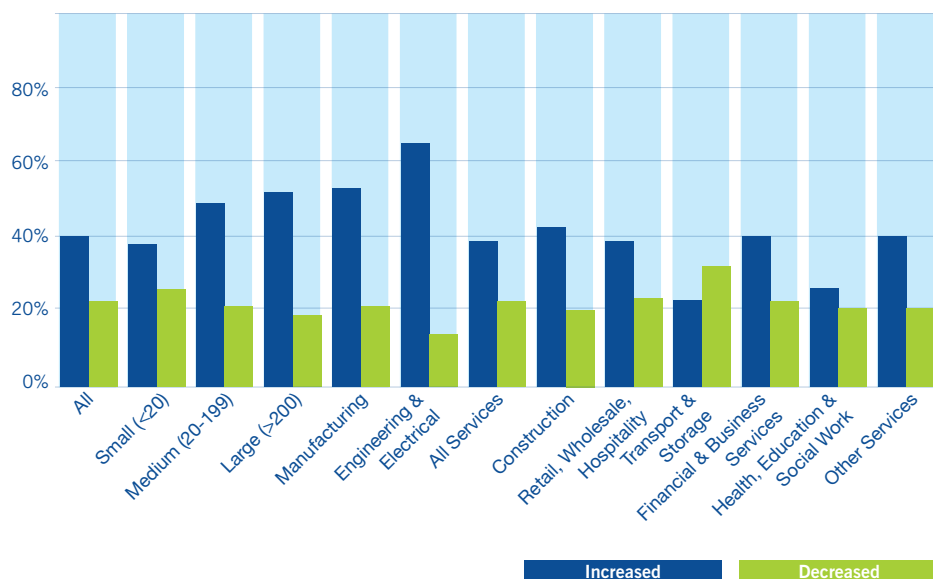
	Improve	Not change	Worse	Don't know
All	23%	43%	23%	11%
Small (<20 employees)	22%	43%	23%	12%
Medium (20-199 employees)	24%	43%	22%	11%
Large (200+ employees)	19%	43%	29%	9%
Manufacturing	22%	44%	19%	15%
All services	23%	43%	24%	10%
Engineering / electrical	24%	43%	15%	17%
Other manufacturing	19%	44%	21%	15%
Construction	24%	48%	22%	5%
Retail, wholesale and hospitality	22%	44%	21%	13%
Transport and storage	16%	41%	37%	6%
Communications and financial and business services	30%	40%	21%	10%
Health, education and social work	21%	38%	34%	7%
Other services	14%	47%	31%	9%

Sales and Profits

Sales performance

The balance of firms reporting an increase in turnover has improved to +20%, compared to +13% in the last survey (conducted Winter 2011). A total of 41% reported an increase in turnover in the previous twelve months compared with 21% who reported a decrease.

Figure 2: Change in sales over the last 12 months



Small businesses were far less likely to report an increase in sales than larger businesses, with a balance of +35% for large (200+ employees) and +27% for medium (20-199 employees) but falling to +10% for small (<20 employees) businesses. Since the last survey in Winter 2011, manufacturers have tended to report an increase in sales, whilst sales in service sector businesses have been relatively flat. 53% of manufacturers reported an increase in sales and 18% a decrease in the previous 12 months. During the same time period, 37% of service sector firms reported an increase in sales and 22% a decrease. The engineering/ electrical sub-sector was the most likely to report an increase in sales (68%).

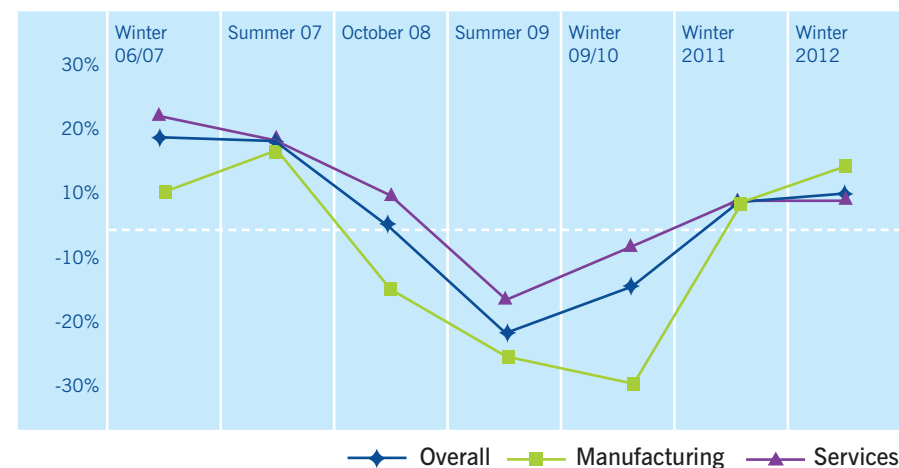
Profit performance

The position with regards to profits has also improved since Winter 2011, but to a lesser degree than the increase in sales. The balance of businesses that reported increased profits now stands at +12% compared with +8% in the last survey. Overall, 34% reported an increase in profits and 22% a decrease, with 34% saying profits were much the same. 10% reported an increase of more than 10%, with 6% 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 +5% compared with +17% for medium (20-199 employees) firms and +26% for large firms (200+ employees).

The profit performance of manufacturers has improved since the last survey and that of the service sector has remained much the same, standing at +18% and +9% respectively.

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



Outlook

Nearly half the respondents (49%) thought that their sales would increase over the next 12 months, 8% felt that they would decrease and 38% that they would remain much the same. Manufacturers appeared slightly more optimistic than the service sector with regard to sales, with 53% and 47% respectively predicting an increase in sales.

The outlook for profits has increased slightly with 46% predicting an increase in profits over the next twelve months (compared with 42% in Winter 2011) and 9% a decline.

Market Conditions

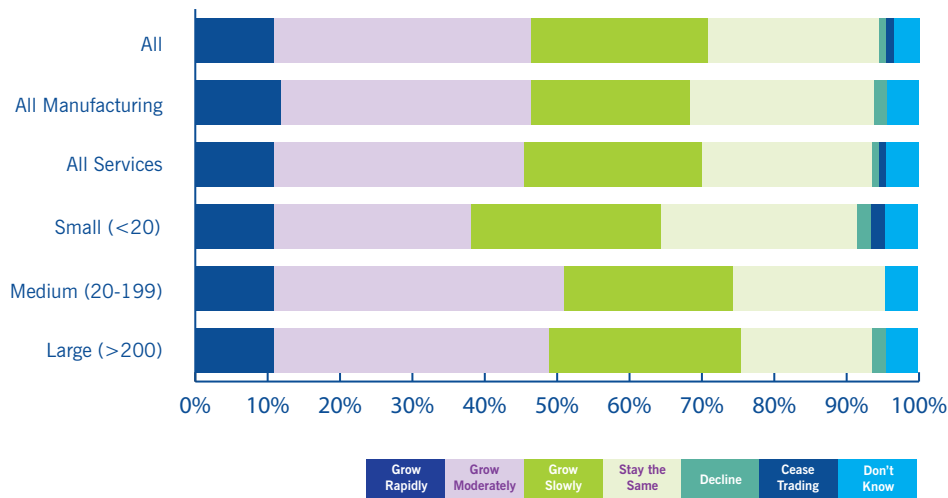
Future growth plans

Two in three companies (70%) plan to grow; with 11% saying they plan to grow rapidly, 35% to grow moderately and 24% to grow slowly. A further one in four businesses (24%) plan to stay much the same size and just 2% reported that they plan to downsize or cease trading. This situation is similar to that reported in previous surveys. However, during the present difficult economic climate, this could be considered a positive finding.

A similar proportion of manufacturers and service sector businesses were planning growth (68% of manufacturing companies and 70% of service sector companies).

Larger companies were slightly more likely than small firms to be planning to grow (76% of large (200+ employees) compared with 74% of medium (20-199 employees) and 64% of small (<20 employees) companies).

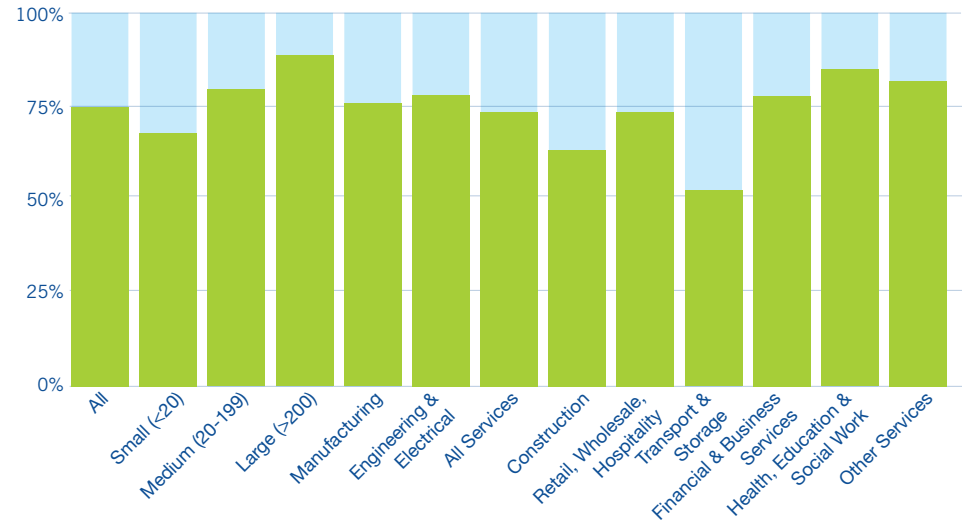
Figure 4: Future growth plans



Business planning

The majority of businesses (75%) have a business plan, ranging from 64% of those with fewer than 10 staff to almost all of those with 200+ staff.

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, 15% indicated they had no major concerns. The most mentioned area of concern (by 22% of businesses) was the general economic climate. A further 15% of respondents expressed worries about customer confidence and falling disposable incomes, with 2% referring to the state of the housing market. A further 8% said they were concerned about inflation or rising costs. Other issues raised were a lack of sales or orders (8%), competition (8%) and 4% mentioned the impact of public sector cuts.

Respondents were then asked from a prompted list to rate their level of 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. Table 2 shows the proportion of respondents rating each concern as '4' or '5'. Based on the prompted list, energy and petrol/diesel costs were considered a concern by about nearly half the respondents interviewed. In particular, a high proportion of manufacturing businesses (60%) expressed concern about energy costs.

As might be expected, a higher proportion of small businesses (38% of those with <20 employees) expressed concern about cash flow than larger sized businesses. It appears that concerns about cash flow have increased marginally since Winter 2011. However, cash flow was of far greater concern to businesses during 2008 and 2009, reflecting the impact of the recession (table 3 refers).

Concerns about finding suitable staff and staff retention have continued to remain low. However, more businesses in the electrical/engineering sub-sector had some concerns about recruiting suitable staff (38%) than was the case in other sectors.

For most businesses, there was little concern about finding suitable premises. Manufacturers appeared more concerned about energy costs, regulation/red tape and finding suitable staff, when compared to service sector businesses. On the other hand, a higher proportion of service sector businesses than manufacturers considered competition to be a concern.

Table 2: Main business concerns, proportion of respondents rating concerns as '4' or '5'

	All Winter 2012	Manufacturing	Services	Small (<20)	Medium (20-199)	Large (>200)
Energy costs	49%	60%	46%	46%	52%	51%
Petrol/Diesel costs	47%	50%	47%	46%	48%	58%
Competition	37%	29%	39%	38%	38%	31%
Regulation/red tape	36%	42%	34%	37%	36%	29%
Finding new business	35%	35%	35%	38%	32%	35%
Cash flow	31%	31%	31%	38%	24%	24%
Finding suitable staff	21%	29%	18%	20%	21%	16%
Traffic congestion	20%	19%	21%	21%	20%	16%
Access to finance	18%	17%	18%	22%	15%	15%
Staff retention	9%	9%	9%	11%	8%	9%
Finding suitable premises	4%	5%	4%	4%	4%	0%

Table 3: Percentage of businesses rating selected concerns as '4' or '5', 2008 to 2012

	October 08	Summer 09	Winter 09/10	Winter 2011	Winter 2012
Cashflow	57%	56%	35%	29%	31%
Competition	42%	42%	40%	36%	37%
Fuel/energy prices	76%				
Energy prices		57%	45%	48%	49%
Petrol diesel prices		50%	42%	53%	47%
Regulation and red tape	54%	53%	45%	37%	36%
Finding new business	43%	45%	44%	35%	35%
Finding suitable staff	31%	22%	21%	21%	21%

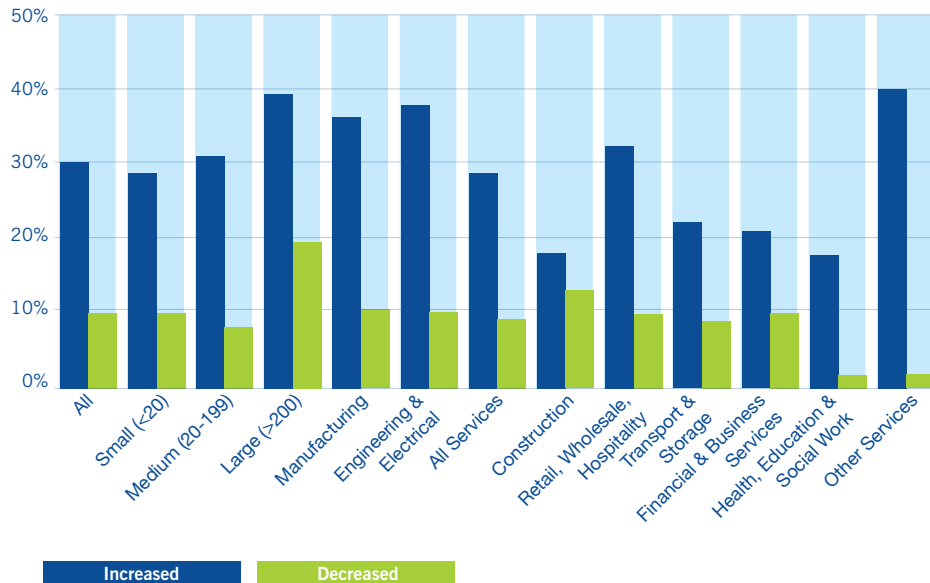
Price Pressures

Prices

Pressure on prices was lower than found in the Winter 2011 survey.³ Nearly a third (30%) of businesses had increased their prices over the previous 12 months. 9% reported that they had decreased prices and 60% said they had not changed much. (This compares to 44% increasing prices and 9% decreasing prices when surveyed in Winter 2011).

Service sector companies (28%) were less likely to have increased their prices than manufacturers (36%). The construction sub-sector was the most likely to have reduced prices (13%), possibly linked to the depressed housing market. Large companies (200+ staff) were both the most likely to have increased prices (38%) and to have decreased them (19%).

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



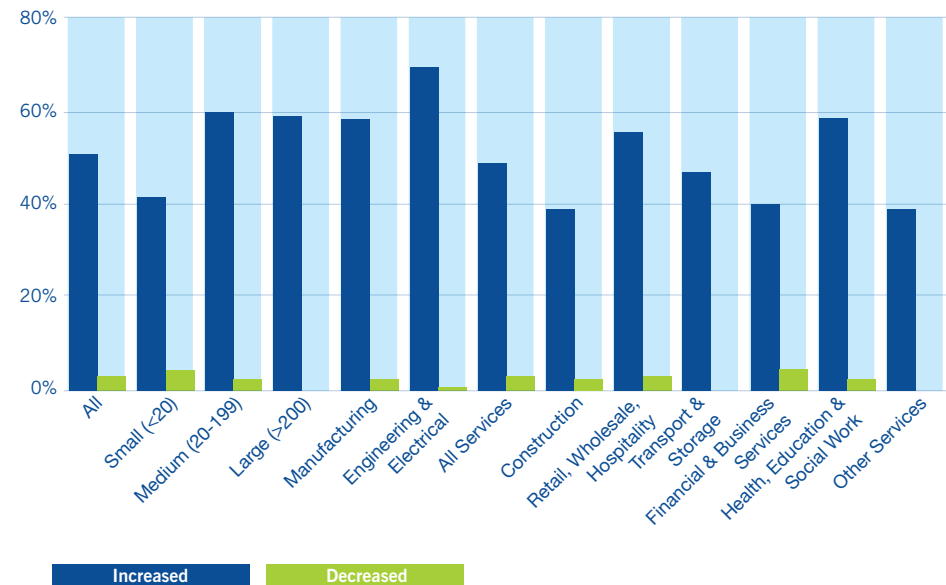
³ It should be noted that last year's survey was conducted just after the VAT increase which could have influenced respondents.

Labour costs

Pressure on wage rates was much the same as found in the Winter 2011 survey. About half the businesses (51%) reported some increase in wages over the past 12 months, whilst 3% reported decreases. However, this was still lower than the situation found three years ago (October 2008, when 71% reported increases and 2% a decrease). Small firms (<20 employees) were less likely than larger firms to have raised their wages (41% of small businesses; 60% of medium-sized businesses and 58% of large businesses).

Manufacturing companies (57%) were more likely to have increased wages than service sector companies (49%).

Figure 7: Percentage of businesses reporting a change in wage rates



The Workforce

The local ILO unemployment rate⁴ for the Leicester and Leicestershire sub-region was 7.4%, slightly below the national rate of 7.9%. The rate for Leicestershire County was 5.6% and that for Leicester City was 11.4% (June 2011).

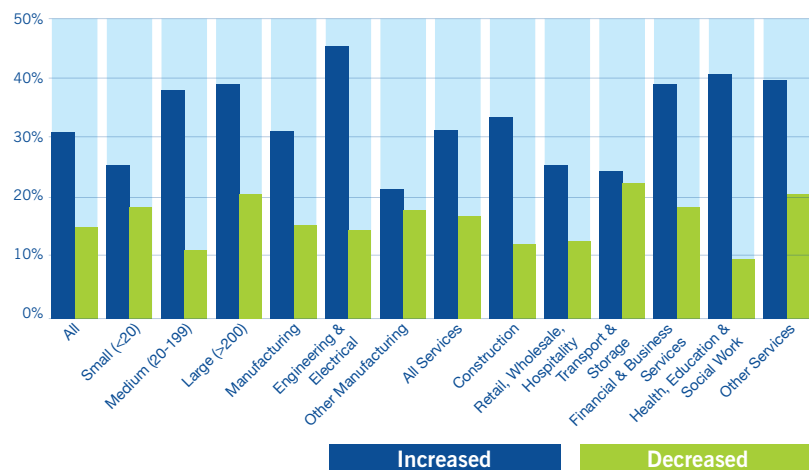
Workforce growth

There was an increase in the proportion of businesses saying that their workforce had increased over the previous 12 months compared to Winter 2011. Nearly one third of businesses (31%) commented that their workforce had increased, with 54% reporting no change and 15% reporting a decrease (compared to 21% in the last survey). However, it should be noted that any businesses that had ceased trading were not interviewed.

Similar proportions of manufacturers and service sector companies reported increases in their workforce. There has been a notable improvement in the engineering/electrical sub-sector, where 15% of respondents reported decreased staffing levels in 2012 compared to 55% two years ago.

Small sized companies were the least likely to say they had increased their workforce (25% of those with <20 staff compared with 37% of those with 20-199 staff and 38% of those with 200+ employees). Large companies were also the most likely to say they had reduced their workforce (21%). Businesses in the transport and storage sector were the most likely to have decreased their workforce (22%).

Figure 8: Workforce change over the past 12 months



⁴ Resident-based unemployment rates International Labour Organisation (ILO) definition (June 2011 figures) – Source ONS Labour Force Survey/ Annual Population Survey (nomis).

Recruitment

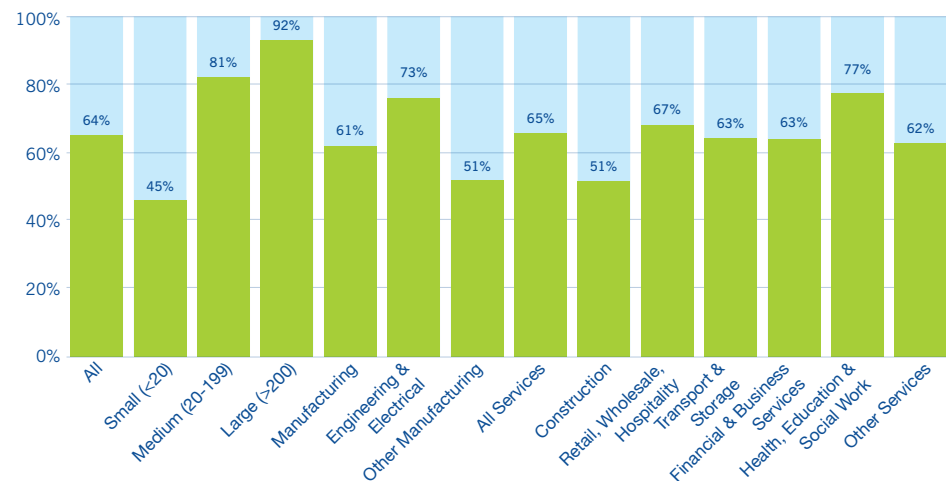
Just under a third of those surveyed (31%) expected the size of their workforce to increase during the next 12 months, whereas 6% anticipated a decrease. Most respondents (60%) considered that their workforce would remain about the same.

Nearly two thirds (64%) of respondents had recruited staff in the last 12 months, a similar proportion to that seen in Winter 2011. The proportion of manufacturing businesses recruiting was 61% and that for the service sector was 65%. Leicestershire County based companies (67%) were more likely to have recruited than those located in Leicester City (57%).

77% of those companies which had taken on staff had recruited full-time employees, whilst 49% recruited some part-time employees. This reflects an increase in the proportion of companies recruiting full-time staff, with a corresponding reduction in those recruiting part-time staff. In line with previous findings, manufacturing firms were less likely to have taken on part-time employees (21%, compared with 56% 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 (75%) had taken on permanent employees, whilst 20% had taken on temporary staff and 10% staff on fixed term contracts.

Figure 9: Companies who have recruited staff in past 12 months

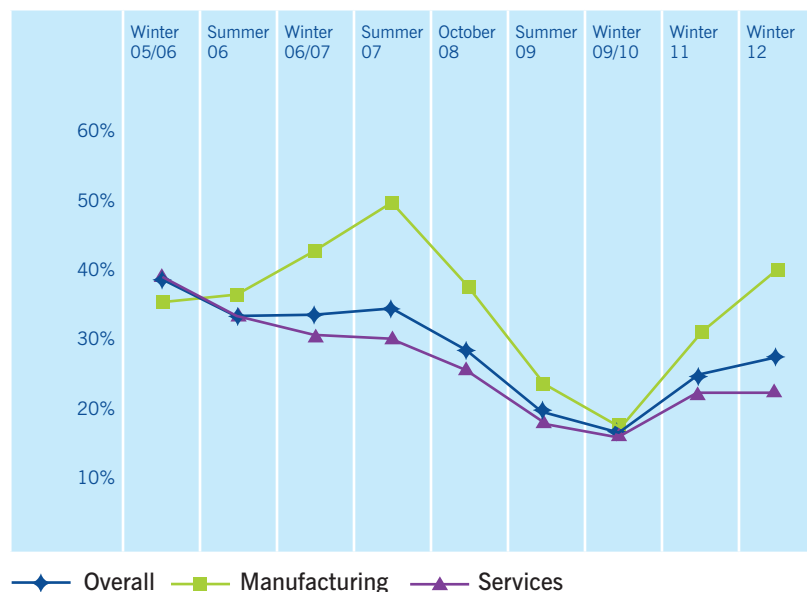


Recruitment Problems

The proportion of businesses experiencing recruitment difficulties has again increased slightly and now stands at 27% (of recruiting companies) compared with 25% in Winter 2011 and 16% in Winter 2009/10. A much higher proportion of manufacturers reported recruitment difficulties (40%) than service sector businesses (23%).

The sub-sector reporting the greatest difficulty with recruitment was engineering/electrical (54%) which has increased from 35% a year ago.

Figure 10: Proportion of recruiting businesses experiencing difficulties



Areas of recruitment difficulty

Overall, businesses have had the greatest difficulty recruiting 'associate technical and professional' occupations (21% of those reporting recruitment difficulties) and 'other low skilled occupations' (21%). Manufacturing businesses experienced particular problems with 'skilled craft occupations' (29% of those reporting problems) and 'plant and machine minders' (26%). Problem occupations were more widespread in the service sector.

Analysis of the verbatim comments has shown that the most mentioned 'hard to recruit' occupations were care assistants, catering or kitchen assistants, sales representatives and sales assistants. These occupations have been reported as difficult to recruit for some time.

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

	All	Manufacturing	Services
Associate professional and technical	21%	16%	16%
Other low skilled occupations	21%	7%	21%
Craft and skilled manual	20%	29%	8%
Plant and machine minders	16%	26%	6%
Personal services	14%	-	16%
Professional occupations	11%	10%	8%
Managers and administrators	10%	9%	8%
Sales and customer service	8%	-	9%
Admin and clerical occupations	8%	3%	8%

Note: percentages refer to firms experiencing recruitment difficulties (Standard Occupational Classification 2000). Results based on 168 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 59% of those experiencing recruitment difficulties)
- Lack of applicants with the required attitude, motivation or personality (50%)
- Lack of applicants with the necessary work experience (44%)
- Lack of applicants with the necessary qualifications (36%)
- Other reasons, such as low pay or location (8%)

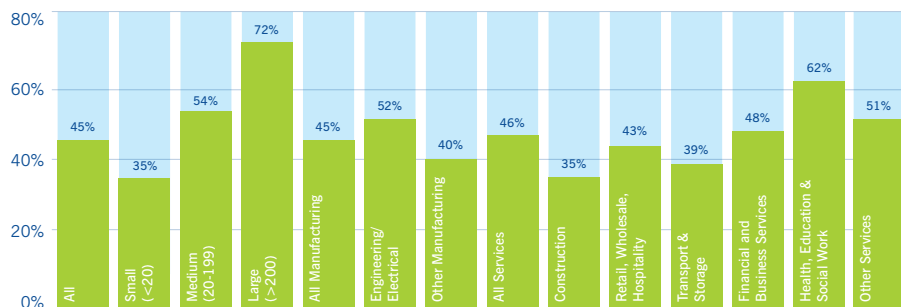
(Note: some companies gave more than one response; base the 168 companies reporting recruitment difficulties).

Recruitment Plans and Apprentices

A total of 45% of businesses said that they planned to recruit in the next 12 months, 37% said they did not plan to recruit and 18% did not know. The proportion of manufacturing and service sector companies planning to recruit was similar, but larger companies were more likely to be planning to recruit than smaller ones (35% of those with <20 staff compared with 54% of those with 20-199 staff and 72% of those with 200+ employees).

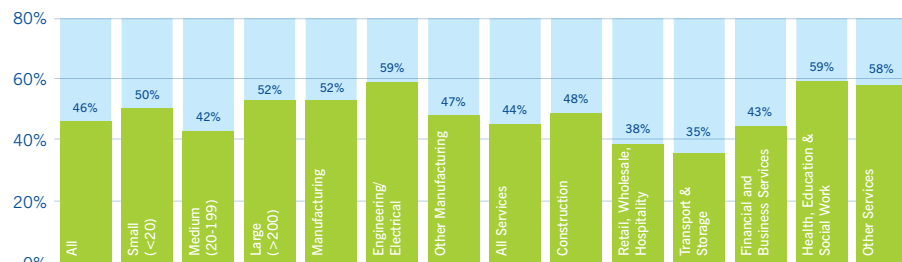
The sub-sectors most likely to say they would recruit were electrical/engineering (52%) and health, education and social work (62%).

Figure 11: Proportion of companies planning to recruit in the next 12 months



46% of companies planning to recruit said they were likely to consider recruiting an apprentice, with 40% saying they would not. It is encouraging to see that a slightly higher proportion of businesses would consider taking on an apprentice in this survey, than was found twelve months ago. Manufacturers (53%) were more likely to consider an apprentice than businesses in the service sector (44%). This means that 21% of all companies would consider recruiting an apprentice.

Figure 12: Likelihood of considering an apprentice



Base: those companies planning to recruit

Businesses that said they were likely to take on an apprentice to fill a vacancy in the next 12 months were asked which, if any, reasons might discourage them from doing so. Overall, three in four said that none of the reasons applied to them. Reasons are listed below:

- Lack of capacity to help support the trainee (7%)
- Young people need mentoring so they are job ready (5%)
- Paperwork involved (5%)
- Statutory reasons such as age restriction (7%)
- Employers need assistance to help support the trainee (4%)
- Sector specific training not available (3%)
- No reason (76%)

Spotlight on Employment of Young People

When asked what they thought schools or colleges could do to support young people to be more 'job ready', 29% of businesses said they did not know and 3% said 'nothing' as it was up to the individual concerned. The most frequently made responses are listed below. Just over a quarter of all companies (28%) suggested there should be work placements, often remarking that these should be longer, better or more varied than those presently available. This would enable young people to understand more about the 'world of work' and/or help them consider the type of job they wanted to do. A total of 9% said there should be more vocational or practical courses offered by schools. A further 7% of respondents thought that school leavers should have better literacy and numeracy skills. Several respondents (6% of the total) thought schools should do more to help young people understand what a 'real day's work means', thereby promoting a stronger work ethic. The view of many respondents was that young people needed help to develop a more realistic understanding of 'the world of work'.

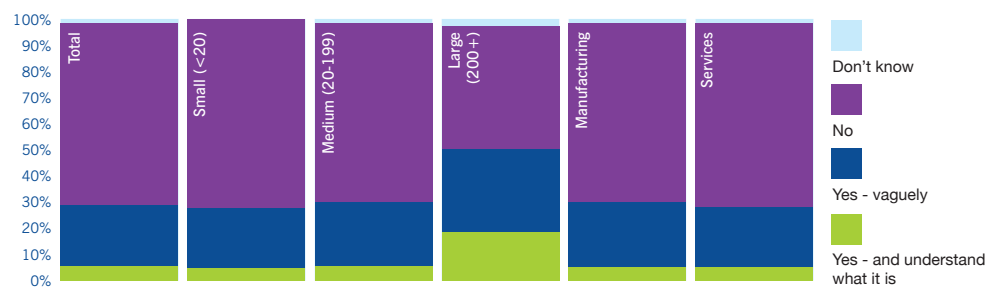
- Not sure (29%)
- Work placements (28%)
- More vocational learning / hands on learning (9%)
- Literacy and numeracy (7%)
- Stronger work ethic (6%)
- Attitude, politeness, manners, presentation etc (6%)
- A more realistic view of the world, what the real world is like (4%)
- Communication or customer care skills (3%)
- Nothing, up to individual (3%)

Young People

Awareness of Youth Contract⁵

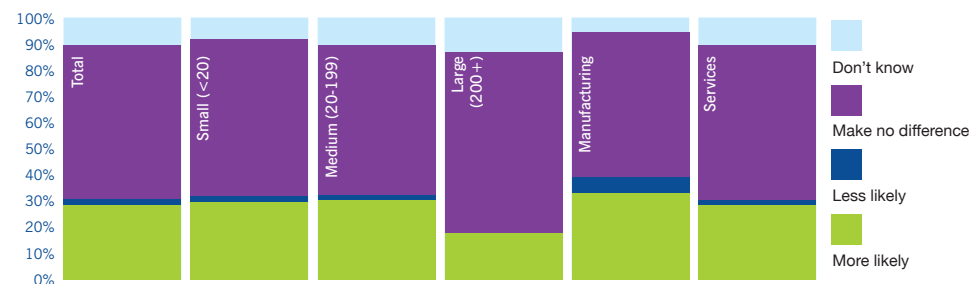
A total of 6% of businesses said they had heard of the Youth Contract and 'understood what it was', with a further 21% saying they had 'heard about it' vaguely. Larger companies were more likely than average to have heard of this with 19% of those employing more than 200+ staff and 11% of those with 50-199 staff saying they had heard of, and understood, what this was.

Figure 13: Percentage aware of the Youth Contract



Businesses were then told that the Youth Contract included 160,000 job subsidies (nationally) worth up to £2,275 each for businesses that take on a young person aged 18-24. A quarter of businesses (28%) said this would make them more likely to take on someone in this age group, 3% said it would make them less likely to do so and 61% said it would make no difference.

Figure 14: Whether the Youth Contract would encourage businesses to take on a young person, aged 18-24

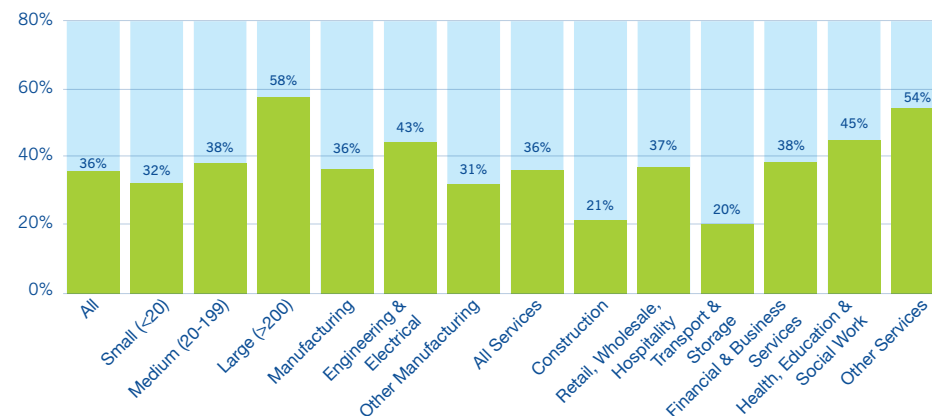


⁵ More information about the Youth Contract can be obtained from: http://www.community-research.co.uk/blog/article/youth_contract_policy_brief_feb_20123

Offer of work placements to young people aged 14-16

One in three companies (36%) said they would be willing to offer work placements to young people (aged 14-16), but 52% said they would not. Larger companies were more likely to say they would than smaller ones (32% of those with <20 staff compared with 38% of those with 20-199 staff and 58% of those with 200+ employees). Businesses in the other services (54%), and the health, education and social care sub-sector (45%) were the most likely to say they would offer a work placement and those in transport and storage (20%) were the least likely.

Figure 15: Percentage of companies who would offer work placements to young people, aged 14-16



When asked why they would not offer a work placement to a young person in the 14 to 16 age group, the main reasons given were health and safety issues and legislation in their sector which does not allow people of that age in the workplace (for example pubs or some care work). The main reasons can be summarised as:

- Health and safety reasons (33%)
- Legislation restricting age people can work in sector (16%)
- Time to supervise / look after them (15%)
- They are too young, don't have enough skills (13%)
- Nothing much they would be able to do (9%)
- Insurance concerns (5%)

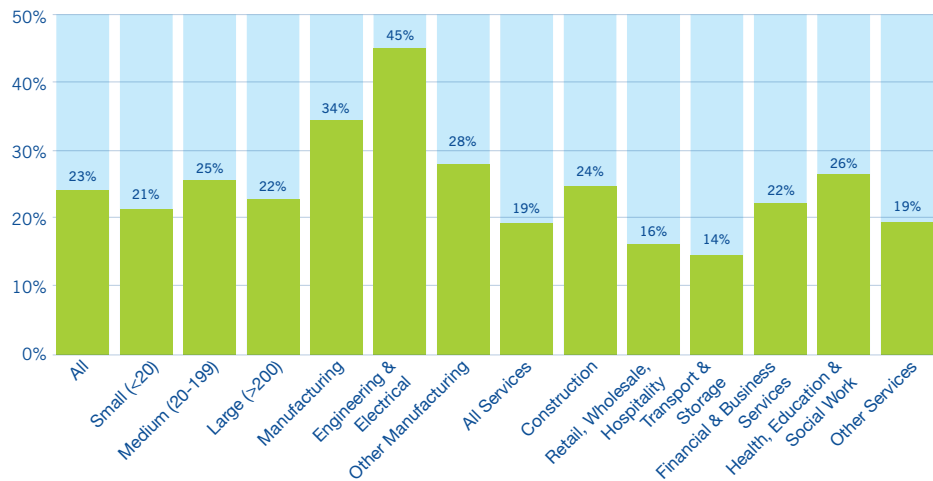
Base: those not able to offer work placements (501 respondents)

Skill Shortages and Gaps

The number of businesses reporting skills shortages⁶ has remained much the same since the Winter 2011 survey. Overall, 23% of firms surveyed agreed that skill shortages were having a serious impact on their business, with 65% disagreeing.

A higher proportion of manufacturing businesses reported skills shortages (34%) compared to the service sector (19%). The electrical/engineering sub-sector (45%) was the most concerned.

Figure 16: Proportion of firms agreeing that skills shortages are having a serious impact on their business



When read a list of possible skills gaps⁷, half the businesses (52%) indicated that they had some skills gaps in their current workforce. The most significant skills gaps were reported as oral communication skills within the company (19%) and customer care (17%).

Overall, small companies were less likely to say they had skills gaps than larger sized businesses.

⁶ Skills shortages: vacancies or existing roles where the workforce do not have the required skills, experience or qualifications.

⁷ 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 (<20)	Medium (20-199)	Large (200+)
Communication skills – oral	19%	20%	19%	14%	24%	27%
Customer care	17%	10%	19%	13%	21%	19%
Communication skills – written	15%	17%	15%	11%	19%	22%
Team working	13%	13%	14%	10%	17%	19%
Management and supervisory	12%	13%	12%	10%	13%	20%
Basic numeracy	11%	8%	12%	7%	16%	10%
Basic literacy	11%	8%	12%	7%	15%	13%
General IT user	11%	10%	11%	11%	11%	3%
Marketing or sales	11%	10%	11%	12%	10%	4%
Problem solving	10%	15%	9%	7%	13%	19%
English language	9%	10%	9%	7%	11%	16%
IT professional	8%	12%	7%	8%	8%	9%
Technical – job specific	7%	15%	5%	5%	9%	5%
Professional	6%	7%	6%	5%	7%	6%
Foreign language	5%	4%	5%	4%	5%	5%
General administrative	4%	3%	5%	4%	5%	4%
None of these	48%	48%	48%	56%	41%	40%

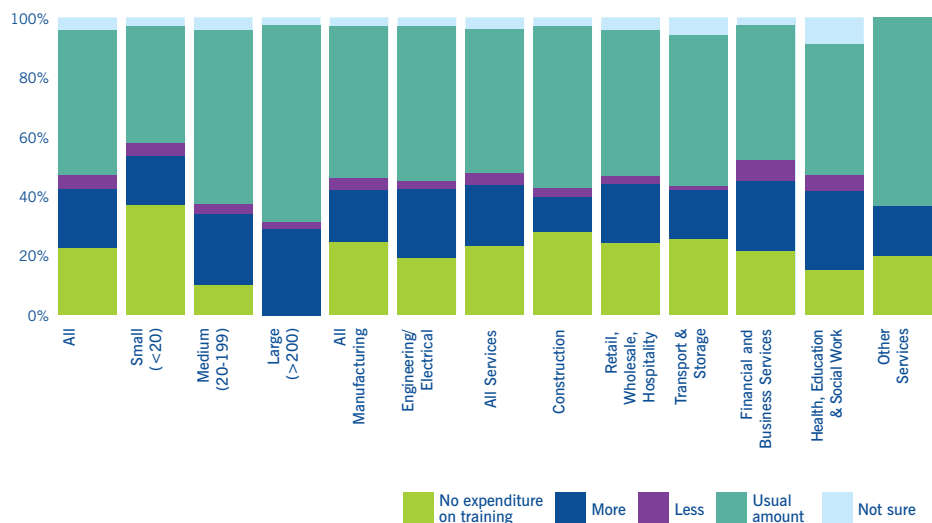
Note: respondents could give more than one response

Training

Expenditure on training

20% of businesses surveyed said they had spent more than their usual amount on training in the past twelve months, whilst 4% had spent less. A total of 50% had spent their usual amount, whilst 22% said they had spent nothing. Two in five companies (41%) with fewer than ten staff reported they had spent nothing on training, which has decreased since the last survey.

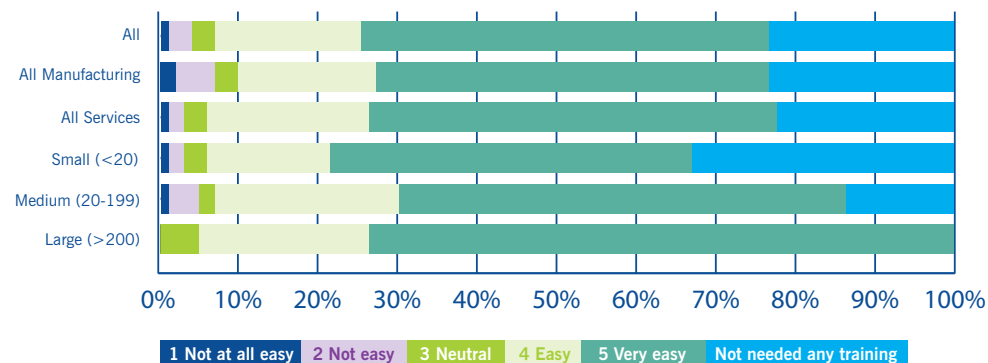
Figure 17: Change in expenditure on training over the past 12 months



Accessing training

Only 4% of companies said they had 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). 3% rated this as '3' and 70% as '4 or 5', with 22% 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 18: Ease of accessing training for their staff

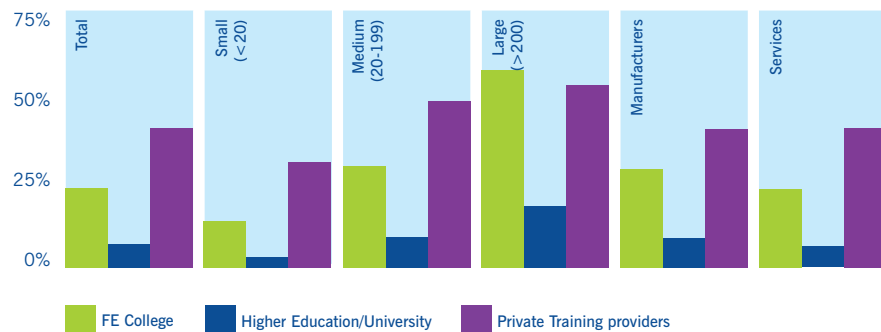


The main problems encountered were with finding courses for their sector, finding courses that met the company's particular skill needs and the cost of the training.

Experience of accessing training

Just over half the businesses surveyed had accessed external training, with 23% using a Further Education College, 6% higher education or a university and 40% private training providers. Larger companies were far more likely to have accessed training from all these sources. The electrical/engineering and education, health and social work sub-sectors were the most likely to have accessed external training.

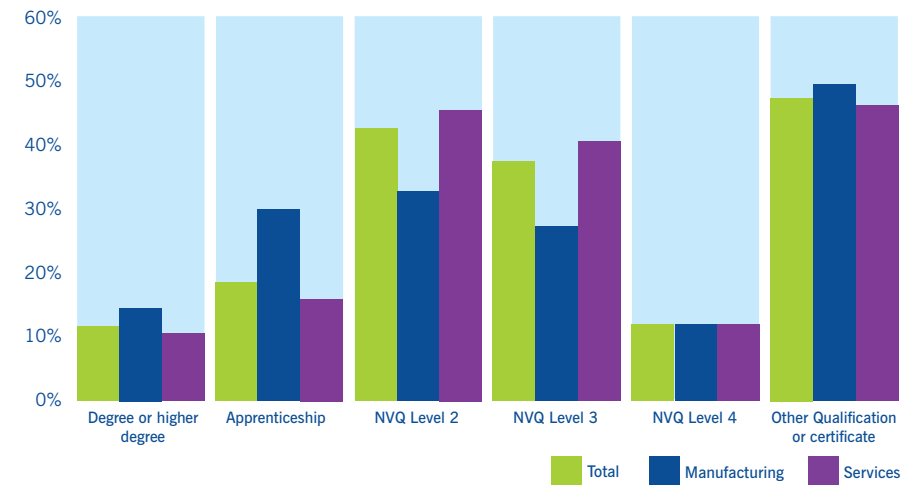
Figure 19: Sources of training



Qualifications gained

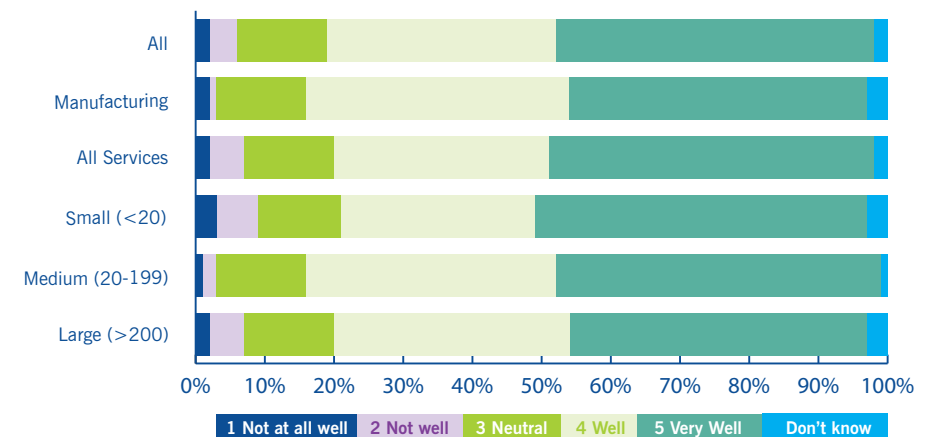
Looking at those companies that had sourced training externally, 10% said this had led to a degree or higher degree, 41% to an NVQ Level 2, 36% to NVQ Level 3, 11% to NVQ Level 4, and 47% to other qualifications or certificates. 18% said this training was an apprenticeship. Manufacturing companies were slightly more likely than the service sector to have apprenticeships and training leading to a degree whereas the service sector was slightly more likely to support training leading to NVQ levels 2 or 3.

Figure 20: Qualifications associated with external training



In general, businesses that had accessed external training indicated that this training had met their needs well, with 80% rating this as '4 or 5' on a scale of '1' to '5' (where '1' represented not at all well and '5' indicated very well). Only a minority of businesses considered that the training had not met their needs, with 6% providing a rating of '1' or '2' and 13% as '3' (neutral).

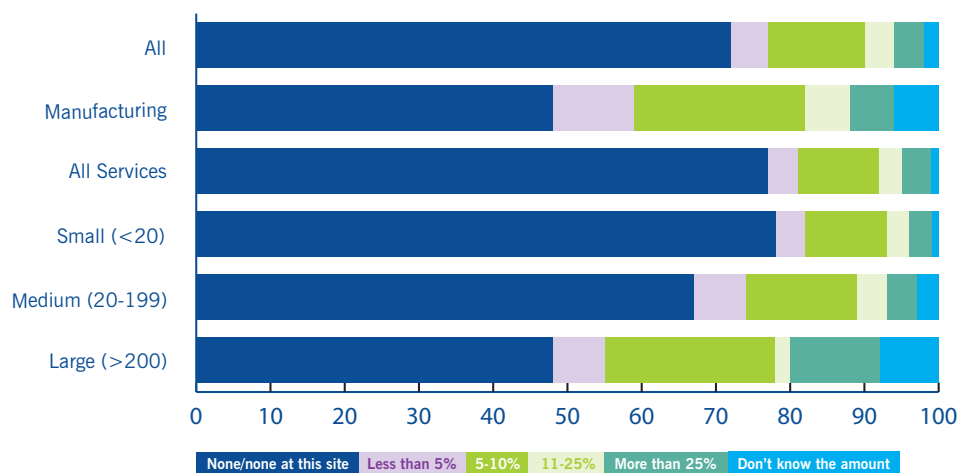
Figure 21: How well externally sourced training met business needs



Spotlight on Research and Development (R&D)

A high proportion of businesses (71%) said they currently make no financial investment in research and development (or that nothing was spent at that site). Overall, 5% of companies said that less than 5% of their current business activity was R&D related, 13% said 5-10% of their current business activity was R&D and 4% said more than a quarter of their current activity was R&D related. 52% of manufacturers had made some investment in R&D, compared to 22% of service sector companies. Larger companies were more likely to spend on R&D, with 52% of large companies (200+ staff), 33% of medium sized companies (20-199 staff) and 22% of small companies (<20 employees) making some investment. The engineering /electrical sub-sector was the most likely to be spending on R&D activities (61%).

Figure 22: Current business activity spent on R&D



Those businesses investing in R&D were asked how important it was for their business. The majority of these businesses (74%) reported that R&D was important for them (46% saying very important and 28% saying important).

One in three companies investing in R&D over the past three years had accessed external support to help them. When asked about the source of support, 15% had worked with a university and 23% had worked with 'another source'. The engineering/electrical sub-sector was most likely to have accessed external R&D support.

A third of companies (32%) who spend on R&D said they were considering accessing external R&D support in the next 12-18 months (equating to 9% of all companies). Again the engineering / electrical sub-sector was the most likely to be considering this.

The nature of the external support being sought is summarised below, with the figures in brackets (), denoting the proportion of businesses mentioning this type of support. The percentages are calculated from a base of 90 companies.

- New products or applications (44%) mentioning
- New business methods or processes (32%)
- New manufacturing methods for existing or for new products (22%)
- Another organisation/partner to help with product development (21%)
- Intellectual property (20%)
- Financial support (19%)
- Installing green technologies (16%)
- Other (13%)
- None of these (6%)

Base: 90 companies

Awareness of Initiatives

Businesses were asked to indicate whether or not they were aware of a number of different initiatives. These were 'Better Business for All', 'Fit4Work', 'Neighbourhood Link', (the Police Community Messaging Service) and the Getting Britain Working Measure.

The results are presented in table 6 below.

Table 6: Awareness of advice and support schemes

	All Winter 2012	Manu- facturing	Services	Small (<20)	Medium (20-199)	Large (200+)
Better Business for All	14%	10%	15%	12%	14%	21%
Fit4Work	43%	48%	41%	36%	46%	68%
Neighbourhood Link, the Police Community Messaging Service	26%	19%	27%	22%	27%	47%
Getting Britain Working Measure	38%	34%	39%	34%	40%	59%

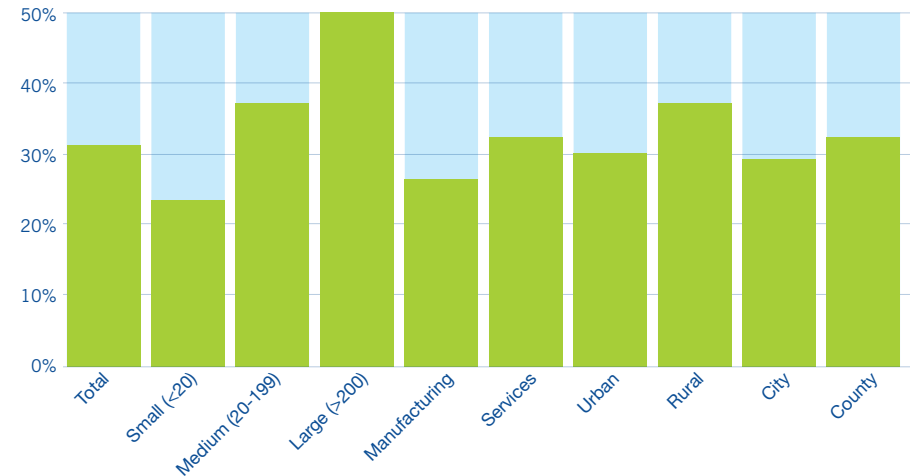


Crime and Anti-social Behaviour

Experience of crime and anti-social behaviour

Just under one in three businesses (31%) reported that they had been the victim of crime or anti-social behaviour in the past 12 months. Larger companies were more likely to say that they had been the victim of crime or anti-social behaviour than smaller ones; with 50% of large companies (200+ staff), 37% of medium-sized companies (20-199 employees) and 23% of small companies (<20 employees) reporting this. Respondents from the service sector (32%) appeared slightly more likely than manufacturers (26%) to indicate that they had been the victim of crime or anti-social behaviour. In particular, it is worth noting that 41% of businesses in the wholesale, retail and hospitality sub-sector reported being a victim of crime or anti-social behaviour.

Figure 23: Proportion of businesses reporting that they had been the victim of crime or anti-social behaviour in the previous 12 months



The majority (94%) of businesses that said they had been a victim of crime or anti-social behaviour stated that they had reported the incident(s) to the police.

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, using a rating scale where '1' is of no concern at all and '5' is of very great concern.

Concern about traffic congestion was fairly low, with 20% of businesses rating this '4 or 5'. This was much the same as the situation reported in the Winter 2011 survey.

One in ten businesses (10%) indicated that 'employees getting to or from work by car' was a problem for them. Access to work by public transport was reported as a concern by 16% of businesses, rising to nearly a quarter (24%) of those located in rural areas.

'Customers accessing their premises by car' was a problem for 9% of businesses in the LLEP area, rising to 19% in Leicester City businesses. Overall, 13% commented that 'customers accessing their premises by public transport' was a problem, increasing to 31% of rural businesses.

In terms of car parking, 14% of all businesses indicated that car parking for their employees was a problem, rising to just over a quarter (26%) of businesses located within Leicester City. Similarly, 15% of businesses thought car parking for their customers was a problem, increasing to 25% of businesses located in the City and 39% of those located in the LE1 postcode area (city centre). The ability of suppliers to move materials and goods to business premises was considered a concern by 15% of businesses in Leicester City.

When asked what they thought could be done to encourage more of their employees to travel to work by public transport or on foot, two thirds of respondents said they did not know or they felt that there was nothing that could be done. This included 20% that simply did not know and 21% saying there was nothing that could be done. A further 15% felt there was nothing to be done as most staff travelled to work by these means already, 6% said staff needed their vehicles during the day and 3% said they were too remote for anything to be done. The main suggestions were cheaper fares (mentioned by 12% of businesses), better public transport (7%), a route or bus stop near their workplace (6%) and a more frequent service (5%).

One in twelve companies (8%) had travel plans, much the same as in previous surveys.

Table 7: Extent to which road and public transport issues are a concern for the business, % rating issue '4' or '5' on five point scale

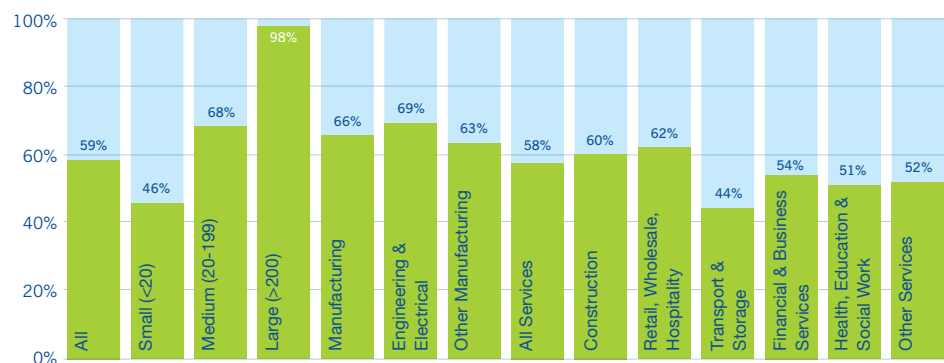
	All	Manu- facturing	Services	Urban	Rural	City	County
Traffic congestion	20%	19%	20%	22%	5%	37%	12%
Employees being able to get to and from work by car	10%	9%	10%	11%	4%	21%	4%
Employees being able to get to and from work by public transport	16%	13%	16%	15%	24%	13%	17%
Employees being able to get to and from work on foot or by bike	6%	6%	6%	6%	10%	7%	7%
Customers getting to and from your premises by car	9%	9%	9%	9%	7%	19%	4%
Customers getting to and from your premises by public transport	13%	10%	14%	11%	31%	10%	14%
Customers getting to and from your premises on foot or by bike	5%	4%	5%	4%	10%	10%	6%
Car parking for employees	14%	13%	13%	14%	3%	26%	7%
Car parking for customers	15%	11%	16%	15%	4%	25%	9%
Suppliers being able to get materials and goods to your premises	8%	9%	8%	8%	4%	15%	4%

Spotlight on Environmental Issues

Environmental policy

Three in five businesses (59%) indicated they had an Environmental Policy or something similar in place. Large companies were far more likely than smaller companies to have such a policy, 98% of large companies (200+ staff), 68% of medium sized companies (20-199 employees) and 46% of small companies (<20 employees). Manufacturers (66%) were slightly more likely than service sector businesses (58%) to have an environmental policy.

Figure 24: Businesses with an Environmental Policy



When asked whether they had specific targets for environmental performance, 63% said they had targets for increased recycling, 59% for reducing waste, 48% for reducing energy consumption and 40% for reducing carbon emissions. In general, manufacturers were more likely to have specific targets than service sector companies.

Table 8: Proportion of businesses with specific environmental performance targets

	All Winter 2012	Small (<20)	Medium (20-199)	Large (200+)	Manufacturing	Services
Increased recycling	63%	55%	67%	91%	64%	62%
Reducing waste	59%	50%	64%	98%	65%	58%
Reducing energy consumption	48%	37%	55%	88%	55%	47%
Reducing carbon emissions	40%	29%	45%	84%	45%	38%

Environmental factors of concern

Businesses were asked how seriously they rated a number of factors as a concern for their business. The greatest concern was the cost of waste disposal which 16% rated as '4' or '5' on a five point scale. A total of 12% were concerned about extreme weather events, 9% about energy security, 9% about the management of business waste, 4% about flood risk and 3% about drought.

Table 9: The extent to which external environmental factors are a concern. Proportion rating item '4' or '5' on a five point scale

	All Winter 2012	Small (<20)	Medium (20-199)	Large (200+)	Manufacturing	Services
Cost of waste disposal	16%	15%	17%	17%	19%	16%
Extreme weather events	12%	13%	12%	10%	11%	13%
Management of business waste	9%	8%	9%	12%	9%	8%
Energy security	9%	7%	9%	12%	11%	8%
Flood risk	4%	4%	3%	2%	5%	3%
Drought	3%	4%	4%	0%	4%	3%

Spotlight on Broadband Speed

Home-working

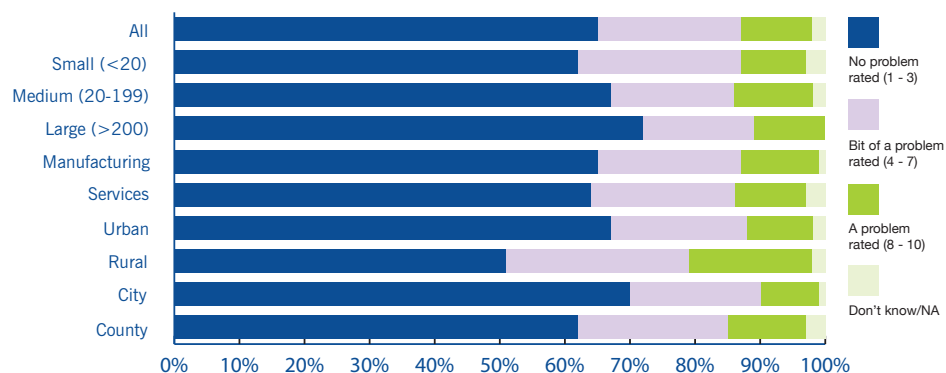
Staff worked from home (all the time, regularly or on an ad hoc basis) in a quarter of businesses (26%). This was higher amongst rural businesses (36%) than urban ones (25%).

One in ten companies (10%) felt that supporting home-working could help their business grow.

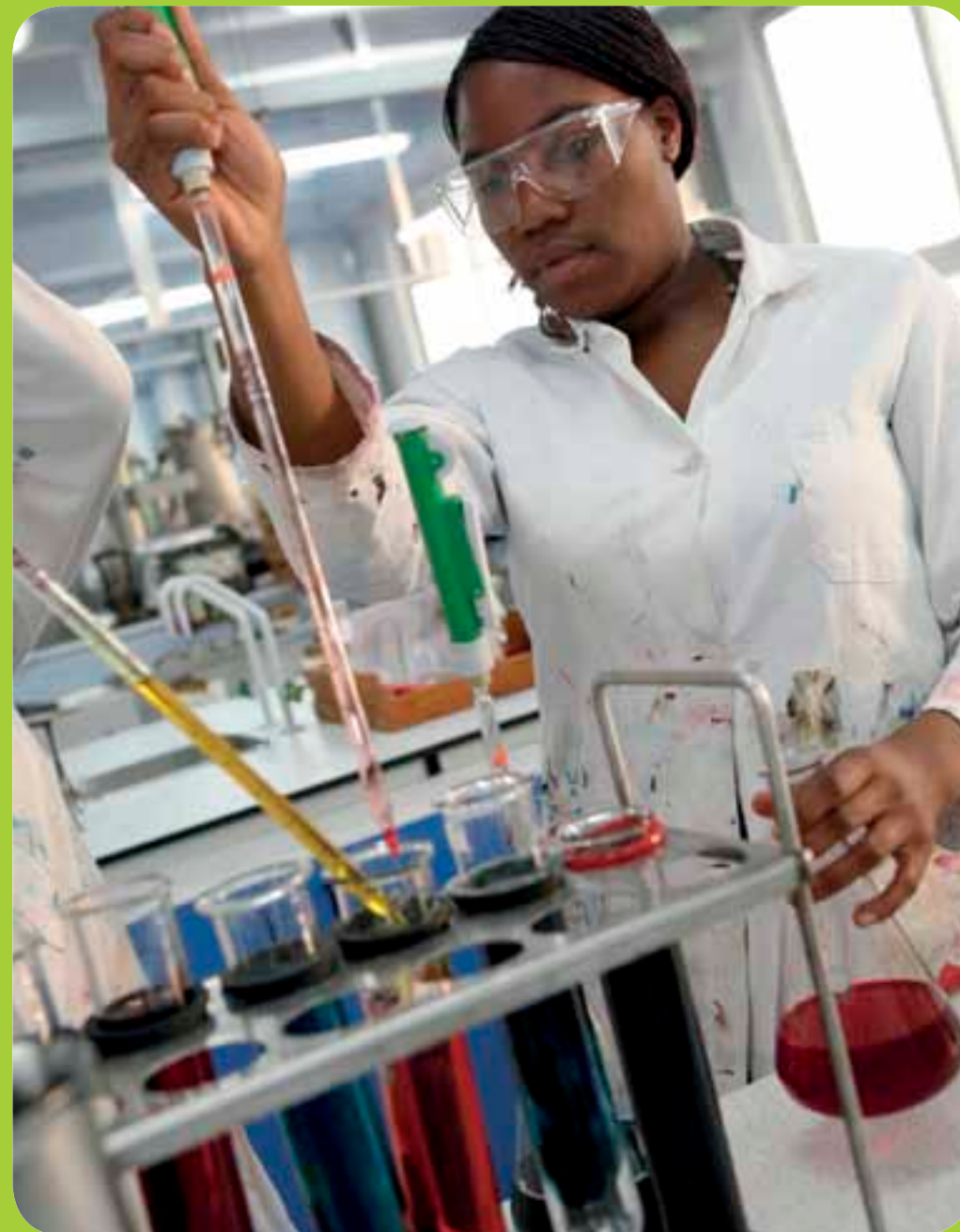
Broadband speeds

Businesses were asked to rate the extent to which broadband speed was a problem for their business. They were asked to use a ten point rating scale, where '1' represented no problem and '10' equated to a serious problem. Overall, the calculated mean rating score was 3.2 across the whole sample. Just under half the respondents (44%) indicated they had no problem at all with broadband speed, giving a rating of '1'. However, it is worth noting that broadband speed was a concern for one in ten businesses, with 11% rating their concern as 8, 9 or 10. (6% rated their concern as a '10'). Broadband speed was of more concern to rural businesses than urban based companies. Smaller businesses were also slightly more concerned about broadband speed than larger ones. Concerns were highest amongst the 'business and financial services' sector (with 19% rating this as a concern).

Figure 25: The extent to which broadband speeds are a problem at their premises



Those companies that said staff worked from home, at least occasionally, were asked the extent to which broadband speed was a problem for their staff working at home. The extent of the problem was similar to the workplace responses, with a mean score of 3.3. Overall, 63% of businesses with staff working from home said this was not much of a problem, 21% said it was a bit of a problem and 12% considered it to be a problem. There was little difference between types of companies, but from this study it was not known where staff actually lived.



Methodological Notes

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

A telephone survey of 970 businesses within Leicester and Leicestershire was undertaken during **mid-February to mid-March 2012**. 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 Local Authority District. The number of interviews in each district for the main sample was as follows:

Blaby	98
Charnwood	106
Harborough	94
Hinckley & Bosworth	96
Leicester City	313
Melton	75
North West Leicestershire	108
Oadby & Wigston	77

This over-represents businesses in the smaller districts (Melton and Oadby & Wigston) and under-represents businesses in Leicester and Charnwood. The results in this report have been weighted to reflect the proportions of businesses in each District listed on the database. This sample only included businesses listed on the database as having five or more employees.

This study also gathered data on the LLEP's nine priority sectors. A booster sample of businesses in the food and drink manufacturing and creative and media sectors was conducted to ensure sufficient interviews for analysis in these sectors. The number of interviews obtained in each sector was as follows:

High tech engineering	95	Business & financial services	76
Creative, media & performing arts	52	Knowledge-based economy	198
Food and drink manufacturing	46	Space and aerospace supply	10
Wholesale, distribution & logistics	98	Environmental technologies	11
Tourism & hospitality	125		

Note: some businesses can fit in more than one sector category

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

	City	%	County	%	Total	%
Business Sector						
Manufacturing	78	25%	135	21%	213	22%
Services	235	75%	519	79%	754	78%

Business Size						
1-9 employees	103	33%	176	27%	279	29%
10-19 employees	54	17%	142	22%	196	20%
20-50 employees	85	27%	189	29%	274	28%
51-199 employees	59	19%	107	16%	166	17%
200+ employees	12	4%	40	6%	52	5%

Note: Table above shows pre-weighted data

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

Caroline Boucher
Economic Intelligence Manager
LLEP

Telephone: **07538 183019**

Email: caroline.boucher@leicester.gov.uk

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



If you would like further information about the Leicester and Leicestershire Business Survey, please contact:

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