  

East Sussex Business Survey 2018

Summary of Findings

October 2018

delivering breakthroughs

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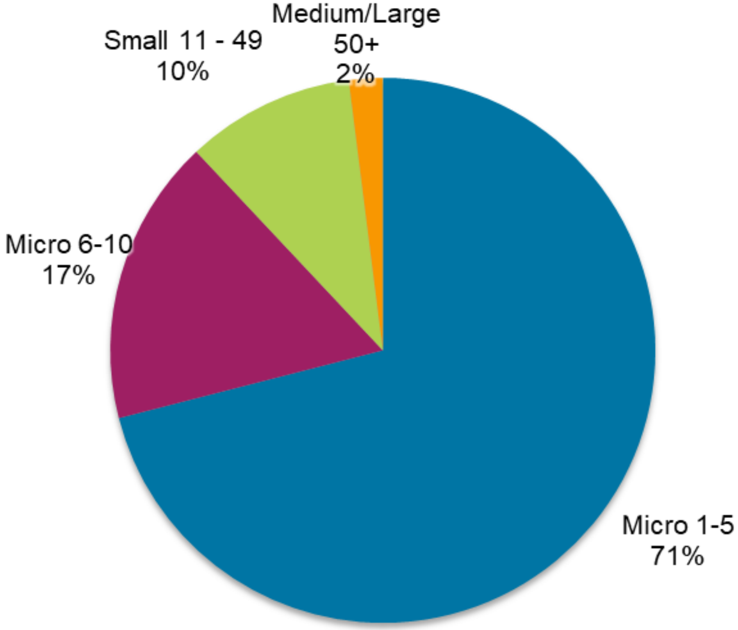
Survey methodology and sample

1,004 interviews were conducted by BMG Research with businesses in May and June 2018 by telephone (CATI) across the five East Sussex districts/boroughs. Previous ESBS in 2014.

Weighted samples

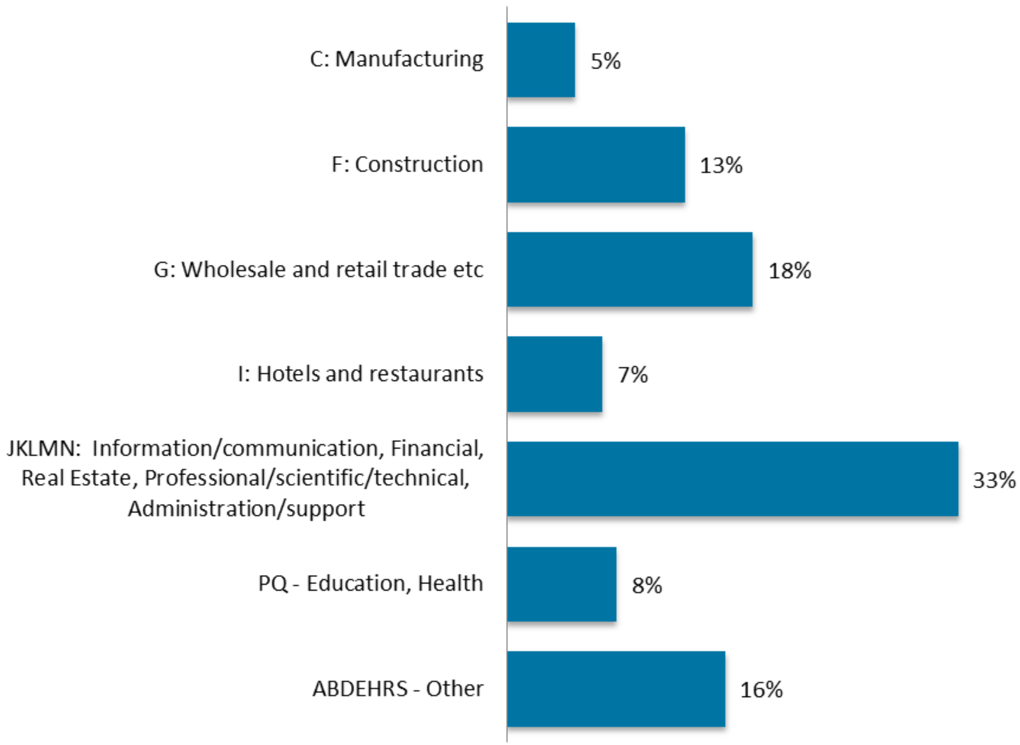


District/Borough	
Eastbourne	144
Hastings	126
Lewes	189
Rother	187
Wealden	358
Total	**1004**

Single person businesses, ie sole traders, comprised 25% of sample

Survey sample – industry sectors (weighted samples)

Standard Industrial Classification - SIC 2007



ESCC Priority Sectors	
Advanced Manufacturing & Engineering	4%
Construction, Planning & Built Environment	17%
Creative, Cultural & Media	4%
Health & Social Care	7%
Knowledge Economy	2%
Land Management	15%
Professional, Scientific, Technical & Business Services	22%
Non-priority	28%

Economic context for businesses

East Sussex County Council

The 2018 ESBS was conducted during May and June, at a time that can be described as continuing business uncertainty.

GDP was reported as growing by only 0.2% in the first quarter of 2018, influenced by bad weather. GDP growth has generally been slowing in the UK since the previous ESBS in 2014.

Year	UK GDP growth
2014	3.1%
2015	2.3%
2016	1.9%
2017	1.8%

'This is a difficult time to run a business. With the increase in the regulatory burden along with the uncertainty with Brexit, global trade disputes and weak economic data, it is not surprising that confidence is so fragile. The lack of clarity for UK plc has continued for far too long and, without significant action by government, the fragility in confidence will be prolonged' Q3 2018 ICAEW/Grant Thornton business confidence monitor

- However, UK interest rates at 0.5% since 2014 (until increase to 0.75% in August 2018)
- CPI inflation has fallen from 3.0% in November 2017 to 2.4% in April-June 2018
- Unemployment has continued to fall (from 8% in 2012 to 4% in 2018).

ESBS theme reports

1. Employees
2. Markets and Business Advice
3. Finance
4. Transport
5. Energy
6. Business Accommodation
7. Skills

This presentation summarises the findings; suggested actions are being reviewed

The 2018 East Sussex Business Survey - Employees

Background

Since 2012, UK unemployment has fallen from 8% to 4.0% in 2018

Staffing levels

Employers that have increased staffing levels in last year...

13% Full-time

2014: 15% ↓

2012: 9% ↑

(of those employing full time staff)

14% Part-time

2014: 16% ↓

2012: 13% ↑

(of those employing part time staff)

Vacancies

27%

2014: 27%

2012: 18% ↑

of businesses have advertised vacancies in the past 12 months

Other employment

30%

of businesses have self-employed or freelance workers not on the payroll

Employees (2)

Size makes a difference, for instance % businesses employing more full time staff than 12 months previously (Med/Large small sample size)

	Total sample	Sole traders	Micro 2-5	Micro 6-10	Small 11-49	Med/Large 50+
More	**13%**	**2%**	**8%**	**27%**	**27%**	**35%**
Same	76%	89%	81%	61%	59%	44%
Fewer	10%	8%	11%	11%	9%	14%

As does length of business trading

- 17% of 'younger' businesses (< 5 years) reported an increase in full time staff compared to 12% of 'established' businesses (> 5 years)
- More than a quarter of 'younger businesses' (27%) reported an increase in part staff; more than double that reported by 'established businesses' (12%).

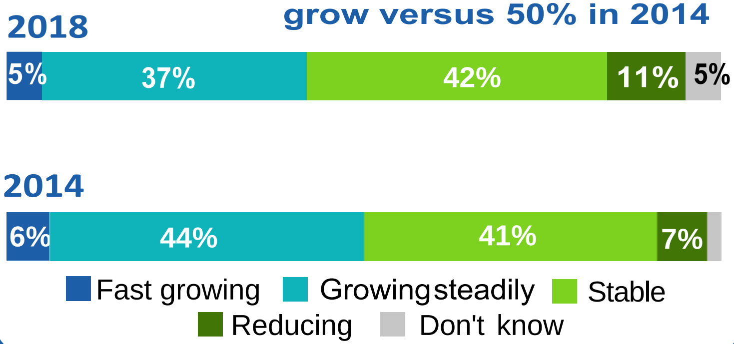
East Sussex County Council

The 2018 East Sussex Business Survey

- Markets and Business Advice

Market Expectations

42% in 2018 expecting their market to grow versus 50% in 2014



Summary

Two thirds described the state of their business as excellent/good - less than 1 in 10 said it was poor

- 58% of businesses are aiming to grow (61% in 2014)
- 36% expect to take on new staff (40% in 2014)
- More than half see their main market beyond East Sussex, and 21% export (15% in 2014)

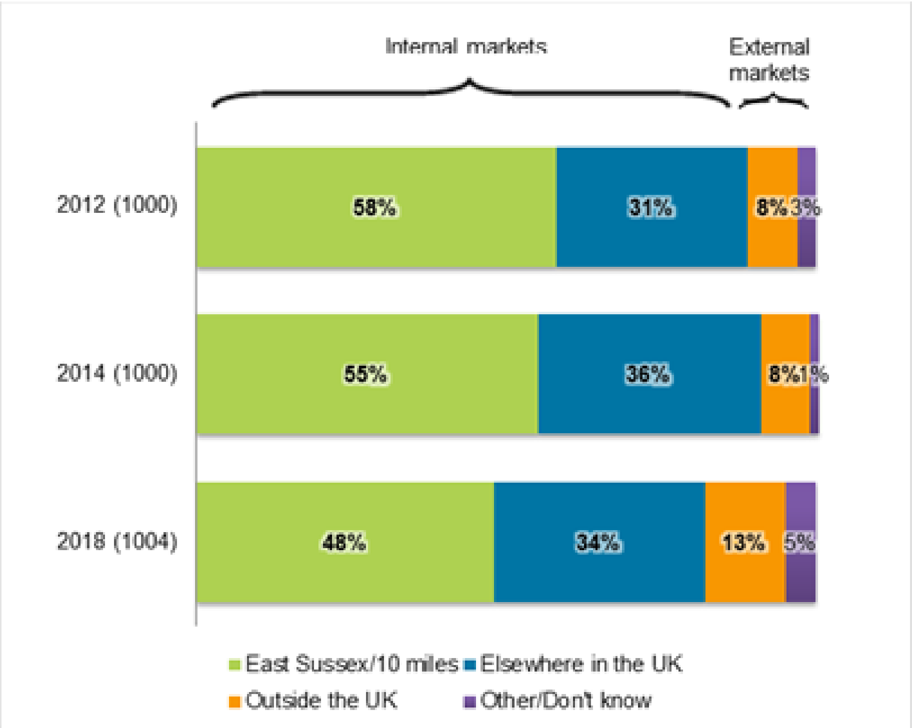
- 50% see Brexit as neither beneficial nor detrimental
- But, 25% think impact will be detrimental vs 9% positive
- 46% of exporting businesses are negative vs 10% positive

Continuing levels of interest in business support services, yet:

- Awareness of Locate East Sussex stands at 16%, only 4% have used or had contact
- 1 in 5 aware of Business East Sussex - only 7% of these have used or had contact
- Approx. 1 in 7 making use of Higher or Further Education, similar to 2014

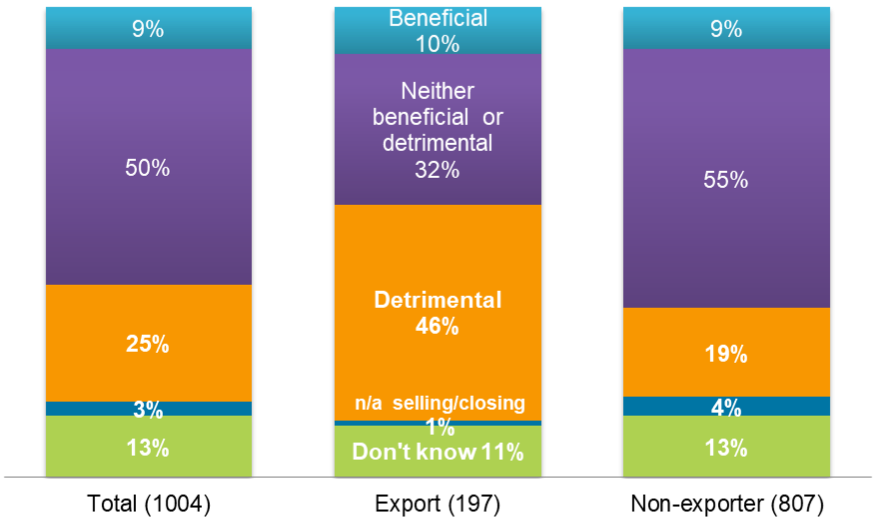
Markets and Business Advice (2)

Main geographic market



- Less than a third (29%) of Manufacturing and a third (33%) of Business Services saw local/within East Sussex as their main market, compared to two thirds (66%) of Wholesale/Retail and Education/Health

Brexit



- Among the industry sectors, Hotels & Restaurants, Knowledge Economy, and Creative businesses were the least positive
- Regarding business size, sole traders (no employees) were the least negative and large businesses the most (but small sample size)

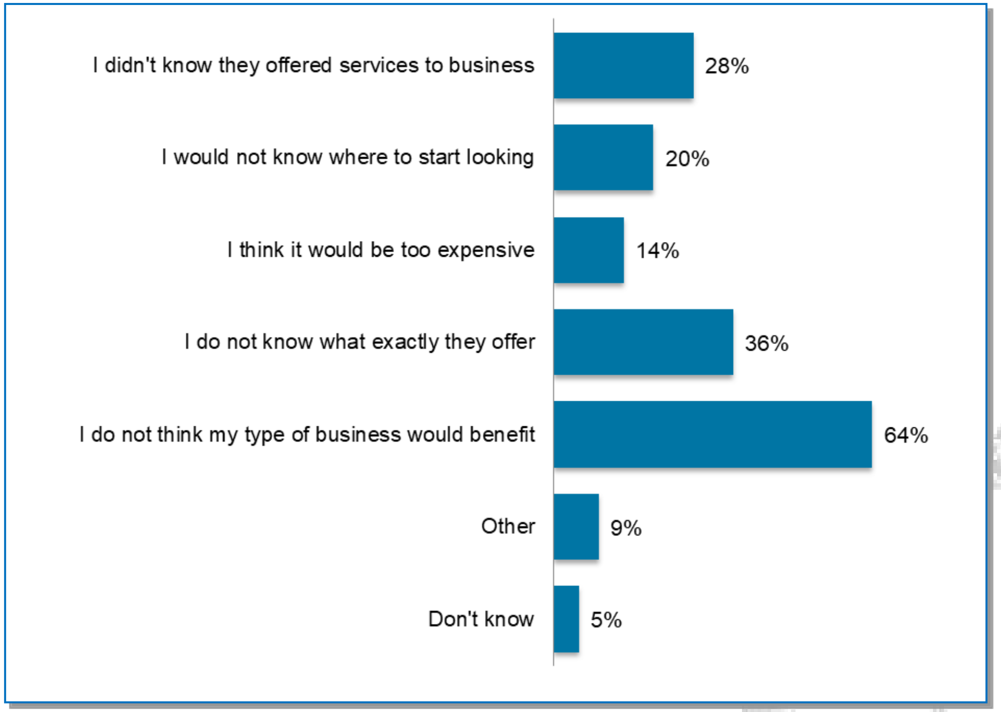
Markets and Business Advice (3)

Business Support

Advice on regulations and legal requirements, eg trading standards	51%
Access to relevant B2B support networks	35%
ICT advice, eg use of superfast broadband/software/data security	30%
Advice on business planning/growth	29%
Advice about skills/professional development	27%
Advice on staff training	27%
Advice on reducing energy costs	26%
Help with bringing a product or service to market	26%
Advice on accessing finance	25%
A local 'one stop shop' business advice centre	24%
Help with product or service R&D/innovation	24%

At least one in five mentioning each of these suggests that East Sussex businesses **in principle** can see value in a wide variety of support areas

Reasons for not approaching local university/FE college



The 2018 East Sussex Business Survey - Finance

Summary

Year on year loan applications and loan values, across the UK, have reduced.

Context

The number of East Sussex businesses seeking credit in 2018 returned to a level last seen in 2012, 12%, after reaching 16% in 2014.

Credit applications

2014: 35%

2012: 45%

26%

26% of East Sussex businessesseeking lower levels of credit (up to £10,000) was down from the 2014 demand of 35%.

Likelihood of successful credit application (in full or part)

89%

2018

2014 75%

2012 69%

This increased likelihood indicates that bank and lenders are responding positively to requests for credit

Finance (2)

Where borrowing requested, levels of credit sought seem to have increased

Levels of credit requested, where credit sought (excluding where businesses can't recall or refused to say)			
Survey year and base	**2018** (90)	**2014** (141)	**2012** (112)
Less than £10,000	**35%**	**41%**	**49%**
Between £10k – £50k	**30%**	**33%**	**34%**
£50,000 and above >	**35%**	**26%**	**17%**
Total	100%	100%	100%

There are now many more other sources of business financing, such as crowdfunding, which might not be included in responses to the question regarding 'banks or other financial institutions'

The 2018 East Sussex Business Survey - Transport

Major increase in transport concerns

Increased ***public*** transport concerns (366 from 1,004)

37% 2014: 23%

Increased ***private*** transport concerns (698 from 1,004)

70% 2014: 63%

Top Private Transport Concerns

- Traffic congestion 71%
- Particular roads 66%
- Reliability of journey times 64%

Top Public transport concerns

Reliability of rail services 69%

Cost of public transport 58%

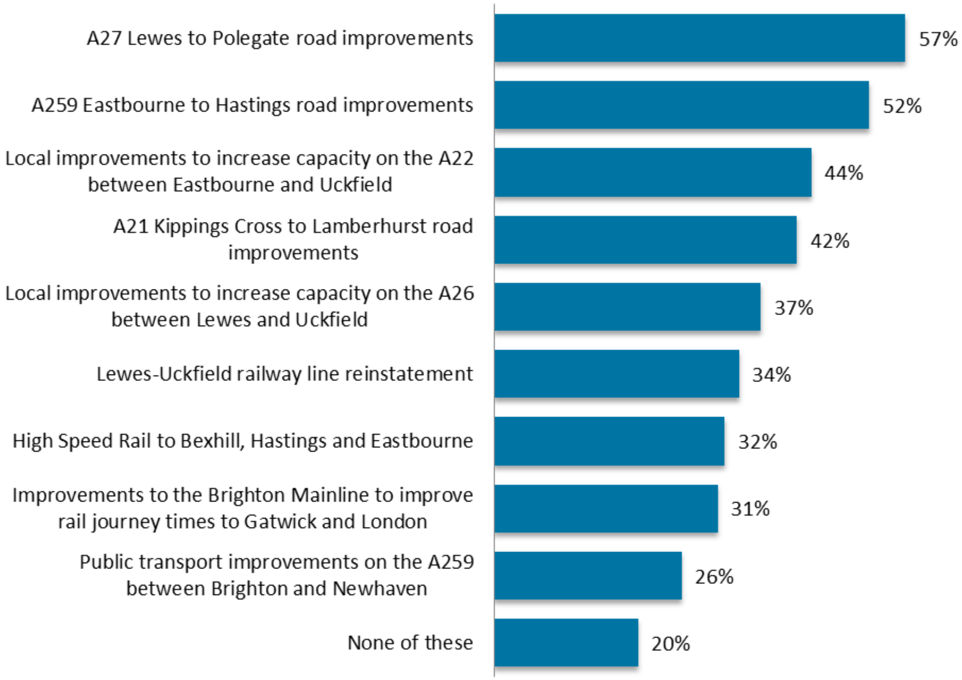
Frequency of rail services 57%

Key changes

- One in four businesses are concerned about rail reliability – a fivefold increase
- Rail frequency is a concern for 1 in 5 businesses
- However, more businesses nominated road ahead of rail improvements
- Transport infrastructure is significantly more important to businesses than in 2014

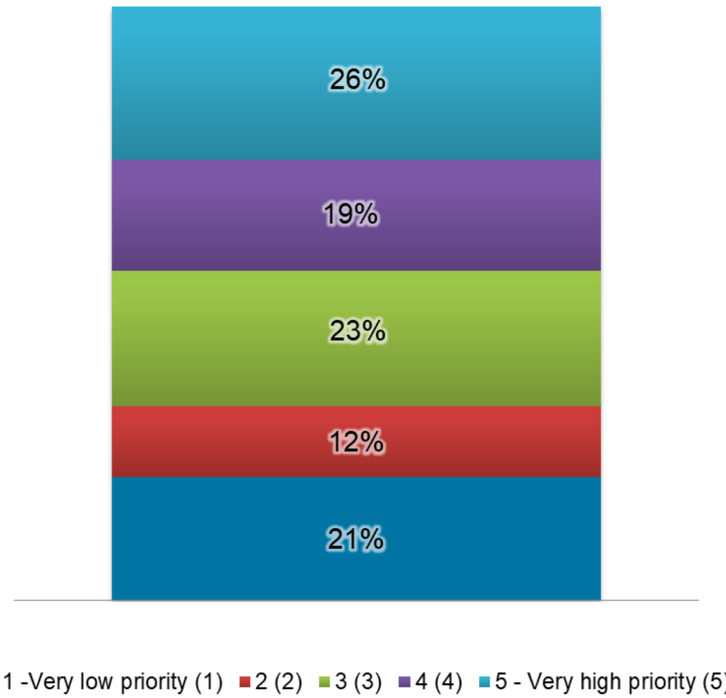
Transport (2)

Transport infrastructure improvements sought



- The nine **nominated** improvements were all agreed with by at least a quarter of businesses
- Greater proportion of businesses nominated road ahead of rail improvements

Importance of transport infrastructure



- The mean score on the 5 point scale is 3.17, this compares with 2.85 in 2014

The 2018 East Sussex Business Survey

- Energy

Summary

Lack of interest in accessing advice increased from 16% (2014) to 30% (2018) - possibly due to fluctuations in fuel prices.

Advice

29%

2014 26%

… of businesses sought advice on reducing energy costs. This masks higher levels for larger businesses, and for Health & Social Care.

Action

85% of businesses acted on advice, up from 78% in 2014.

Less than 1 in 8 said that they received advice but did not act on it, compared to over 1 in 5 (22%) in 2018.

Stronger Uptake on Advice By Some Sectors

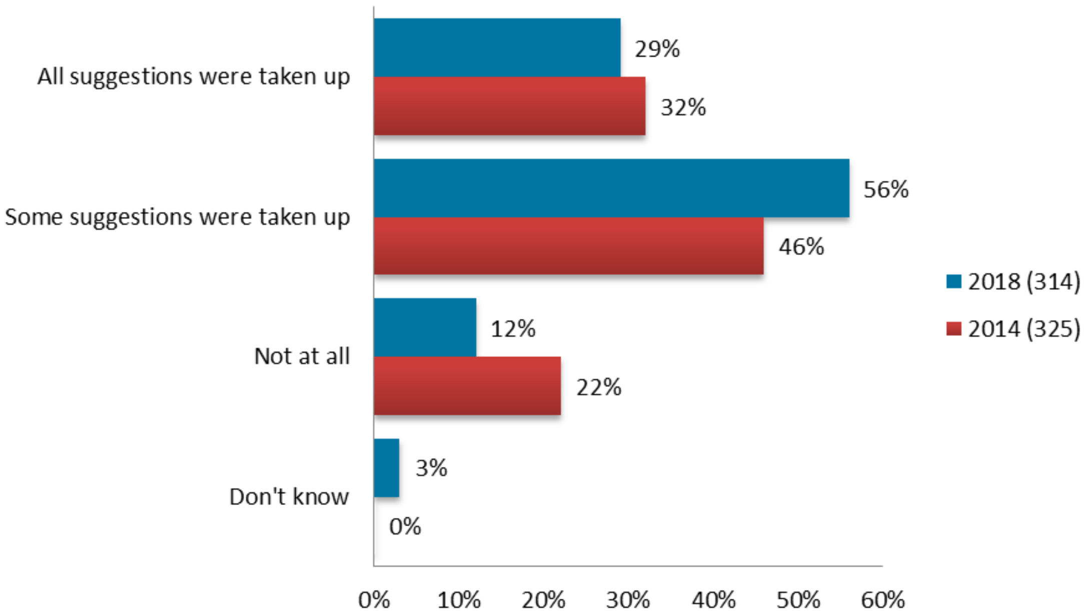
37% have taken advice within the Health & Social Care sector and 34% within the Land Management sector, significantly above the 29% average.

24% of sole traders have taken advice, whereas the largest businesses have taken advice at a rate of more than double that.

Energy (2)

Sole traders and micros 2-5 are responsible for the increase in businesses taking energy advice

	County Average	Sole Trader	2-5 Micro	6-10 Micro	11-49 Small	50+ Med/Large
2014	26%	20%		37%	49%	54%
2018	29%	24%	27%	33%	37%	53%



The extent to which advice is taken up has increased is driven by ‘some suggestions were taken up’

Polarisation between businesses for whom energy is important, and is a meaningful cost, and those for whom energy is not of great importance, interest, or cost

The 2018 East Sussex Business Survey

- Business Accommodation

Summary

The business accommodation environment is similar to 2014

Business accommodation

16%

2014: 17%

2012: 12%

said that they are looking for alternative or additional business accommodation

Light industrial

30%

2014: 17%

2012: 30%

of those considering a move said that they have been looking for light industrial space, up from 2014

Features of location

Top 3 features

Local amenities	70%
Cultural attractions	65%
Schools & colleges	58%

Top 3 improvements needed

63%	Local road network
54%	Parking
53%	Broadband speeds

Business accommodation (2)

‘Net score’ ranking - % positive minus % needing improvement (total sample)

Business accommodation (3)

Variations in Districts/Boroughs businesses' views on what most needs improvement

Need for improvement	East Sussex average	Eastbourne	Hastings	Lewes	Rother	Wealden
Local road network	63%	**66%**	**57%**	61%	**66%**	64%
Parking	54%	64%	61%	**66%**	56%	**39%**
Broadband speeds	53%	52%	**41%**	51%	54%	**57%**
Mobile phone coverage	49%	40%	**32%**	47%	48%	**61%**
Access to major roads/motorways	45%	**54%**	47%	**39%**	50%	41%
Accessible public transport (bus or rail)	39%	37%	37%	**33%**	39%	**43%**
Availability of appropriately skilled labour	34%	33%	**37%**	33%	**32%**	36%
Rent costs	33%	33%	37%	**39%**	**29%**	31%

The 2018 East Sussex Business Survey - Skills

Job Vacancies in last 12 months

Less than one in ten businesses said they had at least one vacancy they had been unable to fill (8% versus 9% in 2014)

Staff training and development

60%

2014: 62%

2012: 56%

of businesses have trained at least some of their workforce

Average training spend seems to have increased

Funded apprentices

5%

2014: 5%

2012: 4%

of businesses have government funded apprentices

Apprentice experience

2014: 46%

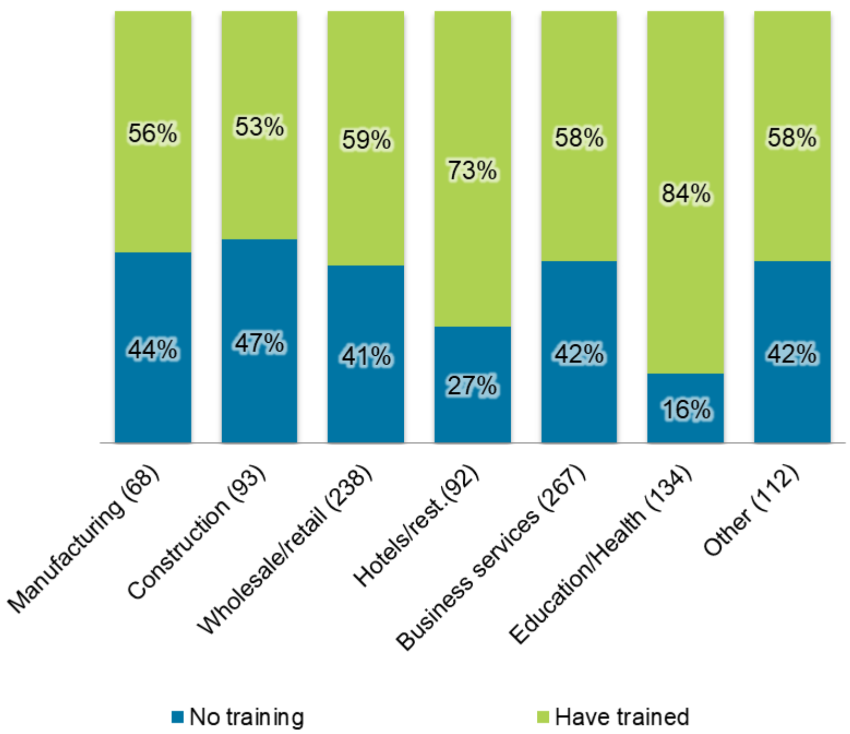
2012: 69%

72%

of businesses with apprentices report a good experience

Skills (2)

Businesses training workforce in previous 12 months varies considerably by industry sector



Likelihood of businesses taking on an apprentice in next 12 months (total sample)	2018	2014
1. Already in the process of doing so	2%	2%
2. Very likely	5%	6%
3. Quite likely	10%	10%
4. Not very likely	22%	21%
5. Not at all likely	57%	60%
6. Don't know	3%	2%

Businesses likelihood of taking on an apprentice very similar to 2014 but this has not happened in practice to date

Just under half (47% vs 55% in 2014) said their business was not suitable for apprenticeship training and/or there were no apprenticeship opportunities

What do ES businesses look like in 2018 (a profile)?

Micro, with small number of employees (1-5, including sole traders, 71% of sample), likely to have been working in the business for some time

Trading for more than 20 years (42% of the sample), based in Wealden (over a third, 36% of the sample)

Similar size for a while (three quarters of the sample employed the same number of full time staff as 12 months previously, a very similar percentage to the 2014 and 2012 Surveys)

Operating in business/professional services (a third of the sample)

Network of freelance associates (30% of the sample had self-employed or freelance workers, not on the payroll), for additional specialist skills and to boost resources when needed

Generally quite 'conservative' in nature, may have become something of a lifestyle business (over half of the sample not expecting to take on any new staff in the next 2-3 years; over 80% of respondents' business aims to remain as now or grow steadily in the 3-5 years; over 80% not looking for alternative or additional business accommodation)

Not recently in need of credit (84% of the sample), which could tie in with lifestyle business

How are they feeling in 2018 (not actual quotes)?

'Business has been okay, actually quite good in the recent past, and I don't have any particular concerns about our sector, certainly for the immediate future'

'Remaining similar size and shape will be fine, we could grow more and I might take on a new member of staff but our freelance network suits us well'

One or two of my mates have taken on apprentices into their businesses but I can't see it's right for us'

'East Sussex provides much of our business but we've got some good contacts and opportunities in the South East and more widely in the UK and further afield. Our type of service increasingly lends itself to exporting'

'I'm not really sure what the outcome of Brexit will be or what it will mean for our business but on balance, I'm not feeling very optimistic right now'

'I'm definitely getting hacked off with public transport, particularly rail, and the roads are generally getting worse. And, being based in Wealden, mobile phone coverage and broadband speeds should be better'