



Greater Brighton and West Sussex Business Survey 2014

A report for the Greater Brighton City Region Partnership, West Sussex County Council and the Coast to Capital LEP

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EXECUTIVE SUMMARY

Background

The Greater Brighton and West Sussex Business Survey 2014 was undertaken in order to inform the focus of future business support initiatives and help shape future strategies to encourage economic growth and enterprise within Greater Brighton, West Sussex and Coast to Capital. It builds on the findings from the West Sussex Independent Economic Commission, the Greater Brighton City Deal and the Coast to Capital Strategic Economic Plan.

The survey involved a sample of 1,000 local businesses, weighted back to the business population of the area. It was supplemented by 40 qualitative interviews with businesses and business representatives from the following sectors: Creative, Digital and IT, Environmental Technologies, Health and Life Sciences and Food and Drink, all sectors that have been identified as important to the growth of the local economy.

Spatial Issues

Recommendation 1: Local Authorities should take a collaborative approach to supporting business growth, given that the differences in the issues that they face do not differ greatly by local area.

The study provided a sufficient number of interviews for analysis to be undertaken at different spatial levels, including: Greater Brighton, West Sussex, Gatwick Diamond, Rural West Sussex and Coastal West Sussex. A smaller number of interviews, allowing for less robust analysis at District and Borough level, was also undertaken.

Although there is a real interest in solutions at local authority level, spatial differences in the pattern of responses were often negligible. Local differences may, therefore, often be more of a perceived issue than an actual one: Businesses in Rural West Sussex were no more likely than those in Greater Brighton to believe that opportunities for networking were limited; there was no discernable difference in the concentration of high growth businesses; skills issues and recruitment difficulties were largely the same across the area; and exporting businesses are not concentrated in any particular part of the local area, at the level the analysis was undertaken.

There were some differences, however. London was more likely to be identified as important to businesses in Brighton & Hove than in other areas and Gatwick Airport was more important to businesses in the Gatwick Diamond; businesses in Coastal West Sussex were most likely to believe that the local transport infrastructure needed improving; and those in Rural West Sussex were most likely to believe that broadband connections needed improving.

However, across a range of issues, the spatial dimension to responses was not statistically significant: The majority of businesses face similar issues regardless of where they are located.

Sectoral Issues

Recommendation 2: There is merit in adopting a sector-based approach to supporting businesses, focusing on identifying specific needs within each.

'Emerging' sectors are difficult to define and can include a diverse range of activities. Survey participants were asked to 'self-declare' as belonging to one or more of the following sectors: Technology Intensive; Environmental Technologies; Creative Industries; Advanced Engineering; and Health and Life Sciences.

Businesses within these sectors were more likely to operate in wider markets than other businesses and they were more likely to be innovation active. Technology Intensive and Advanced Engineering sectors were more likely than other businesses to be High Growth businesses; to trade internationally; and to be less concerned about being located close to their customers.

Some clear sector issues have emerged, however. Environmental Technologies businesses find it difficult to plan within what they perceive to be a confused national Government policy approach to renewable energy; large food and drink producers cite planning as a key issue; businesses in the Creative, Digital and IT sector suggest that there is a key challenge is keeping up with technology; and the hospitality sector has the most pronounced recruitment difficulties. There are also important differences within sectors, however. Small food and drink businesses have very different challenges from large ones, for example. These seem to relate to scaling up production, distribution and finding new markets, whilst for larger food and drink businesses, national regulations and the power of supermarkets are key challenges, alongside local approaches to planning.

Supporting Business Growth

Recommendation 3: Local authorities should promote and communicate the language of growth more explicitly in terms of profit and turnover.

Greater Brighton and West Sussex has a relatively high proportion (14%) of high growth businesses and an even greater proportion of businesses that have growth intentions. There is no statistically significant spatial pattern to this. High growth businesses are more likely than other businesses to be in the self-declared Technology Intensive and in the Advanced Engineering sector; and they are more likely to be in the Manufacturing and Business Services standard sectors. They are also more likely than other businesses to trade internationally, to have customers in London, be innovation active, and to have recruitment and skills challenges.

There is some merit in targeting support towards high growth and growth businesses, but this needs to be done on terms and with goals that are understandable by growth businesses themselves. Business definitions of growth may not always be the same as those public policy makers. Profit and turnover growth and other financial factors may be more important to businesses than employment and human capital ones.

Business Challenges and Support Needs

Recommendation 4: Local authorities should focus on issues where they can actually make a difference, including business friendly procurement and planning.

There are some sector specific business challenges. However, many challenges are common to most businesses. Prime amongst these are finding new customers, controlling costs, regulation and competition with the main enablers being marketing and staff motivation and performance. Local authorities and their partners need to be honest about whether they have a role in addressing these challenges and to focus on those areas where they can actually make a difference.

Procurement emerges quite commonly as an area of concern, with small businesses finding it difficult to access large public (and sometimes private) sector contracts because of complex tendering procedures.

Enthusiasm for inserting social value and other clauses into tender specifications needs to be balanced with an approach that encourages small local businesses to bid for contracts. Procurement processes need to be smart and proportionate.

Planning is not a constant issue for most businesses, but it is an acute one for a small number of businesses at any one time. There is scope to develop a more consistent approach to planning across the area, notwithstanding the political challenges associated with this; having a greater regard to the time pressures that businesses are under for decisions to be made; and being clear about what businesses can and cannot expect during the planning application process. Other areas that have been identified include improving the energy efficiency of public sector buildings as a way of stimulating the market for environmental technologies and services; and improving local transport (particularly roads and parking) and digital infrastructure.

Expanding Markets

Recommendation 5: Supporting business growth should focus on widening access to markets, particularly London and international markets.

Growth businesses are more likely than other businesses to operate in wider geographical markets and to trade internationally. There may, therefore, be more merit in supporting potential growth businesses to expand the geographical scope of their markets, than in focusing on overtly local solutions. The most obvious focus for this is London. The majority of businesses have some trade with the capital, but its contribution to turnover for them is limited.

There are some spatial differences in the importance that is attached to London. However a collective approach to promoting local businesses to the capital's large corporates and lobbying for improved rail connections between the Sussex coast and London would appear more appropriate than local authorities taking this forward individually.

There is also a strong correlation between exporting and high growth businesses. The European Union is the most important international trade location for local businesses, but there is evidence from this survey that the pattern of international trade may become more disparate in the future. This again suggests that a more collective approach to international trade, over a wider spatial area, supporting UKTI and Coast to Capital as appropriate, may be beneficial.

Local Networks

Recommendation 6: Formal business networks need to have a clear business intention and be at the right geography for that purpose, but there may be as much value in creating spaces to encourage informal networking as in trying to establish formal networks.

A high proportion of businesses network with other businesses, but many do not believe that this brings much benefit. Networking can be useful in terms of raising profile and it also has a social dimension. Evidence from qualitative interviews suggests that business-led networks can be difficult to sustain, because they rely on a disproportionate input from a small number of businesses for potentially limited return.

Businesses do not rate networking opportunities as a high priority, so attempts to establish them need to be clearly focused and based on the right spatial area for the purpose for which they are established. Some networks may be regional, national or even international and will be beyond the scope of local authorities.

Local food hubs, which bring producers and potential purchasers from outside the sector together is an area where local networks may be effective. MD Hub and Be the Business currently operate in both Brighton & Hove and West Sussex area and are widely seen to be effective business network models.

Formal networking only accounts for a small amount of business networking activity. Businesses are much more likely to engage in informal networking activities. Given this, it may be useful to think of business networking as much in terms of ensuring that there are sufficient venues, events and activities that enable people to meet informally, as in terms of establishing specific or new business networks.

Innovation

Recommendation 7: There is scope to improve both business understanding of how Higher Education Institutions (HEIs) can support them and the outcomes from that support.

Greater Brighton and West Sussex have a high proportion of innovation active businesses. Just under one in ten (8%) have used a Higher Education Institution (HEI) to help them with their innovation activity, although it appears that businesses' definition of HEI may be rather broader than public policy makers' definitions.

A higher proportion (13%) intends to work with universities over the next three years, which suggests that university-business engagement activity is likely to increase. However, there still appears scope to improve the outcomes of this engagement, given that nearly a quarter of those that had engaged with HEIs in the past had seen little or no benefit from doing so.

Skills and Recruitment

Recommendation 8: Local authorities should lead on bridging the gap between education and the labour market. This should include providing and promoting work experience placements and industry-based student projects. They should also work with employers to help them address their non-skills related recruitment difficulties.

Around a third of all businesses cite skills or recruitment issues as a challenge for them. However, recruitment difficulties cannot always be attributed to skills and these issues are not considered to be amongst the most important challenges for local businesses.

Within this, there is a clear message that 'employability' skills and work experience have greater currency with most employers than qualifications alone. A good track record in employment is an important signal for would be recruiters. This applies to the whole workforce, not just apply to school and college leavers. Staff motivation is one of the key enablers of growth; and the main skills challenges that businesses have most commonly relate to work readiness and communication skills, even though the occupations that are most difficult to recruit to are Skilled Trades.

Qualitative interviews suggested that elementary occupations, particularly manual jobs, are particularly hard to recruit to. However, this is because these jobs are not seen as attractive to potential applicants rather than due to a lack of skills. The Food and Drink sector is concerned about the potential impact of the decision not to extend the Seasonal Workers Agricultural Scheme on the recruitment of low skilled manual workers to the industry, for example.

The focus should not just be on schools and colleges, however. Nearly half (47%) of local businesses employ at least one graduate, but more than half of these (56%) believe that none of the jobs that graduates in their organisation do require a degree. At the same time, national research suggests that graduate expectations

are unrealistic, with far too high a proportion aiming to work for a multinational company, given the number of these jobs that are available. Qualitative interviews that informed this study also suggest that some SMEs believe that graduates have a greater opinion of their value than they should have, given their lack of experience. They can also find it difficult to adapt to the needs of a small organisations, where career progression can be limited.

Despite these issues, many employers clearly employ graduates, whether or not these are to “graduate level” jobs, so they must be bringing added value to roles that other people may not. There appears to be some scope to bridge an expectation gap that seems to exist between graduates and SMEs, which could be addressed through undergraduate course assignments or placements.

Inward Investment and Business Retention

Recommendation 9: There should be a pan-local authority approach to business retention and outcomes of inward investment activity should be shared and closely monitored.

The majority of local businesses were established locally, intend to remain local and business owners have not considered anywhere else in which to locate their business. Even those that have considered other locations have largely considered elsewhere within Sussex. Most business location decisions are strongly influenced by business owners’ personal circumstances and the need to be close to their customers, although this is less true for high growth businesses.

Inward investment needs to be considered within this context. If businesses are, in the main, loyal to their local area in Greater Brighton and West Sussex, then it seems reasonable to suggest that the same might apply elsewhere. Attracting businesses from other locations is likely to be a lot more challenging than supporting local businesses to grow, particularly if the term ‘local’ is not confined to narrow administrative boundaries. With the possible exception of the Gatwick Diamond, large-scale inward investment appears unlikely to happen on a significant scale over the short to medium term.

It can be politically difficult, but it seems eminently sensible to take a collective approach to business retention across local authority boundaries, including developing and finding suitable business accommodation. At the same time, there is considerable interest in inward investment activity, but it does not appear to be clear what the tangible outcomes from these activities are. This may be particularly important in finding the right balance between activities to support local businesses to grow and engaging in activities to attract new businesses from elsewhere.

Transport and Communications Infrastructure

Recommendation 10: Local transport and communications infrastructure policies must clearly support business and economic development.

Both transport and digital infrastructure are most commonly identified by businesses both as local assets and as areas in need of improvement. It is specifically road transport (including parking) that is of particular concern. The focus on these issues relates well to importance that businesses attach to being close to their customers. Links between transport and communication infrastructure should be given careful consideration when designing policies and prioritising initiatives and investments.

Issues relating to commercial premises are less commonly identified, and when they are, it is their cost, rather than other factors that predominate. Skills and human capital assets are cited even less frequently as an asset or as an area in need of improvement.

Executive Summary – Findings from Sector Cluster Interviews

	Creative, Design and Information Technology (CDIT)	Environmental Technologies (Cleantech)	Food & Drink (Growers & producers)	Health & Life Sciences
1. The Sector Cluster	A vibrant, geographically focused sector cluster with a strong hub in Brighton & Hove. Perceived by members to extend out to the Greater Brighton area (but not much beyond).	A particularly disparate 'sector' united mainly by the impact of Government policy and regulation on 'green' issues. Some subsectors may be locally focused. Others view themselves as part of a regional or even national cluster.	A sector cluster with a number of dimensions including a 'split' between large nationally focused businesses and smaller niche market providers trading on quality and local provenance. Even for locally focused producers the 'cluster' may be Sussex wide.	A sector cluster that also has a number of fairly discrete subsectors, some more hi-tech than others. There are key local businesses but a Sector Cluster may be more of an aspiration. Not strongly clustered geographically, the focus may be the south east.
2. Sector Dynamics	The sector is strong and has further growth potential, including further 'informal' inward investment as IT execs in London reach family forming ages. Not all businesses want to be the next Facebook, but some are ambitious.	Some subsectors are growing and there remains significant potential for further growth. However some subsectors are struggling and trying to find alternative markets whilst the policy and regulatory environment remains unclear.	The sector has been fairly recession proof. For nationally focused producers there has been a trend towards large scale mechanised production for supermarkets that is likely to continue. Local provenance food has further growth potential but may reach market saturation at some point.	Broad picture has been one of contraction and 'offshoring' for the last 10-15 years. A partial counterbalance has been a proliferation of SMEs many of whom are 'spin-outs' from large pharma businesses exiting the area.
3. Growth enablers and barriers	The perception of Brighton as more 'laid-back' than the capital is a double edged sword, attracting some, but sometimes making recruitment more difficult and potentially undermining locally grown businesses without a London 'history'. Some evidence of a lack of 'move-on' business accommodation. Also a suggestion that pre-start spaces would be useful.	National Government policy, subsidies and regulation are both the key growth enablers and barriers to growth for most subsectors. Local Government is seen as a potential enabler in terms of setting an example through its own activities (including commissioning). However, there are concerns that procurement practices and processes effectively exclude local businesses.	The planning system and public understanding of the sector's needs are an issue for larger scale providers. Smaller producers face different challenges – around costs, scaling up, distribution and marketing. There may be room for supporting distribution networks (e.g. through food hubs).	A key barrier noted by some is a relative lack of suitable business premises for manufacturing and research activities. Some criticism of Local Authorities for not attaching sufficient priority to this – although the amount of new accommodation required may be relatively small.
4. Business Networks	Businesses are very well networked both locally and with London. Collaboration and networking is encouraged and supported by the focus on national and international rather than local markets. Local networks are important for collaborative services to clients (medium to large businesses).	Supply chains tend to be national and international. Opportunities for 'deepening' them locally may still be regional rather local. Collaborative networks locally do not appear to be particularly strong.	Larger businesses are often active locally in Corporate Social and Environmental style activities but their networks, supply chains and markets are national. Smaller niche market providers rely more on local networks (formal and informal) for their business to function.	Supply chains and markets are international, although the NHS remains a key customer. Collaborative networks locally do not appear to be particularly strong. Suggestion that South East or Kent, Surrey and Sussex may be an appropriate scale for supporting networks.
5. Skills and employment	Mixed. Some businesses see no problems. Others find recruitment and retention of staff with <i>experience</i> difficult. Perception that University provision is improving locally but note that building a 'portfolio' of work is as important as qualifications.	Skills and employment issues tend to mirror those of the broader 'standard' sectors that are engaged in cleantech, i.e. advanced manufacturing, construction, energy production, consultancy etc.	Migrant labour has played an important role in the sector and some former migrants are now moving into more executive roles in larger businesses. The decision not to extend the Seasonal Workers scheme may present future recruitment challenges.	As in advanced manufacturing more generally, some SMEs have benefitted from the contraction of larger businesses but these benefits may be short-lived. Higher skills supply is predominantly a national issue. Lower level recruitment issues may not be skills related.

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SECTION 1 - INTRODUCTION

1.1 Aims of the Survey

In November 2013, the Greater Brighton City Region Partnership submitted a City Deal negotiation document to the Government. The resulting 'City Deal agreement' is expected to involve the allocation of £7m central Government funding and additional Government support to develop a network of Growth Hubs across the Greater Brighton area. It could lead to over £170m of additional public and private sector investment and thousands of new jobs.

The City Deal has a strong focus on supporting growth in high-tech sectors, particularly, Creative, Digital and IT in Brighton & Hove and Worthing, Environmental Technologies in Shoreham and the Clean Tech sector in Newhaven. Strengthening the links between Greater Brighton's universities and its high growth potential businesses and extending their presence along the A23/M23 spine towards Croydon and London is central to the City Deal strategy.

As partners were developing the City Deal, West Sussex County Council embarked on a strategic economic review, with a view to taking a more targeted and focused approach to supporting business growth and local economic development. The West Sussex Independent Economic Commission reported in January 2014 and provided a number of recommendations for the County Council to achieve these aims and to secure a higher long-term growth rate. These included adopting a more 'business friendly' approach to its activities and facilitating innovative thinking on ways of stimulating economic growth.

Both these initiatives have informed the development of the Coast to Capital Strategic Economic Plan [SEP] and the European Structural and Investment Fund (ESIF) strategy, which will determine the focus of economic regeneration and business growth funding priorities in the Coast to Capital region over the next decade.

The Greater Brighton & West Sussex Business Survey was commissioned within this context. Its aim was to provide a better understanding of business growth ambitions and barriers to achieving them in Greater Brighton and West Sussex. It provides a robust assessment of local businesses' views on a range of factors relating to the local economy, including the quality and efficiency of its infrastructure, the supply of labour, local assets and enablers and inhibitors of growth.

The findings from the survey will be used to inform the focus of future business support initiatives, underpin bids for external funding to support economic development interventions, and help to shape future strategies to encourage economic growth and enterprise within Greater Brighton, West Sussex and Coast to Capital.

1.2 Method and Approach

1.2.1 General Business Survey

The study aimed to provide robust and reliable data that could be analysed in a number of ways. Its quantitative element was designed as a general business telephone survey of 1,000 businesses, weighted to reflect the Greater Brighton and West Sussex business populations¹.

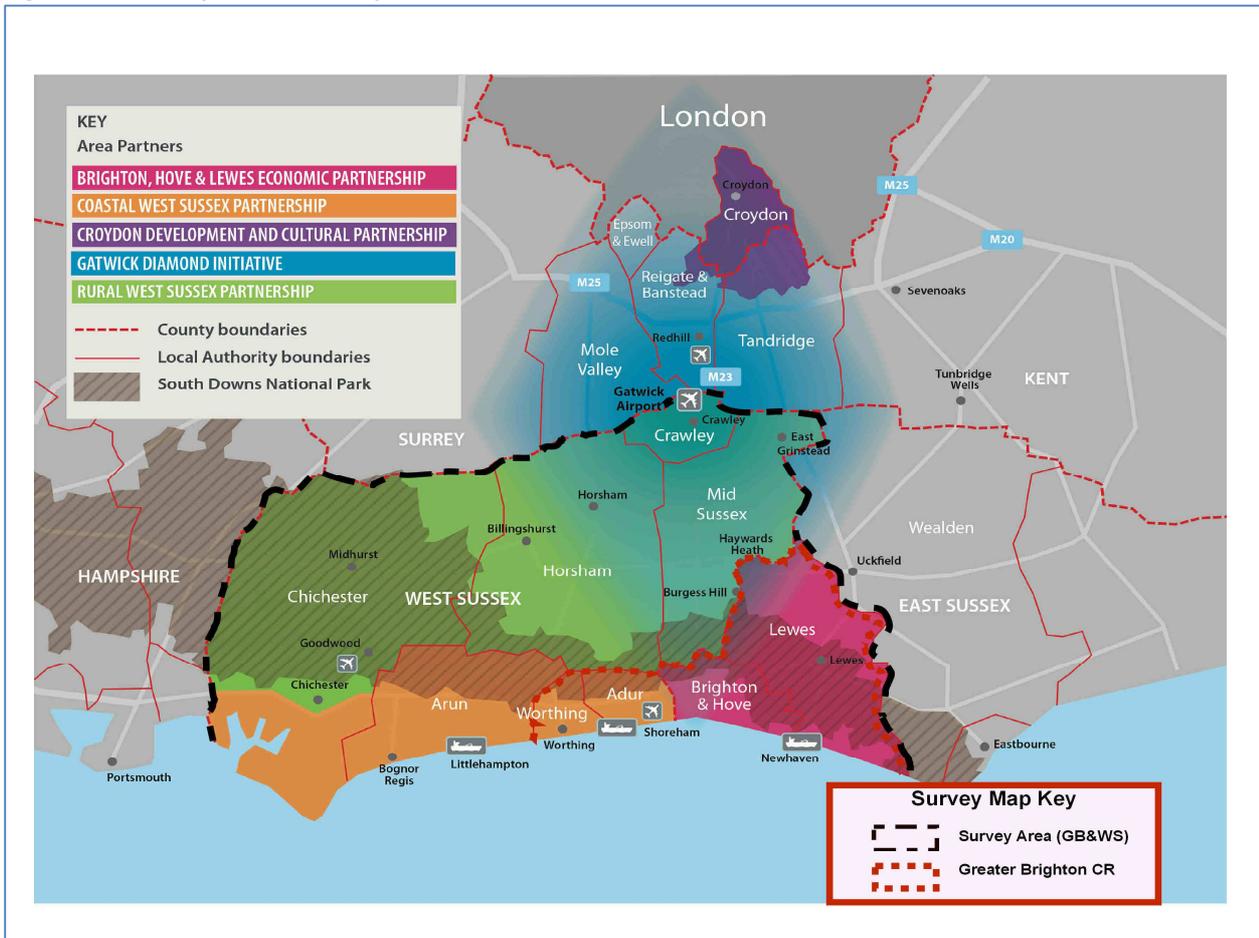
¹ Public sector organisations were excluded from the survey through the initial screening process.

Weighting the survey helps to remove the effects of sample quotas which allow deeper analysis of certain groups, but which may skew overall findings. The survey had sample quotas for business size and geographical areas within the study area.

Geographical quotas were used to ensure analysis at a range of spatial levels, including: West Sussex; Greater Brighton; Coastal West Sussex; the Gatwick Diamond (excluding the Surrey Districts of Tandridge, Mole Valley, Reigate & Banstead, and Epsom & Ewell); and Rural West Sussex was possible.

Figure 1.2.1 shows a map of the survey area overlaid on the Coast to Capital area partnerships.

Figure 1.2.1: Map of the Survey Area.



Source: Adapted from Coast to Capital

Figure 1.2.2 (overleaf) shows the distribution of interviews that were achieved for each spatial area. The aim was to try and achieve 100 interviews within each Local Authority District. Whilst this was not quite achieved, there are sufficient numbers to allow top line figures to be presented for a wide range of geographies.

Size of business quotas (by employment) were also used to ensure that the views of larger business, which have a disproportionate impact on local economies, were well represented and could be analysed independently where required.

Figure 1.2.1: Respondents by Spatial Area² - unweighted

Geography – Achieved Interviews	Achieved	% of Sample
Greater Brighton & West Sussex	1000	100
Greater Brighton	493	49
West Sussex	680	68
Coastal West Sussex	383	38
Gatwick Diamond (excl. Surrey Districts)	297	30
Rural West Sussex	326	33
By LA Area		
Brighton & Hove	213	21
Lewes	107	11
Adur	76	8
Arun	104	10
Chichester	106	11
Crawley	77	8
Horsham	106	11
Mid Sussex	114	11
Worthing	97	10

Unweighted Data

Figure 1.2.2 shows the distribution of interviews by size of employer. Without quotas, some 84% of the interviews would have been with micro businesses and only 2% would have been with medium and large employers.

Figure 1.2.2: Respondents by Size of Business (Employment) - unweighted

Employment	Achieved	% of sample
Micro (1-9)	596	60
Small (10-49)	310	31
Medium & Large (50+)	94	9

Unweighted Data

The quotas may have indirectly had some additional effect on the sector profile of businesses interviewed (Figure 1.2.3, overleaf). In particular the survey included more manufacturing businesses and fewer construction and business service sector businesses than might have been expected. Weighting the data by size and geography does not entirely remove this sector 'skew' and it should be borne in mind when interpreting the results.

Figure 1.2.3: Profile of Respondents by Broad Industrial Group - unweighted

Broad Industrial Group	Achieved	% Achieved	% expected*
Primary & Utilities (including agriculture)	24	2	4
Manufacturing	142	14	5
Construction	60	6	15
Retail & Wholesale	219	22	25
Hospitality	138	14	8
Transport & Communications	58	6	3
Finance & Business Services	229	22	28
Public services	3	<1	NA
Personal & Community services	127	13	11
Total	1,000	100	100

Source: GBWS survey 2014 and *ONS Business Counts 2011.

² Note: Greater Brighton includes Brighton & Hove, Lewes, Adur and Worthing; Coastal West Sussex includes Adur, Arun, Worthing and Chichester; Gatwick Diamond includes Crawley, Horsham and Mid Sussex; and Rural West Sussex includes Chichester, Horsham and Mid Sussex.

1.2.2 Sector Clusters

The commissioning organisations were keen for the study to provide “effective targeting of businesses most relevant to the context of the research”. This specifically referred to high growth sectors and clusters that had been identified as part of the City Deal proposals (Clean Tech in Newhaven; Creative, Digital and IT in Brighton city centre and the ‘University Corridor’; and low carbon and logistics in Shoreham, and the Creative Industries in Worthing).

It also included priority business clusters in other parts of the study area, including: Advanced Engineering in Coastal West Sussex, Rural West Sussex and Gatwick Diamond; Horticulture in Coastal West Sussex and Rural West Sussex; Health and Life Sciences and Professional Services in Gatwick Diamond; and Low Carbon Food Supply and Eco-Tourism in Rural West Sussex.

Given the difficulties in clearly identifying businesses in ‘non-standard’ industrial classifications and their limited numbers in small geographies, the sector/cluster approach did not lend itself to explicit inclusion in the business survey. Furthermore, a clear focus on these areas of activity would have undermined the survey as being representative of the broad business population.

Two approaches were, therefore, used to address the cluster/sector dimension to the study. Firstly, businesses in the telephone survey were asked whether they considered their business to be part of specific business sector clusters. Figure 1.2.4 below shows the number of businesses across the whole study area that self-identified with five key sector clusters.

Figure 1.2.4: Sector Clusters - unweighted

Sector/Cluster – self declared	Number	% of Sample
Technology Intensive	95	10
Creative Industries	176	18
Health and Life Sciences	49	5
Environmental Technologies and Services	52	5
Advanced Engineering	51	5
Any cluster	326	33

Unweighted data: Note: Businesses were able to identify themselves with more than one sector/cluster.

A third (33%) of the businesses in the sample self-identified with one of the clusters. Over half of these identified themselves as part of a Creative Industries sector cluster (businesses could identify with more than one sector cluster). Obviously businesses’ own perceptions of a sector cluster and those of agencies involved in local economic development may not always align. However, these self-identified groupings offer one useful line of analysis for the study.

In addition, the telephone survey was supplemented by a programme of 40 depth interviews that were targeted specifically towards the sectors/clusters of interest to the client partners, namely, Creative, Digital and IT (10), Environmental Technologies and Services (12); Health and Life Sciences (7); and Food and Drink (11). These depth interviews aimed to provide greater detail on many of the issues addressed in the quantitative survey. The topic guide that was used is shown in Annex II.

Interviewees were identified from a range of sources, starting with named contacts (gatekeepers) provided by the clients and using a “snowballing” method to identify other businesses. Attempts were made to provide a geographical focus to the qualitative interviews within the study area. However, the supply of named contacts willing to participate in the study did not lend itself neatly to a spatial approach. A full list of the businesses that took part in the qualitative interviews is provided in Annex III.

1.2.3 Report Structure

The remainder of this report is structured as follows:

Section 2, Setting the Context outlines the policy and research context for the study. It provides a broad overview of the Government's approach to supporting growth and local policies, initiatives and activities that will shape economic development over the next few years. It also outlines the profile of businesses in the study area.

Section 3, Supporting Business Growth investigates the characteristics of local growth businesses and their key enablers and barriers; assesses the markets for local businesses; their views of local skills supply and the labour market; and their view of key local assets and infrastructure.

Sector 4, Sector and Cluster Summaries draws heavily on the qualitative depth interviews and identifies key economic development issues relating to priority sectors/clusters.

Section 5, Conclusions and Recommendations draws together the evidence from the qualitative and quantitative elements of the survey and other related local studies and provides a set of clear, practical recommendations for the Greater Brighton City Region Partnership, West Sussex County Council and Coast to Capital to consider in their approach to supporting local businesses to grow.

In addition, Annex I provides an 'at a glance' summary of key statistics from the survey and Annex II provides a top-line analysis and key tables and figures for the different spatial areas within Greater Brighton and West Sussex.

SECTION 2 - SETTING THE CONTEXT

2.1 Policy and Research Context

2.1.1 Private Sector Led Growth

The 2008/09 recession and its aftermath shifted Government thinking in how to stimulate and sustain long-term economic growth. The Coalition Government elected in 2010 was critical of what it saw as the previous administration's over-reliance on public sector funding, financial services and consumption as drivers of growth. The new Government introduced long term cuts in public expenditure, with the aim of creating the conditions for private sector, export-led growth based on the application of new technologies and the effective utilisation of skills.

The economic recovery has been more protracted than the Government expected and the transition towards a more private sector and export-led economy has seemed somewhat elusive. However, by the end of 2013, there appeared to be reasonably consistent signals that the UK economy had started on a more sustained period of growth. GDP was 0.7% higher than 12 months previously, industrial production was up by 0.8%, retail sales were up by 3.7%, business investment was up by 2.4%, consumer confidence had returned to 2007 levels and more than 30m people were in employment.

2.1.2 Technology as a Driver

Applying new technologies, improving trading links with emerging economies, developing a low carbon economy and making best use of the UK's world class universities are all part of the Government's strategy for growth. It has established a network of Catapult Centres³ to support the development of key areas of the economy.

Whether it is the Policy Exchange's Eight Great Technologies⁴, McKinsey's twelve Disruptive Technologies⁵ or other variations on this theme, technology has moved centre stage in the drive for economic growth in recognition of its potential to transform the way people live and work. With this comes a new focus for local economic development and a fresh demand for people to develop technical skills for the workplace, alongside the softer employability and communication skills that have been the hallmark of labour market discourse in recent years.

2.1.3 The Role of Universities

The potential role of universities in supporting economic growth and innovation is now well recognised both nationally and regionally. The Wilson Review⁶ emphasises the importance of improving university-business collaboration, increasing opportunities for students (including postgraduate and postdoctoral students) to acquire relevant work experience; and improving their employability, enterprise and entrepreneurship skills.

However, the role of the university sector is not just confined to the supply of skilled labour. The Wilson Review also stresses their importance in developing an innovation ecosystem through effective formal and

³ The Catapult network is a series of physical centres where businesses, scientists and engineers work side by side on late-stage research and development - transforming high potential ideas into new products and services to generate economic growth. The seven centres in the Network are: Cell Therapy, Connected Digital Technology, high Value Manufacturing, Off Shore Renewable Energy, Satellite Applications, Transport Systems and Future Cities.

⁴ Eight Great Technologies Willetts D, Policy Exchange 2013 (Big Data, Satellites, Robots and Other Autonomous Systems, Synthetic Biology, Other Regenerative Medicine, Agricultural Technologies, New Advanced Materials and Energy Storage

⁵ Disruptive Technologies that will Transform Lives, Business and the Global Economy; The McKinsey Institute 2013

⁶ A Review of Business-University Collaboration, Professor T Wilson 2012

informal networking and knowledge exchange activity and the establishment of centres of excellence linked to university specialisms. The Whitty Review⁷ takes this forward and stresses the potential role they have in securing local and regional economic growth through ‘comparative advantage’. Whitty suggests that universities should take “an explicit responsibility for facilitating economic growth”, focusing particularly on supporting innovation in SMEs with Local Enterprise Partnerships directing their innovation funding towards universities and research centres to support economic growth.

Recommendations from the Whitty Review have been taken forward by Coast to Capital and there are excellent examples of close university–business collaboration locally. Coast to Capital plans to develop a series of innovation networks linked to its priority sectors and university research strengths. The proposed Regional Innovation Strategy focuses on four main sectors: Connected Digital Economy Bioscience, Electronics and Environmental/Renewable Technologies⁸.

2.1.4 Place as an Advantage

There is now considerable literature relating to the importance of ‘place’ as a driver of economic growth. Key to this is local economic areas identifying and exploiting their comparative economic advantage. Much of the argument about ‘place’ centres on the themes of agglomeration and ‘technological flattening’⁹. To some extent, these two dynamics are pulling in different directions, but the way they interact in particular sectors and localities is an important dimension of the future economic potential of an area.

The ‘technological flattening’ argument suggests that technological change removes the need for clustering, enabling people to work remotely across geographical areas without the need for regular face to face contacts. This enables people to choose where to live, placing a premium on creating places that have, or are seen to have, a high quality living environment.

The agglomeration argument places greater emphasis on physical proximity and face-to-face contact and is strongly linked to urban areas as being key drivers of growth. Here, businesses and talent congregate in relatively tight geographical areas. This provides advantages for businesses looking to recruit talent, good opportunities for collaboration and knowledge exchange between talented individuals and like-minded companies and, of course, greater choice for skilled people to find a range of good quality employment.

There is local evidence of both technological flattening and agglomeration. The CDIT cluster has developed in a concentrated urban area within central Brighton, whilst high skilled employment growth has been a notable feature of the more disparate Rural West Sussex economy in recent years.

2.1.5 The Regional and Local Strategic Framework

The Greater Brighton and West Sussex Business Survey has been undertaken at a time when the strategic direction for economic development within the region is becoming clearer. Coast to Capital has recently submitted its Strategic Economic Plan (SEP) and European Structural and Investment Fund (ESIF) Strategy and is in the process of developing its own Skills Strategy. The Greater Brighton City Region has successfully secured a City Deal with Government to promote growth in environmental technologies, CDIT and the clean tech sectors through a network of Growth Hubs, and the report of the West Sussex Independent Economic Commission makes a series of recommendations for West Sussex County Council to take forward to help secure sustainable economic growth across the county.

⁷ Encouraging a British Invention Revolution: Sir Andrew Whitty’s Review of Universities and Growth BIS 2013

⁸ Coast to Capital Strategic Economic Plan: Developing Innovation Networks of Innovation Space to be Creative. Cooper D for the Coast to Capital Local Enterprise Partnership 2013

⁹ Flat of Spikey? The Changing Location of the British Knowledge Economy. Morris K, The Work Foundation 2010

Coast to Capital is unequivocal in its commitment to growth and has set ambitious targets to increase employment, improve and expand commercial floorspace and build new homes. Its Strategic Economic Plan includes an investment plan of £3.3bn and an 'ask' from Government for Local Growth Funding of £559m against the following core priorities: Successful growth locations; successful business community; build competitive advantage; skills and workforce; growth in digital; housing and strategic infrastructure. Its aim is to become a truly internationally competitive region.

Its ESIF strategy sets out how European Structural and Investment Funds will be allocated between 2014 and 2020, based around six key themes: Strengthening Research, Technological Development and Innovation; Enhancing the Competiveness of Small and Medium Enterprises; Supporting the Shift to a Low Carbon Economy in All Sectors; Promoting Employment and Supporting Social Mobility; Promoting Social Inclusion and Combatting Poverty; and Investing in Education, Skills and Lifelong Learning.

2.1.6 Related Local Studies

The Greater Brighton and West Sussex Business Survey is one of a number of studies that will inform approaches to local economic development and business support.

The West Sussex Independent Economic Commission

The West Sussex Independent Economic Commission involved extensive consultation with local businesses and resulted in eleven recommendations as to how West Sussex County Council could improve its role in the economy (see Annex III). The Commission sees the County Council's economic role primarily as galvanising activity; being business-friendly; acting as an advocate and a partnership convener; collaborating with partners to provide economic analysis; developing a coordinated policy framework and an integrated approach to regulatory services; and maintaining close dialogue with Gatwick Airport and key local businesses to better understand and respond to their needs.

The 2010 Brighton & Hove Business Survey

In 2010, the Brighton & Hove Business Survey investigated a number of issues for businesses in key sectors identified in the Business Retention and Inward Investment (BRII) study. These were: Digital Media; Creative Industries; Environmental Technologies; Financial Services; Manufacturing (mainly food and drink); and Health Technologies. It found that businesses had a high level of commitment to the city, were located there mainly for lifestyle or personal reasons and thought that it was a good place to do business. It suggested that the city's workforce and cultural and language skills were key assets, although there were skills gaps in some higher-level technical and practical occupations. London and Gatwick Airport were seen as important assets, but the main constraint on business growth was the poor quality of the city's business accommodation stock.

The Brighton Fuse Research Project

The Brighton Fuse Research project (2013) identified a new type of business that is 'superfused'. These businesses combine creative, technology and business skills to achieve growth figures almost three times as fast as other businesses and ten times that of the British economy overall. These businesses break down the traditional silos between arts and ICT, working in interdisciplinary teams that combine arts, humanities and design graduates with scientists and computer engineers to foster a culture of collaboration, innovation and growth. The research also highlighted the importance of clustering and networking between freelancers and small businesses in the sector. The Brighton Fuse Box at New England House and Wired Sussex provide a focal point for effective collaboration between local businesses in the sector.

The East Sussex Annual Business Survey (2012)

The East Sussex Annual Business Survey (2012) covers Lewes District, which as part of the Greater Brighton City Deal area, is also covered in the Greater Brighton & West Sussex Business Survey (2014). There was no

discrete section on Lewes in the East Sussex Annual Business Survey (2012). However, it is useful to reflect on the findings from a Greater Brighton City Region perspective. East Sussex businesses had been badly affected by the recession, but some level of stability had returned by 2012 and over half (55%) expected to grow over the next 3-5 years. The economy was identified as the most significant barrier to growth. East Sussex businesses considered improvements to the local road network as a key priority. Other priorities for improvement related access to major roads and digital connectivity, although these were less important for Lewes businesses than for those in other parts of the county. Locational assets identified in the survey included 'good local schools and colleges' and 'being close to customers'.

2.2 Businesses in Greater Brighton and West Sussex

National statistics suggest that the Greater Brighton and West Sussex area includes nearly 50,000 businesses and a workforce consisting of half a million people. Figure 2.2.1 shows the business and employment profile (excluding public services) of the area by Local Authority District and West Sussex sub-region. The Greater Brighton area includes some 22,000 businesses and a workforce of 216,000.

Figure 2.2.1: Businesses and employment in Greater Brighton and West Sussex

Geography	Businesses	Employment
Greater Brighton & West Sussex	49,000	500,000
Greater Brighton	22,000	216,000
West Sussex	33,000	346,000
Coastal West Sussex	17,000	159,000
Gatwick Diamond (excl. Tandridge & Mole Valley)	17,000	188,000
Rural West Sussex	19,000	160,000
By LA Area		
Brighton & Hove	12,000	123,000
Lewes	4,000	30,000
Adur	2,000	18,000
Arun	5,000	40,000
Chichester	6,000	55,000
Crawley	3,000	83,000
Horsham	7,000	49,000
Mid Sussex	7,000	56,000
Worthing	3,000	45,000

Sources: ONS UK Business Count 2011 and Business Register and Employment Survey 2012

Figures have been rounded to the nearest 1000. (Excludes public service SIC codes)

Figure 2.2.2 (overleaf) shows the sector profile of the key geographical areas of the study using the latest Standard Industrial Classification. The table shows location quotients, which are an index of the proportion of businesses in a sector within an area compared with what might be expected if the area reflected the UK economy as a whole. A score above 1 suggests there is a higher concentration of businesses than might be expected and below 1 suggests there is lower concentration.¹⁰

The table suggests that Greater Brighton has more businesses in the 'information & communication', 'arts, entertainment and other services' and 'accommodation and food services' sectors than the UK average but fewer 'agriculture', 'manufacturing', 'transport and storage' and 'financial & insurance' businesses.

West Sussex as a whole has an industrial profile that is much closer to the UK average. Within West Sussex, the Gatwick Diamond has a higher proportion of 'business administration and support services' and 'information & communication' businesses. Rural West Sussex has a concentration of businesses in the 'agriculture, forestry and fishing' sector and Coastal West Sussex has a concentration of businesses in the 'construction' sector.

¹⁰ A score of 1.2 would suggest 20% more than expected and 0.8 would suggest 20% less than expected.

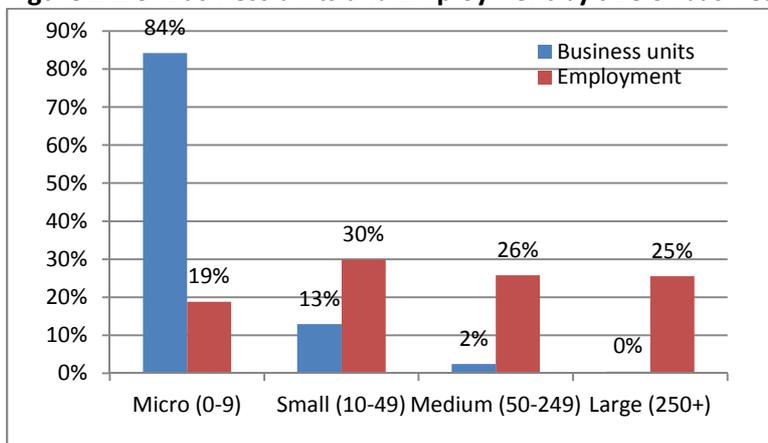
Figure 2.2.2: Business concentrations by sector

Sector (SIC 2007)	Greater Brighton	Gatwick Diamond	Coastal West Sussex	Rural West Sussex	WSCC	GB&WS Study area
Agriculture, forestry & fishing (A)	0.3	0.8	0.9	1.2	0.9	0.7
Mining, quarrying & utilities (B,D and E)	0.9	1.1	0.8	0.8	0.9	0.9
Manufacturing (C)	0.8	1.0	1.1	1.0	1.0	0.9
Construction (F)	1.0	1.0	1.2	1.0	1.1	1.0
Motor trades (Part G)	0.7	1.0	1.0	0.9	1.0	0.9
Wholesale (Part G)	0.9	1.1	1.0	1.0	1.0	0.9
Retail (Part G)	1.1	0.9	1.1	0.8	1.0	1.0
Transport & storage (inc postal) (H)	0.6	1.0	0.7	0.6	0.9	0.8
Accommodation & food services (I)	1.2	0.8	1.0	0.8	0.9	1.0
Information & communication (J)	1.4	1.2	0.9	1.1	1.0	1.2
Financial & insurance (K)	0.8	1.1	0.8	1.0	1.0	0.9
Property (L)	1.0	0.9	0.9	1.0	0.9	0.9
Professional, scientific & technical (M)	1.0	1.1	1.0	1.1	1.0	1.1
Business admin & support services (N)	1.1	1.2	1.0	1.1	1.1	1.1
Arts, entertainment & other services (R,S,T&U)	1.3	1.0	1.1	1.0	1.0	1.1

Source: ONS UK Business Count 2013

It is important to note that these concentrations are of business units not employment. Large employers in a location (e.g. American Express in Brighton) can mean that employment by sector does not always reflect this profile. Indeed, Figure 2.2.3 shows that whilst micro businesses (0-9 employees) account for 84% of the business population across Greater Brighton and West Sussex, businesses with more than 50 employees account for more than half (51%) of the workforce.

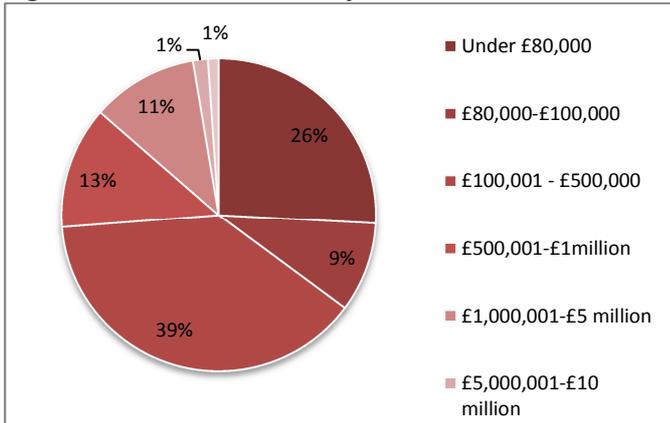
Figure 2.2.3: Business units and Employment by size of business



Sources: ONS UK Business Count 2011 and Business Register and Employment Survey 2012

This holds more or less true for all the geographical areas within the study, although the Gatwick Diamond has a slightly higher proportion of medium and larger businesses (3%) and rural West Sussex has a slightly higher proportion of micro businesses (86%). In line with the size profile of businesses by employment, the telephone survey suggests that the majority (73%) of businesses in the study area have a turnover of less than £500,001. A quarter (26%) have a turnover of less than £80,000 (the current VAT threshold) while 13% have turnovers in excess of £1million.

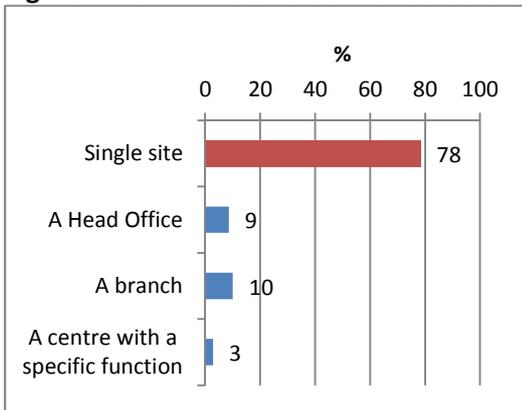
Figure 2.2.4: Business size by turnover



N=792. Base: Businesses providing turnover estimates

The majority of businesses (78%) in the study area are single site operations. A further 9% are Head Offices, 10% are branches and 3% are centres with a specific function (Figure 2.2.5). In addition 90% of the businesses surveyed were independent and 10% were part of a larger organisation.

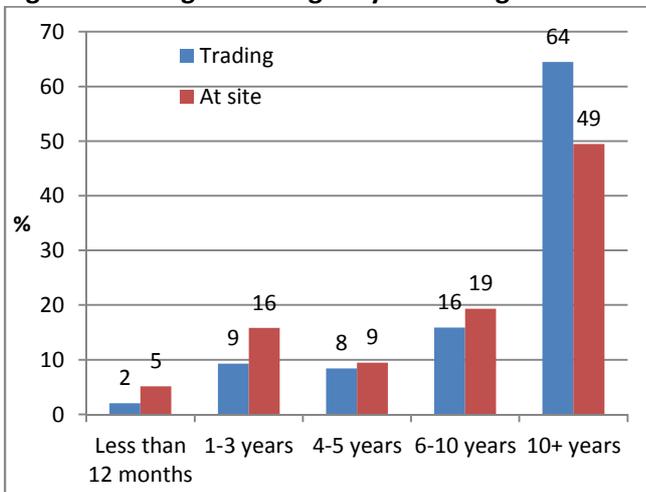
Figure 2.2.5: Business structures at locations interviewed



N=1000

The majority of businesses (64%) have been trading for more than 10 years and just under half (49%) have been at their current site for 10 years or more (see Figure 2.2.6).

Figure 2.2.6: Age and longevity of trading at site



N=1000

SECTION 3 - SUPPORTING BUSINESS GROWTH

3.1 High Growth and Growing Businesses

Key Findings

- ∇ Greater Brighton and West Sussex have a larger proportion of High Growth businesses than might be expected (14% compared with 9% in the national NESTA study). More generally, two fifths of local businesses can be considered 'growth' businesses.
- ∇ Growth and high growth businesses are more likely to have national and international markets and suppliers. They are also more likely to be innovative and to identify with one of key sector clusters in the study (particularly advanced engineering and technology intensive industries).
- ∇ There is some evidence in the survey to support recent studies, which have found that growth and high growth businesses focus on turnover and profitability rather than creating employment opportunities (which may come later).
- ∇ Marketing and staff motivation are seen as key enablers for growth whilst finding new customers and controlling costs are key challenges. Issues relating to skills, premises and infrastructure are of secondary importance.
- ∇ Although a fifth of businesses say they may need some support, the areas they need help in are very diverse and there seems little appetite for generic business support.
- ∇ Public sector agencies need to be realistic about their role in supporting growth businesses and recognise that the interventions available to them to directly influence business performance may be limited (although potentially still worthwhile).

Although businesses of all descriptions can play an important economic and social role in a locality, businesses that intend to grow and have the potential to do so are of key interest to those involved in local economic development. This section focuses on high growth and growing businesses in the Greater Brighton and West Sussex area. In particular it uses the survey to identify:

High growth businesses – those that report 20% or more average annual turnover growth for the last 3 years. This definition relates to the national NESTA study on high growth businesses.¹¹

Growth businesses – those that have increased their turnover in the last 12 months and have the business aim to continue growing. This is a wider grouping that includes high growth businesses but also many who have experienced more modest growth.

3.1.1 Growth Trends

An important aim of this study was to identify the scale and characteristics of local growth oriented businesses and to assess the degree to which they and other businesses feel optimistic about prospects for the near future. A series of studies¹² have highlighted the importance of high growth SMEs in stimulating innovation, leading to employment and productivity growth in the economy.

According to these studies businesses with growth ambitions are more likely to export, innovate, fund training and to be aware of Government measures to support businesses. However, growth is not

¹¹ The Vital 6% How high growth businesses contribute to prosperity and jobs. NESTA Research Summary October 2009

¹² Internationalisation of Innovative and High Growth SMEs. BIS Economics Paper No 5. 2010

necessarily a simple term to define. According to a report for BIS¹³ policy makers often define growth in terms of employment, GVA and/or international trade, but businesses are more likely to define it in terms of turnover and profit.

Figure 3.1.1 compares businesses growth experiences over the previous twelve months and expectations their growth expectations over the next 12 months, based on turnover, profit and employment.

Figure 3.1.1: Growth Trends and Expectations

	% businesses		
	Turnover	Profit	Employment
Experiences Last 12 months	45	39	25
Expectations Next 12 months	66	64	42
Difference Between Expectations to Experience	+21	+25	+17

n = 1000

Just under half (45%) of local businesses increased their turnover in the 12 months prior to the survey and a slightly smaller percentage (39%) increased their profits. The proportion of businesses that had increased their staff numbers (25%) was considerably lower.

It is not uncommon for businesses to believe that they will perform better over the following twelve months than over the previous year, even if in reality this may not happen. This is exactly the pattern that has occurred in this survey. A higher proportion of businesses expect to achieve growth over the next 12 months on all three measures. However, a much lower proportion of businesses expect to increase their staff numbers than anticipate profit and turnover growth.

The relationship between turnover, profit and employment growth merits further consideration, particularly since public policy messages often focus on the latter. Coast to Capital, for example, has set targets to create 60,000 net new private sector jobs over the next decade. There are no targets for business profitability, however. According to the BIS report cited earlier, SMEs *“are not focused on growing their workforce, unless it is driven by growth in other measures of size and success, which are primarily financial”*. A further study¹⁴ suggests that for High Growth firms, sales growth comes first and this is followed by asset growth, growth in operating profit, and only then does employment growth follow.

The experiences and expectations in the different dimensions of growth shown in Figure 3.1.1 may suggest that components of growth other than employment could feature more prominently in messages for engaging and supporting businesses. If the primary objective of high growth businesses is to generate sales, then perhaps initiatives to support business growth and economic development should focus more explicitly on this goal, rather than overtly towards job creation.

In the survey, 40% of all businesses can be considered to be ‘growth businesses’ in that they had increased their turnover in the last 12 months and their business aims for the future were to continue to grow (either slowly or quickly).

Only a small proportion of these businesses can be described as ‘high growth’. However, NESTA suggests that they account for more than half of all the new jobs created over time. In terms of turnover, high growth businesses were defined by NESTA as businesses that employ more than ten people¹⁵ and which have a 20% annual turnover growth.¹⁶

¹³ Business Growth Ambitions Amongst SMEs; BIS, Scottish Enterprise, Invest Northern Ireland, Welsh Government (2012)

¹⁴ Growth Processes of High Growth Firms in the UK; Coad A; Cowling M; & Siepel J. NESTA Working Paper No 12/10

¹⁵ However, unless otherwise stated, the definition we have used in our survey analysis includes businesses of all sizes.

¹⁶ Nesta 2009 ‘Measuring Business Growth: High-growth firms and their contribution to employment in the UK’. Nesta Research Report, October 2009. M Anyadike-Danes, K Bonner, M Hart and C Mason.

According to our survey, 14% of all businesses are High Growth businesses. 14% of businesses with 10 people or more in Greater Brighton and West Sussex are also in this category (2% of all businesses). This is a higher proportion than national estimates (9% in the 2009 Nesta study) and may reflect the relative buoyancy of the local economy and its innovative and creative profile. The figure implies that there are around 1,100 high growth businesses with more than 10 employees in the Greater Brighton and West Sussex area. The survey also suggests that high growth businesses *may* be slightly more common in the Gatwick Diamond and rural West Sussex (11%) areas but the difference is on the margins of potential statistical significance.

If the definition is broadened to include businesses with fewer than 10 employees and new business start-ups (who have grown by 20% per annum but may not yet be three years old) then the survey suggests that 9% of all businesses are high growth businesses and a further 4% are high growth start-ups (Figure 3.1.2). Using these figures we can estimate that the number of high growth businesses in Greater Brighton and West Sussex is more likely to be around 6,400 (4,400 established businesses and 2,000 start-ups).

Figure 3.1.2: Estimates of the number of High Growth businesses

	% of all businesses	Greater Brighton	West Sussex	Greater Brighton & West Sussex
Established High Growth businesses	9	1,900	3,000	4,400
High growth start-ups	4	900	1,300	2,000
All High Growth Businesses	14	2,800	4,300	6,400
<i>Established High Growth larger businesses (NESTA definition – more than 10 staff)</i>	2	500	700	1,100

Estimates may not sum due to rounding. Note also that the Greater Brighton and West Sussex areas overlap.

3.1.2 Characteristics of Growth Businesses

A key challenge in supporting business growth is to establish whether High Growth businesses have particular characteristics and whether they are more or less likely to be involved in different types of business activity. High Growth businesses were more likely to identify themselves as belonging to some of the business clusters explored in the study. There were also relatively strong links between growth orientation and international trade and innovation, consistent with findings by BIS¹⁷.

Growth and Sectors/Clusters

More than one in ten (13%) of all High Growth businesses self-declared as ‘technology intensive’ compared with just 8% of other businesses; and 10% self-declared as ‘Advanced Engineering’ compared with just 4% of other businesses. These differences either did not exist or were marginal for Environmental Technologies, Health and Life Sciences and Creative Industries. Although there were high growth businesses in all broad sectors of the economy, they were much more likely to be in the manufacturing and business services sectors, but much less likely to be in retail & wholesale, hospitality and personal and community services.

Environmental technologies, health and life sciences and creative industries include a disparate range of activities, some of which may be technology intensive and some of which are probably not. It is not clear whether businesses that self-identify with these sectors and which also have a technology component to their activities, are more likely to be high growth businesses.

Growth and Markets

High growth businesses are more likely to have national and international markets and suppliers and less

¹⁷ Internationalisation of Innovative and high Growth SMEs. BIS Economics Paper No 5. 2010

likely than other businesses to be locally serving (see also Section 3.2.1). Nearly half (42%) are exporters, compared with just 17% of other businesses. Furthermore, exports account for more than half of the turnover of 12% of High Growth businesses, compared with 5% of other businesses.

London is also more important to High Growth businesses than to other businesses. Nearly three-quarters (73%) have London as a market compared with just over half (56%) of other businesses.

Growth and Innovation

Around two-thirds (64%) of businesses are ‘innovation active’. In other words, they have either introduced a new or improved product or service, are working on introducing one, or have introduced new or improved processes in the previous twelve months. This increases to 77% of all businesses employing ten or more people. This is a high level of innovation, compared with the BIS UK Innovation Survey (2011), which found that nationally, 37% of businesses with over ten employees fall into this category¹⁸. There is a strong link between innovation activity and High Growth. More than nine out of ten (91%) High Growth businesses had introduced a new product or process in the previous 12 months, compared with just under two-thirds (64%) of all businesses.

Businesses that self-declared as ‘Technology Intensive (83%),’Creative Industries’ (73%), Environmental Technology and Services (85%); Advanced Engineering (75%) and Health and Life Sciences (88%) were also more likely than other businesses to be ‘Innovation Active’.

Growth and Business Size

Businesses that have a stated intention to grow are least likely to be micros businesses, employing fewer than 10 people. Many micro businesses are lifestyle businesses with little or no growth intentions. This is supported by evidence from the qualitative interviews, which suggests that a very high proportion of micro-businesses in the Food and Drink sector, for example, are “hobbyist” businesses. Many of these will fold once the interest has waned or personal circumstances have changed.

“Many local food and drink businesses are “hobbyist” businesses that are not looking to grow. They are often started by people to fit around other aspects of their lives and/or because they have a particular passion for food. Of the 99 businesses that we surveyed, only around 6-7 would be expected to have ambitions to grow”

3.1.3 Enablers and Challenges to Growth

Figure 3.1.3 shows the most important growth enablers for businesses that have ambitions to grow.

Figure 3.1.3: Growth Enablers

	Importance Score ¹⁹
Marketing	64
Staff Motivation/Performance	51
Product/Service Innovation	39
New Technologies	32
New Skills	21
External Finance	-53
Improved Premises	-89

N = 407

Marketing and staff motivation/performance are the most important enablers for local businesses intending

¹⁸ First Findings from the UK Innovation Survey 2011 (Revised) Science and Innovation Analysis BIS 2013

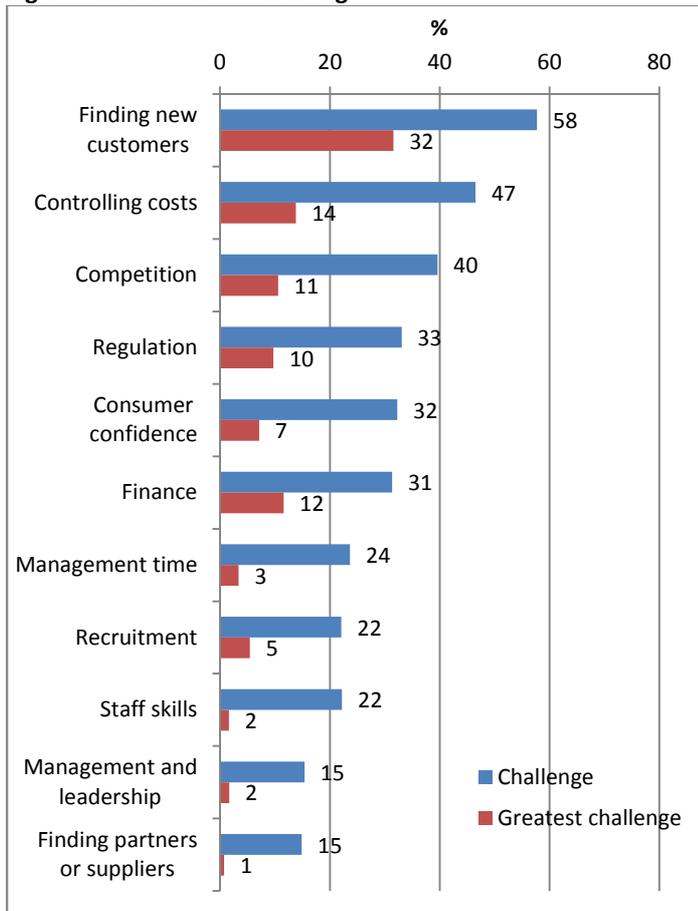
¹⁹ Note: The Importance Score is based on the following formula: GE= (Ax2+ B)-(C+Dx2), where GE=Growth Enabler; A= Very Important; B= Quite Important; C=Not Very Important; and D= Not Important At All.

to grow. 'Improved premises', which is highlighted frequently in qualitative interviews, is not a high priority for most growth-oriented businesses. This does not diminish it as an issue. However, it likely to be one that becomes acute at a given time for a small number of businesses, rather than one that is a constant issue for a large number of businesses.

Businesses are more likely to see staff motivation and performance as a growth enabler than the acquisition of new skills. This reflects a commonly heard complaint from businesses about the lack of employability skills within the workforce. Personal attitude and characteristics appear more important to employers than the acquisition of new skills. This is addressed in more detail later in this report.

Figure 3.1.4 shows the challenges and the main challenges that businesses identify.

Figure 3.1.4: Business Challenges



N = 1000

There is a good link between the enablers and challenges to growth. If marketing is seen as the main enabler, then it follows that finding new clients should be identified as the main challenge, which it is. This is identified as a challenge by more than half (58%) the local businesses and a third (32%) see it as their greatest business challenge. Other areas that are commonly identified as challenges include 'Controlling Costs' (47%), Competition (42%) and Regulation (33%). Labour market issues and those that relate to business networking and collaboration are relatively marginal by comparison. Challenges for businesses intending to grow were no different from those identified by other businesses.

Public sector organisations need to be realistic about their role in supporting businesses in the areas that are most important to them. Skills, employment and the labour market are important to the public sector, perhaps because they also have a strong social dimension. Developing and supporting business-to-business

networks may also be of interest, because that is something that public sector organisations think that they can realistically do. However, it is much less clear how effective they can be in addressing national government regulations; supporting businesses to improve how they market their products and services; and helping them to control costs.

Qualitative interviews suggest that public sector organisations still do not fully understand the needs of small businesses and that public sector bureaucracy and procurement are both impediments to growth for local businesses. It is not easy to “get into” larger organisations in the first place and when this does happen, the increasing use of formal tender processes with greater administrative and financial demands, makes it hard for smaller organisations, with limited capacity, to compete for many contracts.

“Winning business has changed over time, particularly with large businesses and Government organisations. Most now have formal procurement processes, which ask for a whole range of company policies and financial criteria before looking at the bid itself. This has polarised the market”

“Companies need a lot of resources to be able to cope with the complex tendering arrangements. For what is on offer, and given the risk of not winning the work, it is often not worth bidding”

This is not confined to public sector contracts, however; large multinationals increasingly only contract with what are termed ‘Tier 1’ contractors that have gone through an approval process. This means that businesses that want to work with these organisations have to do so through intermediaries, which increases costs and adds to the administrative burden for smaller businesses.

Government policies and regulations, too, can act as a constraint on growth. Some of these are general concerns, but some are sector specific. Perceived inconsistencies and a lack of clarity in the Government’s ‘green’ policy agenda present particular challenges for the Environmental Technologies sector. Regulatory regimes and renewable energy incentives are considered unfavourable compared with those in other parts of Europe; the Government’s renewables strategy is perceived to be difficult to understand; and the UK renewables market is thought to be immature.

“It is increasingly difficult to understand Government policy and the impact that this is having on demand for renewables. There is Government support for shale gas at the same time as green levies have been cut, for example. It is very confused”

“Government could help a lot by resolving current policy confusion and a general lack of support for renewable technologies”

“The Government seems to be backing away from green issues: The Renewable Heat Incentive has still not happened and we are still waiting for Sustainable Urban Drainage Systems (SUDS). There’s uncertainty right across the board over whether initiatives will be introduced or not”

“The Government is always turning the tap on and off. You can’t plan a business on the basis of government grants”

Other areas that are cited as barriers to growth in the sector cluster depth interviews include local authority planning, particularly in the Food and Drink sector; a lack of suitable move-on business accommodation; and a view that local authorities and their public sector partners do not have a good understanding of how small businesses operate. There may be room for improvements in all these areas. However, national Government policy is beyond the scope of local authorities to do much about. It may, therefore, be best to focus on ensuring that procurement processes are designed to encourage small businesses to bid for their contracts, whilst taking a more targeted approach to particular issues that are highlighted by businesses within specific sectors.

3.1.4 Business Support Needs

Around a fifth (19%) of businesses think that they may need some support, but there is no discernable pattern to this by business size, geography, growth orientation or sector. Figure 3.1.5 shows the main areas of support needs that were identified.

Figure 3.1.5 Business Support Needs²⁰

Support Area	% all businesses	% of those identifying a need
Accessing finance	3	18
Marketing	2	9
Finding premises	1	6
Training & apprenticeships	1	6
Recruitment	1	6
Other	13	-

N = 1000

The issues where businesses thought they may need support are diverse, but actual numbers needing support is really quite limited. The most commonly cited area of support need is 'Accessing Finance', identified by nearly one in five (18%) of all businesses citing a support need. This accounts for 3% of all businesses. Marketing (2%) is the next most commonly identified support need. Finding premises, training and apprenticeships, and recruitment are also cited as areas where businesses need support. However, just 1% of all businesses require support in each of these three areas. This is a smaller proportion than cited 'Parking' (2%) or 'Business Rates' (2%) when 'other specify' responses are added into the picture.

Many business needs are quite sector specific. For example, environmental technologies business planning is hampered by inconsistencies in Government policy relating to renewable energy; large Food and Drink businesses cite difficulties with local authority planning; for smaller businesses in this sector, the challenges are around scaling up, distribution and identifying markets'; whilst in the Creative Digital and IT sector, a key challenge is keeping up with developments in technology.

²⁰ Note: Businesses could identify more than one support need

3.2 Markets, Suppliers and Business Networks

Key Findings

- ∇ Just over half (55%) of businesses are focused mainly on local markets and 39% have mainly local suppliers. Around a quarter (27%) of businesses are very locally focused (local markets and suppliers).
- ∇ However, growth, high growth and sector cluster businesses are less likely than other businesses to be locally focused (with the possible exception of the creative industries cluster).
- ∇ This is a potential challenge for Local Authorities because the 'local multipliers' of growth businesses and growth in key sector clusters may be limited. However, understanding the comparative advantage of the location for these more externally focused businesses can still be a route to local economic development.
- ∇ Whilst there has been significant interest in research and policy circles in businesses that are 'born global', exporting from start-up, the majority of exporters still enter international markets after some time (and are larger and older than average businesses).
- ∇ Connections to London are more important for growth, high growth and exporting businesses. However, there may be room for strengthening these connections as trade with London based clients only represents more than half the turnover of 6% of businesses.
- ∇ Whilst most businesses network fairly frequently and in a wide variety of ways, more than a third (38%) do not believe they get much business benefit from doing so. Support for networks needs to be defined in terms of the right geographies and networks for clear purposes.

3.2.1 Geographical Markets and Supply Chains

Nearly half (45%) of all businesses have their main market outside the local area and 61% of businesses' main suppliers are not local. Only around a quarter (27%) of businesses can be described as 'locally focused' in that both their main markets and main suppliers are local. Figure 3.2.1 below shows the distribution of businesses' main markets and main suppliers.

Figure 3.2.1: Markets and Suppliers

	Main Markets	Main Suppliers	Difference
Local	55	39	+15
Located within London and the SE	20	14	+5
Spread across the UK	16	35	-19
International	9	11	-1

n = 1000

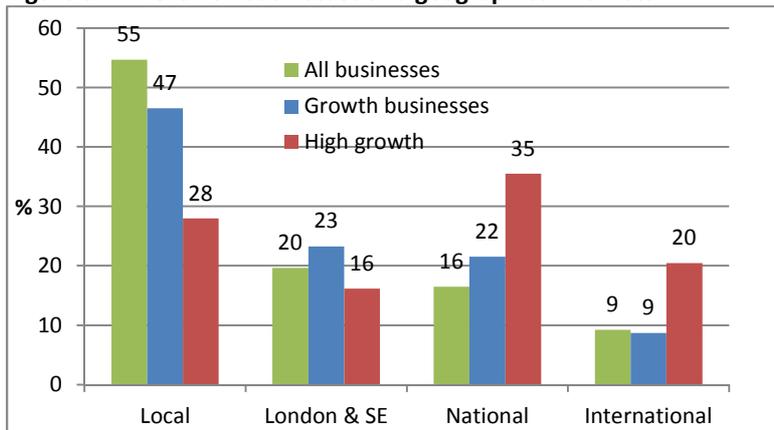
Nearly one in ten (9%) businesses have their main market outside the UK; for 16% it is across the UK and/or a UK region outside London and the South East; and 20% have their main markets in London and the South East. This compares with 11% international, 35% pan-UK and 14% London and the South East for suppliers.

Businesses tend to define 'local' more narrowly when referring to 'markets' than when referring to 'suppliers', but the reasons for this are not clear. Eight out of ten (84%) describe 'local' as either 'within 5 or 15 miles of their location for the purposes of markets, but just 66% do so when referring to suppliers. This may partly explain why businesses' customers are more likely to be local than their suppliers. Notwithstanding this, suppliers seem to come from a wider geographical area than customers.

Growth businesses (and high growth businesses in particular) are less likely to be focused on local markets (Figure 3.2.2) and high growth businesses are much more likely to be focused on national and international

markets as their main market.

Figure 3.2.2: Growth businesses and geographical markets



All N=1000, Growth N=460, High Growth N=103

The picture in terms of suppliers is less pronounced, although growth oriented businesses are more likely to say that their main suppliers are overseas (15% compared with 11% of all businesses) and less likely to say they are local (35% compared with 39%).

Businesses that self-declared as ‘Technology Intensive’ as part of the ‘Environmental Technology & Services’ and ‘Advanced Engineering’ sectors/clusters are less likely to operate mainly in local markets. Indeed, 27% of Technology Intensive businesses and 33% of Advanced Engineering businesses have their main markets overseas. This is not reflected amongst businesses that self-declared as being part of the Creative Industries and Health and Life Sciences sectors/clusters. There may be a looser interpretation of what these sectors/clusters are. A similar pattern emerges for suppliers. Suppliers to ‘technology intensive’ businesses and those in the Environmental Technology & Services and Advanced Engineering sectors are more likely to be drawn from a wider geographical area.

For many businesses local is not as important as national in terms of customers, suppliers, networks or regulations and policies that impact on business performance. There may need to be a clearer distinction between businesses that happen to be local and those that are locally serving businesses, but it may not be straightforward to apply on a simple sector/cluster basis.

In the Food and Drink sector, for example, there is a very significant difference between the large and important cluster of growers, whose clients serve national supermarket chains; and the much smaller, niche local businesses that provide high value, low volume products, primarily for local markets. Equally, the collaborative nature of Greater Brighton’s CDIT sector may be partly because much of the sector’s client base is not in the local area, softening competitive instincts.

“We have a global supply chain, so our trading links locally are limited. All our main inputs are from large and international suppliers so we do not consider ourselves to be part of a local cluster”

“One potential reason for the spirit of collaboration is that businesses in the cluster are not often competing directly with one another. Few of our customers are based in Brighton, but we often collaborate to put together a team for a project with different specialisms”

From a broad sector perspective, businesses in the Hospitality (63%), Construction (45%) and Business Services sectors are most likely to have local suppliers and those in the Retail & Wholesale (27%) and Manufacturing (23%) sectors are least likely to do so. Locally focused businesses (where both the majority of their market and supply chain is local) are more common in the hospitality, construction and personal and community service sectors.

There is little difference in the geographical pattern of main markets (location of customers by value) between businesses in different parts of the study area. The possible exception is that coastal areas (Greater Brighton and Coastal West Sussex) are slightly more likely to be focused on local markets, perhaps reflecting their concentrations of tourism and hospitality industries.

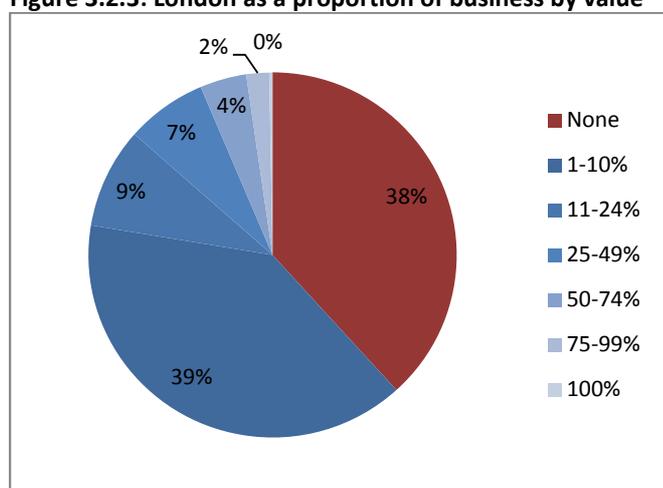
Similarly in terms of suppliers, there are few differences between the spatial areas. The possible exceptions to this are the Gatwick Diamond where businesses are more likely to have suppliers located in London and other parts of the South East (20%) and Coastal West Sussex, where suppliers are less likely to be located in London and the South East. This may just reflect geographical circumstance, i.e. the relative proximity of London.

3.2.2 London and Gatwick Airport

London is an important market for many local businesses, but there may be scope to strengthen these links further. The close proximity of London is considered positive to 39% of businesses, with those in Brighton & Hove (50%) most likely to consider it as positive, and those in Worthing (30%) least likely to do so. Connections to London are also more likely to be considered important by growth and high growth businesses (46% and 47% consider it important respectively).

Although nearly two-thirds (62%) of all businesses had some form of trade with London, for the majority (64%) this market only accounts for between 1-10% of the business that they do. Trade with London accounts for more than 50% of income for only a small proportion (6%) of businesses (see Figure 3.2.3).

Figure 3.2.3: London as a proportion of business by value



Excludes don't knows. N=938

Good access to Gatwick Airport is less likely to be seen as positive aspect of a business' location than good access to London, but spatial differences are much more pronounced. Overall, 30% of businesses across Greater Brighton and West Sussex think access to Gatwick Airport is positive, but this ranges from 13% of businesses in Chichester to 49% of businesses in Crawley. Businesses in Coastal West Sussex (19%) are much less likely to consider this as positive than businesses in other spatial areas.

Perhaps unsurprisingly, exporters are more likely than those that are not involved in international trade to view access to London (53%) and Gatwick Airport (43%) as positive features of their location. However, the interesting point here is that even exporters are more likely to consider London to be more important than Gatwick Airport. This could be because the European location of most international markets is accessible by other means or because many exporters may trade more with London than overseas.

3.2.3 International Trade

Around one in five (19%) local businesses trade internationally. This rises to 29% of businesses that employ ten or more people, which is similar to 2006 BIS estimates (31% of businesses employing ten or more staff). For a small proportion of businesses (6%), exports account for at least half their turnover.

Exporters are more likely than others to have growth objectives and/or to be High Growth businesses and they are more likely than non-exporting businesses to be larger, both in terms of employee numbers and in terms of turnover. This reflects findings by both the Barclays Bank report and BIS, which suggest that export propensity increases with company size²¹.

'Born Local' exporters have received some attention and have started to influence the way in which support to would-be exporters is provided. The traditional route to international trade is based on establishing a strong local market then expanding, in a staged approach, to overseas markets. Both the BIS and Kingston University/Barclays Bank reports, suggest that this 'staged model' may not always be appropriate, since some exporters have "always exported" and are, therefore, 'Born Globals'.

The incidence of 'Born Globals' is somewhat dependent on the definitions that are used. Definitions that include any form of international trade, including hosting overseas visitors make the incidence of 'Born Globals' high. However, one that defines 'Born Globals' as businesses that are less than five years old, but which began trading internationally within two years of incorporation, suggests that only around 2% of all firms and 14% of exporting firms are 'Born Globals'. This survey did not investigate the prevalence of 'Born Globals' locally, but it suggests that older, well-established businesses are more likely to trade internationally than younger businesses. 15% of businesses that have been trading for up to five years are exporters compared with 24% of those that have been trading for over ten years.

Routes to international trade may not always follow a planned approach. Evidence from qualitative interviews suggests that serendipity or working with UK subsidiaries is sometimes a route into trading internationally.

"The way into these (international companies) has been by working with local subsidiaries and growing organically into larger organisations"

Exporters can be found in all parts of the economy and businesses that have global markets or which are part of a wide international network, appear to have been quite resilient during the recession. This is mainly because their risk was spread more widely. Nationally and locally, manufacturers are more likely to trade internationally than businesses that provide services. A third (33%) of local Manufacturing businesses export, compared with 18% of local service sector businesses.

Exporters are also more likely to be in one of the self-declared clusters, particularly in Advanced Engineering, Creative Industries and Technology Intensive activities. There is no significant difference in the proportion of businesses that export in any of the local spatial areas. Businesses that trade internationally can be found in all parts of Greater Brighton and West Sussex.

The Government has strongly promoted international trade as a route to business growth and economic recovery, focusing particularly on emerging markets. There appears to be a good opportunity to support this locally. Around 8% of all businesses in Greater Brighton and West Sussex plan to export to new markets over the next 2-3 years.

²¹ The export Factor" British SMEs Approaches to Doing Business Overseas. Barclays Bank and Kingston University

Figure 3.2.4 compares current export locations with export locations that are being planned by Greater Brighton and West Sussex businesses.

Figure 3.2.4: Current and Planned Export Markets

Destination	Current	Planned	Difference
European Union	53	35	-18
USA & Canada	19	26	+7
China/India/Asia	10	32	+22
Russia /Eastern Europe	2	11	+9
Latin America (South America & Mexico)	1	12	+11
Other	14	25	+11

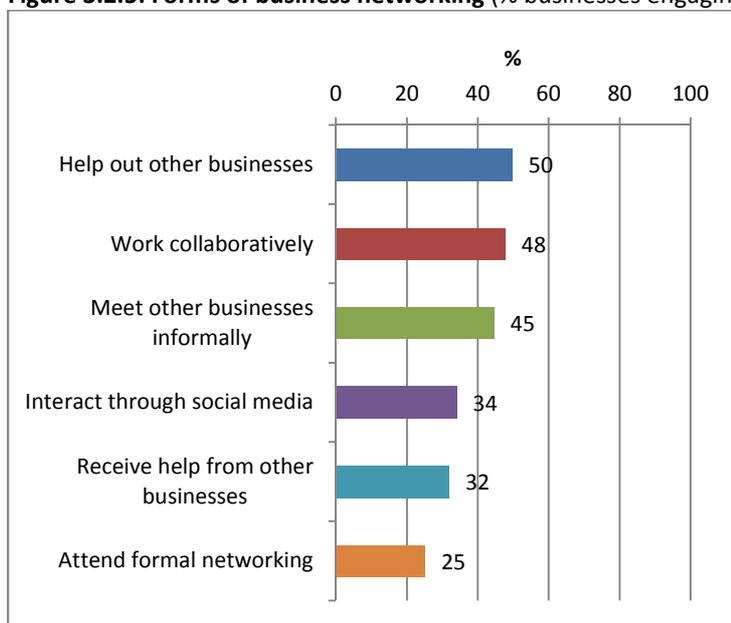
N = 215

Currently, the European Union is easily the most common export destination, with 53% of businesses that trade internationally citing this as their main export market. This is followed by USA/Canada (19%) and China/India (10%). Only 2% of exporters trade with Eastern Europe and Russia. Although the European Union continues to be the strongest focus for planned new international markets, businesses’ future export plans suggest some diversification towards other markets, notably China, India and Asia. Although the numbers are relatively small, the survey findings suggest that there may be a more disparate approach to international trade in the future than is currently the case.

3.2.4 Business Networking

Businesses get involved with local networks for a wide range of reasons, not all of which are related directly to identifying new business opportunities. Figure 3.2.5 shows the different ways in which businesses that fairly or very frequently network engage.

Figure 3.2.5: Forms of business networking (% businesses engaging fairly/very frequently)



N= 1000

Businesses are most likely to engage with each other to provide and receive support and to work collaboratively.

“The MD Hub, a peer to peer learning network for Managing Directors, works really well. People are very open and honest about the challenges that they face and there is a sense in which people solve issues collectively”

However, formal networking seems to be much less widespread than informal approaches and, perhaps counter-intuitively, businesses focused on local markets appear less likely to network than those that have customers across a wider geographical area.

The benefits of networking are not clear to all businesses. More than a third (38%) of those that network fairly or very frequently do not believe that their businesses get much benefit from doing so and only around one in six (15%) believe that it leads to concrete sales leads. However, its most important role may be in developing brand awareness; one in five (21%) businesses that network fairly or very frequently cites this as the main benefit.

The perceived mixed benefits of networking may relate to its potential rather than to its actual benefits. That is, networking may lead to benefits occasionally, rather than regularly. The social dimension of networking may also partly explain the apparent mismatch between the propensity to network and its perceived benefits. In other words, people may not always actually network for entirely business reasons.

“It can be good to connect with other business leaders: running one’s own business can be a bit lonely at times and meeting with similar minded people is good”

Not all businesses engage in networks and the term ‘local’ is open to different interpretations. Well-established networks, such as the West Sussex Growers Association are important influencing and lobby groups, which can act on behalf of its members at national as well as at local level. By contrast Sussex Food and Drink Network and the Brighton & Hove Food Partnership act as a focal point for local food and drink producers on a much more local level.

Whilst membership of business networks can be strong, active membership is not always easy to sustain without public sector backing. Organising and sustaining networks is a time-consuming business and there is a moral hazard, in which the benefits of membership do not always go to those that are most active.

“History suggests that business to business networks do not survive. They need pump-priming and public sector co-ordination for them to be effective”

Only around half (45%) of businesses believe that opportunities to network are good in their local area and one in six (16%) think they are either quite poor or very poor. There is no geographical dimension to this. Businesses in Rural West Sussex, for example, are no more likely to think opportunities to network are poor than businesses in Greater Brighton. There may be some sector/cluster differences, with Advanced Engineering businesses less likely to believe that their local networking opportunities are good and technology intensive businesses more likely to believe that they are good.

Networks need to be defined in terms of the right geographies and to exist for a clear purpose. For small food and drink businesses that are mainly local serving, networks are likely to be quite local and could focus on collaborative approaches to distribution, or a co-ordinated approach to meeting buyers or establishing food hubs, for example. For other businesses, where suppliers, markets and recruitment is more widely geographically spread, the focus might be more about developing a collective voice to influence national or local government policy; or collaborative approaches to trade missions, for example. These networks are much less likely to be defined by tight local geographies.

3.3 Innovation, Skills and Recruitment

Key Findings

- ∇ The majority of businesses in Greater Brighton and West Sussex (64%) are 'innovation active' in that they have introduced a new product, service or process in the last 12 months or are currently working towards introducing one.
- ∇ A significant minority of businesses report having used a Higher Education Institution to support innovation (around 4% have used one of the three Sussex based universities). More than one in ten (13%) say they intend to use HEIs in this way in future. However, there is room for improvement in terms of outcomes as around a quarter of those rating universities for their support did not perceive any real benefit.
- ∇ Given a more open line of questioning, a higher proportion of businesses highlighted skills and recruitment issues than in national surveys, although there is no evidence to suggest skills issues are worse locally. Some common recruitment difficulties (elementary occupations and customer service staff) may relate more to the local cost of living, pay and conditions than to a shortage of skilled people in the labour market.
- ∇ Work readiness, including finding people who are well organised, motivated and have good communication skills is the most commonly identified 'main' skills challenge, although this only relates to a small minority of businesses (7%). The issue does not relate just to young people. Nevertheless only 45% of those recruiting from education thought young people were quite or very well prepared for work (rising to 57% of those recruiting from universities).
- ∇ There is significant evidence of graduate underemployment locally, 47% of local businesses employ graduates but 27% say that none of the jobs they are doing require degrees. This raises the question of why graduates are recruited to such roles and what added benefits they bring.

3.3.1 Innovation

The UK Innovation Survey defines innovation as where businesses are involved in one or more of the following activities:

1. Introduction of a new or significantly improved product (good or service) or process;
2. Engagement in innovation projects not yet complete or abandoned; and
3. New and significantly improved forms of organisation, business structures or practices and marketing concepts or strategies.

A business that has engaged in any of the activities 1 to 3 is defined **innovation active**. In our survey we focused primarily on the first two of these activities. Figure 3.3.1 shows the proportion of local businesses that are involved in each of these innovation activities.

Figure 3.3.1 Innovation Activities

Innovation	% all businesses
Introduced new or improved products/services	49
Working on new products/services	39
Introduced new/improved processes	36
Any of the above (Innovation Active)	64

N = 1000

According to this definition, 64% of businesses in Greater Brighton and West Sussex are 'innovation active'. This is higher than UK estimates from the BIS Community Innovation Survey (45%), although the surveys

have different methodologies and are not directly comparable.²² Whilst the UK innovation survey does not include micro-businesses, our study found that businesses employing 10 or more people were even more likely to be innovation active (77%).

There is also a correlation between innovation and both growth (81% innovation active) and high growth (91% innovation active) businesses. Locally, manufacturing and retail/wholesale businesses are more likely than businesses in other sectors to be innovation active, as are those that self-declare as being part of the Technology Intensive, Creative Industries, Environmental Technologies and Health and Life Sciences clusters.

Strengthening the links between Higher Education Institutions (HEIs) and High Growth local businesses is also a key local economic development aim and was central to the Greater Brighton City Region's success in securing a City Deal agreement with central Government earlier in 2014. Nearly one in ten (8%) businesses say they have used HEIs to support their innovation activity. Half these had used the local universities of Sussex, Brighton or Chichester for at least some innovation related support.

Businesses' interpretation of 'Higher Education institution' is perhaps broader than standard definitions. Included amongst the businesses interpretation of 'other' HEIs are a number of Further Education Colleges in Sussex and a wide range of sector specific private training providers. The proportion of businesses using institutions with official recognition as a University may be more like 5-6% or one in twenty.

The overall number of businesses in the sample that had used HEIs in Sussex was quite small (44), so caution needs to be applied when generalising satisfaction levels. However, there may be some room for improvement here. Of the all the ratings given by users for the three universities (60 in total as some used more than one institution), 24 rated the support as 'very useful' and 21 as 'quite useful' while 15 said the support provided little or no benefit at all.

Despite this, more businesses (13% of all businesses) expect to engage HEIs to support innovation activities in the future than in the past. The overwhelming reason why businesses don't engage HEIs is that they do not see them as appropriate to their type of business. This is unsurprising, but some of these businesses may not be fully aware of the type of support that HEIs could provide.

Depth interviews suggest that knowledge intensive businesses are more likely to be engaged with HEIs including peer to peer review activities within the Health and Life Sciences sector. Companies at the Sussex Innovation Centre also have the opportunity to develop particularly good links with the universities.

"Innovation Hubs are beneficial on both sides – there are clear objectives and a good focus on return on investment"

3.3.2 Skills and Recruitment

The role of skills in contributing to growth is complex and businesses tend not to identify skills as amongst their most important challenges. There is some evidence that high growth businesses are more likely than other businesses to identify human capital factors as a barrier to business growth. This includes a lack of leadership and a lack of skills to develop a new innovation or create a business model. NESTA has found that difficulty recruiting skilled staff is a more significant obstacle to high growth firms than to other businesses²³. Indeed, the inability to recruit skilled people and people with management potential has been identified as the issue that is "as close as there is to a 'generic' high growth firm problem"²⁴. The Brighton & Hove Business Survey (2010) also identified businesses' difficulties in finding higher-level technical and practical

²² First Findings from the UK Innovation Survey 2013. Knowledge and Innovation Analysis. BIS, April 2014

²³ Barriers to Growth: The Views of High Growth and High Growth Potential Businesses. NESTA 2011

²⁴ Ready, Steady Grow: How the Government can Support the Development of More High Growth Firms – A Joint Cities 2020 and Knowledge Economy Programme Report Work Foundation

staff.

Although improving skills is not confined to education leavers, the skills of school and college leavers remains an important issue for employers. The CBI Education and Skills Survey (2013)²⁵ found that, at national level, employers thought that structures needed to be built to “better support the transition from school to work and training”. The report suggests that STEM skills are in high demand, but difficult for employers to find, particularly at technician and graduate level. However, a different study for BIS²⁶ suggests that a significant proportion of STEM graduates enter non-STEM careers. This may suggest that just increasing the supply of people with STEM skills will not fully address the issue.

The method that was used to try to establish the extent and type of skills issues amongst local businesses in the Greater Brighton and West Sussex Business Survey was different from that used in the National Employer Skills Survey (NESS). It appears to have identified more widespread recruitment and skills challenges than might have been expected using the standard approaches. However, this is not to say that there is necessarily a greater problem in terms of skills locally than nationally.

The NESS asks businesses whether they have any *current* hard to fill vacancies and from this attempts to establish whether these are due to lack of skills, qualifications or experience. This determines the extent of current skills shortage vacancies but doesn’t always match employer perceptions (who may choose not to bother to recruit if they suspect they won’t get what they want). According to the NESS 2013, 4% of organisations have skill related hard to fill vacancies and 15% have skill gaps (where at least one member of staff is not fully proficient in their role).

Our survey attempted to get a better handle on the broader issue of recruitment difficulties and skills by asking businesses whether they had recruitment difficulties and skills gaps, what the nature of these were and to identify their main skills challenge. The level of recruitment difficulties and skills gaps is shown in the Figure below.

Figure 3.3.2: Recruitment Difficulties and Skills Gaps

	% of businesses
Recruitment Difficulties	23
Skill Gaps	24
Skill /Recruitment Issue (either)	33

N = 1000

One third (33%) of all businesses had either recruitment difficulties or skills gaps. This suggests that perceived skills related issues may be much more widespread than identified in the NESS. Furthermore recruitment difficulties/skills issues are much more prevalent amongst ‘innovation active’ businesses (40%); growth businesses (40%); medium-sized and large businesses, as measured by staff numbers (58%); and large businesses, as measured by turnover (44%).

The NESS also found a correlation between business size and recruitment/skills issues, but this may be partly because larger businesses simply recruit more and are more likely to have staff vacancies.

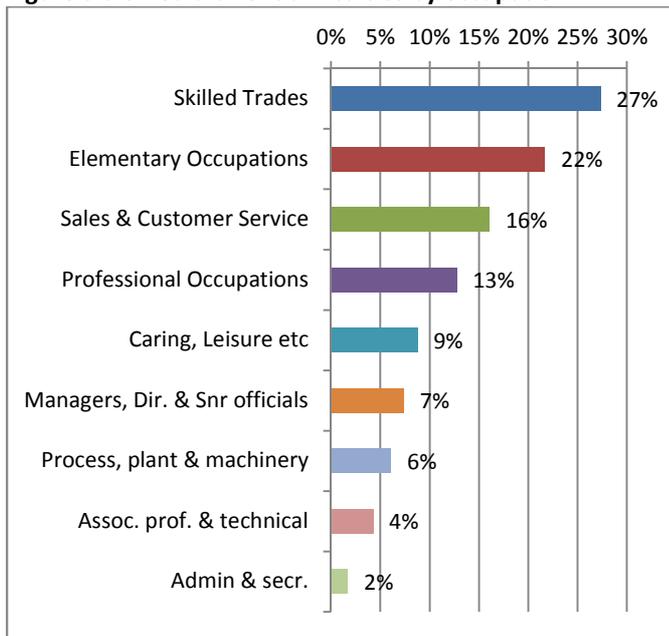
Businesses in the Hospitality sector are more likely to have ‘skills issues’ than businesses in other sectors of the economy. However, other factors, such as geography, propensity to export and the age of the businesses, are not significant determinants of recruitment difficulties and skills gaps.

Figure 3.3.3 (overleaf) shows the occupations where recruitment difficulties are most common.

²⁵ Changing the Pace: CBI/Pearson Education and Skills Survey 2013

²⁶ STEM Graduates in Non-STEM Jobs. BIS Research Paper Number 30. BIS 2011

Figure 3.3.3 Recruitment difficulties by occupation



N =200

More than a quarter (27%) of businesses with recruitment difficulties find it difficult to recruit people to skilled trade occupations. Other occupations that are difficult to recruit to include ‘Elementary Occupations’ (22%); Sales and Customer Service Occupations (16%); and Professional Occupations (13%). Recruitment difficulties may not all be skill-related. They could also be due to poor terms and conditions or other factors. There is some evidence of this from the qualitative interviews. Businesses suggest that it can be particularly difficult to recruit people to lower level manual occupations, but more because these jobs are unattractive than because of people with the right skills in the labour market.

Businesses were also asked to specify the areas in which they had skills gaps in their existing workforce. Figure 3.3.4 shows the findings.

Figure 3.3.4: Skill gaps

Skill area	% of Businesses
Sales/customer service skills	18%
Technical/practical - low to medium level	15%
Supervisory/people management	11%
Technical - high level	10%
Administration/organisation	7%
Management - strategic	6%
IT skills - basic	4%
IT skills - advanced	3%
Work readiness	3%
Literacy	2%

n = 283

Nearly one in five (18%) of all businesses with ‘skill gaps’ identified ‘Sales and Customer Service Skills’ as the areas where they had skills gaps. Other areas were Low to Medium Level Technical/Practical Skills (15%); Supervisory/People Management (11%); and High Level Technical Skills (10%).

Businesses have a wide range of ‘Main Skills Challenges’. These are shown in Figure 3.3.5 overleaf.

Figure 3.3.5: Main skills challenge

Skill Area	% of businesses with recruitment or skills issues	% of All businesses
Work Readiness/Communication	22	7
Engineering/Technical/Skilled Trades	16	5
Other Job Specific	12	4
Commercial/Sales	11	3
Management/Leadership	11	3
Design/Creative	2	1
Other	16	5

N = 330 & 1000

Work readiness, including finding people who are well-organised, motivated and who have good communication skills remains a key challenge for many local businesses. This is supported by evidence from the qualitative interviews:

“Schools and colleges need to improve the general work readiness of young people and improve specific things like interview skills, the right attitude and instilling a work ethic”

“We no longer recruit direct from education. We have had poor experiences in terms of work ethic and reliability”

This does not just refer to young people and college leavers, however. It is an issue that businesses identify within the wider workforce.

“People move out to the so-called silicon beach for a better work-life balance, but this can pose problems when you want to recruit some more ‘hungry’ go-getters to the business”

It is important to put this in perspective. It is still only a small minority of all businesses (7%) that identify work readiness and communication skills as their Main Skills Challenge. Evidence from the qualitative interviews suggests that businesses believe that the supply of local labour is relatively strong and that local universities and colleges have made significant improvements in how they respond to businesses’ skills needs.

“There are no major problems with staff recruitment and the quality of young people and apprentices is generally good”

Qualifications alone seldom compete with experience when it comes to recruiting. This seems to apply to businesses across a wide range of sectors. People who have experience of working in London may have advantages over those who have only worked locally; and those who have experience of working locally may be better placed than those who are seeking work for the first time.

“The portfolio of work that you have done is everything. Knowing the theory and having done a few college projects is not very enticing for an employer. It is best to also to do some stuff freelance, perhaps whilst at college”

Other Main Challenges relate to technical and job specific skills and commercial/sales and leadership and management skills. High level technical and design skills can be difficult to source in the CDIT sector, whilst it is difficult to recruit local people to lower level manual occupations in the Food and Drink sector. Despite

this, several employers recognise the positive contribution that universities and colleges make to supplying skilled staff.

“The FE and HE sector has worked hard to produce graduates with up to date design, programming and employability skills, but technology moves faster than they can design and deliver new courses”

“The local universities are well regarded: Sussex for engineering and Brighton for IT”

Many businesses are able to recruit the staff that they need and those that require high skilled labour expect to recruit from a national or international labour pool. Although there are some challenges in coastal locations, in particular, the catchment area for skills appears to be quite good.

The closure of a number of larger businesses in some parts of the area has also provided a good supply of skilled people who have either started their own businesses or been recruited by companies that have continued to operate locally.

“Newhaven has the kind of skilled people that the company needs to recruit, given the relatively recent loss of major engineering companies like Parker Pen. This provides a good local skills base”

It is not yet clear what the impact of the decision not to extend the Seasonal Agricultural Workers Scheme will have on land-based industries that have previously relied heavily on workers from Romania and Bulgaria for lower-skilled seasonal work.

It is difficult to ignore the issue of migrant workers, as this emerged several times in depth interviews, particularly, but not exclusively, with businesses in the Food and Drink sector. Several respondents commented on the high quality of migrant workers and their willingness to take jobs that UK nationals seem to be reluctant to fill. Some of these migrant workers, who were originally recruited to low skilled jobs have since moved into higher-level managerial and technical roles, once their ‘hidden skills’ had been recognised.

3.3.3 School, College and University Leavers

The work readiness of education leavers often comes under scrutiny. Anecdotally, employers frequently complain that young people are not sufficiently well-prepared for work when they leave full-time education. Furthermore, transitions from education to employment have become increasingly protracted, with young people often experiencing periods of unemployment, initially having to take lower skilled or temporary jobs or doing an internship or voluntary work to gain the experience that they need to gain a secure foothold in the labour market.

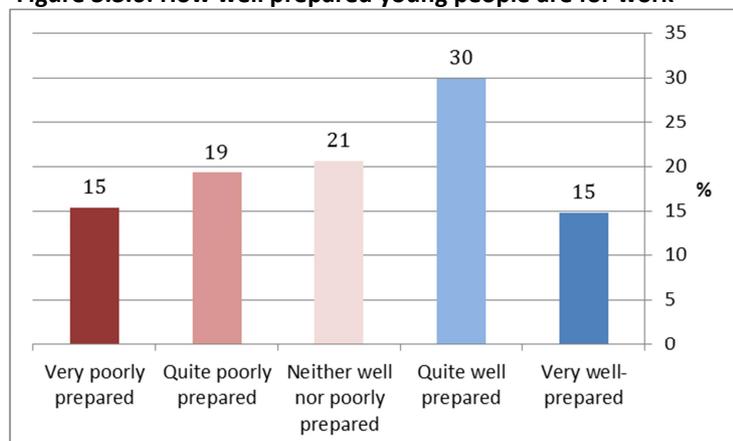
Part of the reason why it has become so much more difficult for young people is due to changes in the structure of the labour market. Entry-level jobs, which are often low paid, part-time and temporary, are now much more likely to require high levels of interpersonal skills, whilst higher level employment is increasingly concentrated in knowledge intensive sectors.

Qualitative interviews to inform this study have highlighted some concerns about recruiting young people. One employer ceased recruiting directly from education because of bad experiences in the past; there were comments about graduates’ inability to understand and work effectively within SMEs, perhaps because of a mismatch in expectations; and some employers find it difficult to recruit to lower level manual jobs.

A fifth (21%) of local employers still recruit directly from education, however, with businesses more likely to recruit people directly from colleges (13%) than from university (8%) or school (5%). Businesses that recruit staff directly from education are more likely to be growth, high growth or innovative businesses and/or businesses that identify skills challenges.

National concerns about the work-readiness of young people are, however, reflected by local businesses, as shown in the Figure 3.3.6.

Figure 3.3.6: How well prepared young people are for work



Base: Those recruiting from education. N =265

Fewer than half (45%) of businesses that recruit young people directly from education believe that they are well-prepared for work. As many think they are 'very poorly prepared' as think they are 'very well prepared'. Perhaps unsurprisingly, businesses that had recruited school leavers from university were most likely to feel young people were well prepared for work (57%), while those recruiting from school were the least likely (27%). Just over a third (38%) of employers recruiting from colleges felt that young people were well prepared for work.

Work readiness and general employability skills are identified as the Main Skills Challenge for businesses that have recruitment difficulties or skills challenges. This does not relate entirely to school and college leavers and, although employers' expectations may need to be managed to some extent, there appears to be room to improve the work readiness of young people within Greater Brighton and West Sussex education institutions.

Apprentices

A fifth of all employers say that they have either recruited or trained an apprentice (21%) in the previous three years. This seems quite high and may have been open to some misinterpretation. Some businesses could have recruited someone who had previously trained as an apprentice, rather than taken on an apprentice themselves, or even regard some junior staff as apprentices when they are not on formal apprenticeship schemes.

Two thirds (68%) of businesses found the apprentices to be useful to their business, but nearly one in five (18%) did not. Despite this, almost all (91%) of businesses that had recruited apprentices would do so again.

3.3.4 Graduate Employment

Graduate expectations can be a challenge for small businesses. This issue is highlighted in the Wilson Review of business-university collaboration, which suggests that there is a "mismatch between the aspirations of graduates and the realities of the job market"²⁷. According to Wilson, only a small minority of graduates seek work with SMEs and the volume of graduates who want to work for large corporates exceeds the supply of jobs.

²⁷ A Review of Business-University Collaboration, Professor T Wilson 2012

This mismatch is reflected locally, with some SME managers finding graduates difficult to work with hard to retain.

“Graduate recruitment is not always successful. This is because their expectations are too high and they often think they know more than they do and they can have an unrealistic expectation of the impact that they can have”

“Graduates sometimes have an inflated opinion of their own worth, given their limited practical experience and they are put off by the limited opportunities for progression in a small company”

Graduate retention and graduate underemployment is a concern for Coast to Capital. Higher Education Statistics Agency (HESA) data suggests that the Coast to Capital region has a higher proportion of under-employed graduates than the national average. Nearly a third (31%) of employed graduates in non-graduate jobs, compared with 27% nationally. In addition to this, the phrase ‘Baristas with PhDs’ is one that is often used to describe the level of under-employment in Brighton & Hove, in particular. This survey provides further evidence of graduate over-qualification and underemployment (see Figure 3.3.7).

Figure 3.3.7: Graduate Under-Employment

	% All businesses	% businesses with graduates
Businesses with Graduates	47	-
Businesses with more than 50% Graduates	18	39
Businesses where all Graduates are Doing Jobs that Don't Need Degrees	27	56

* N = 472

Just under half (47%) of all local businesses employ at least one graduate and in nearly a fifth (18%) of businesses, graduates account for the majority of staff. However, more than half (56%) of businesses with graduate staff say that none of the jobs they do actually needs someone with a degree. This cannot be compared directly with HESAs underemployment estimates. However, this does not address the question of why so many non-graduate jobs are filled by graduates.

3.4 A Place for Business

Key Findings

- ∇ Business locations for the most part are ‘happy accidents’. Around half (47%) are located where they are because their founders lived locally. Others are located because they are close to customers, where premises were available and affordable or where it is a nice place to live and work. Only 23% of businesses considered other locations and four fifths of these only considered locations in Sussex.
- ∇ The factors affecting the locations of more ‘footloose’ inward investment businesses (such as access to skills and transport connections) are therefore quite different to those of home grown businesses.
- ∇ Nevertheless, transport infrastructure is most likely to be seen as an important local asset (55% of businesses) and an area in need of improvement (38% of businesses). Local roads in particular are highlighted as in need of improvement (22% of businesses), while 16% feel major roads and 15% feel parking needs improving. Bus and rail services are also quite significant areas for improvement.
- ∇ The availability of premises may be important to both local businesses and inward investors although for local businesses the key issue is affordability (cited by 74% of those who thought local premises were an infrastructure asset that needed improving).

3.4.1 Location Decisions

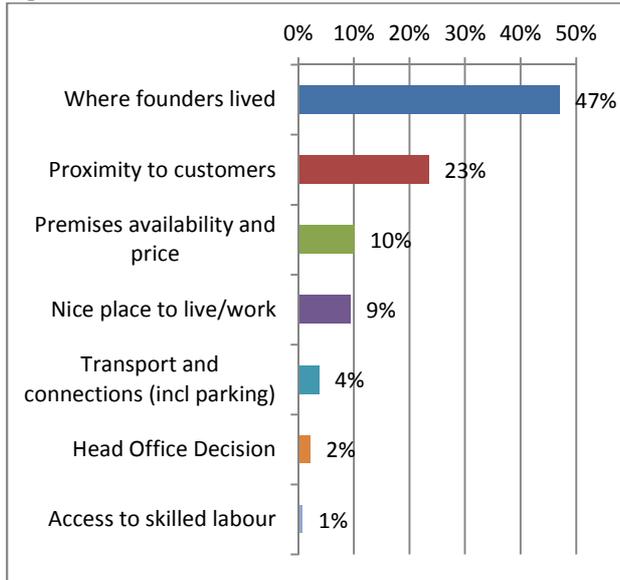
Brighton & Hove City Council, Lewes District Council and West Sussex County Council all have a pro-active approach to inward investment activity. Both West Sussex County Council (www.investwestsussex.co.uk) and Brighton & Hove City Council (www.brightonforbusiness.co.uk) have both developed websites specifically aimed at attracting potential inward investors and Lewes District Council is supported by the Locate East Sussex service.

Both inward investment websites refer to their favourable locations, close proximity to Gatwick Airport and central London; their well-qualified workforces and the high quality of life in the local area. The size of Brighton & Hove is highlighted, as it is believed that this allows the city to develop an open and informal approach to business networking and collaboration. It is of a sufficient scale, but not too large, to enable people to readily mix business and leisure. The Invest West Sussex website emphasises the large number of international and market-leading businesses in the county and the affordability of its business premises.

Figure 3.4.1 (overleaf) shows the reason why local businesses are located where they are. Businesses moving into an area account for only a small proportion of all local companies. Nearly half (47%) are located locally because that is where their founders lived at the time the company was established. Other significant factors include ‘proximity to customers (23%); the availability and price of the premises (10%) and because the local area is a ‘nice place to live/work (9%). Proximity to customers is much more likely to be important to businesses than being close to suppliers.

Access to skilled labour (1%) and transport connections (4%), both of which are strongly emphasised on the inward investment websites, are not the main factors that determine location for the vast majority of businesses, although they may be key factors for more footloose businesses.

Figure 3.4.1 Reasons for business location



Base: Where reason known. N = 825. Includes recoded other specify responses.

Some caveats need to be applied here. Firstly, the term ‘location’ could have been interpreted very narrowly (i.e.: in terms of the actual premises or street) or more broadly. Secondly, these findings do not contradict the approach that has been taken in promoting the local assets on the inward investment websites. Indeed, access to London and Gatwick Airport are seen as positive aspects of the local area by 39% and 30% respectively.

However, the findings appear to place inward investment within context: A high proportion of businesses are born local and, largely, they look to remain local. Only a quarter (23%) considered locating elsewhere and of those that did, nearly four-fifths (77%) considered other locations within Sussex. The only alternative location outside Sussex that merits mention is London, but the capital only accounted for 7% of businesses that had considered an alternative and just 1% of all businesses.

Having good geographical access to customers is very important to half (49%) of all businesses. This is the single most important factor for businesses; more important than access to skills, quality of life, transport and connections or even access to suppliers. This holds by spatial area, but it is more likely to be ‘very important’ to businesses in Brighton & Hove (55%) than to those in Coastal West Sussex (50%), Gatwick Diamond (43%) and Rural West Sussex (42%).

However, access to customers is much less likely to be ‘very important to businesses in the ‘self-declared clusters’ (35%). This is particularly the case for ‘Advanced Engineering (19%), ‘Technology Intensive’ (25%) and Environmental Technology (27%) businesses.

3.4.2 Local Infrastructure Assets and Areas of Improvement

Transport and communications feature strongly as both assets and areas in need of improvement. This may reflect their importance relative to other issues and would seem closely linked to the importance that is attached to having good access to customers.

Figure 3.4.2 compares what businesses consider to be assets in their local area, with the areas that they consider to be in need of improvement.

Figure 3.4.2: Infrastructure as both asset and area for improvement

	Assets	Areas for Improvement
Local travel & transport	55	38
Broadband connections	55	33
Business premises	45	18
Local housing	41	20
Connections to London	39	n/a
Skills & education	32	16
Access to Gatwick	30	n/a
Access to Local Ports	16	n/a
None of these	10	23

N =1000

More than half (55%) of businesses think that 'Local Travel and Transport' is an asset of their area, but more than a third (38%) think that it needs improving. Linked to this, connections to London (39%) and access to Gatwick (30%) are also identified as local assets. Businesses in Coastal West Sussex are more likely than businesses in other areas to think that local travel and transport need improving.

Road transport is more likely to be identified as needing improvement than other forms of transport. Nearly quarter (22%) of businesses think that local roads need improving, 16% identify 'major roads' and 15% think parking needs improving. Bus services (13%) and rail services (11%) are also quite significant areas for improvement, but cycle path and footpath enhancements are of much less significance to local businesses.

Broadband is also identified strongly both as an asset (55%) and as an area in need of improvement (33%). Perhaps unsurprisingly, broadband infrastructure is more likely to be considered to need improvement in Rural West Sussex (40%) and less likely in Greater Brighton (25%).

Again, both 'Premises' and 'Skills and Education' feature lower down the list of factors, both in terms of perceived assets and in terms of areas that need improving. There is no significant spatial difference in relation to either of these or in relation to local housing. They are all less likely to be seen as assets or as areas in need of improvement than transport and connectivity related factors.

The outstanding issue in relation to premises is affordability, cited by 74% of those who thought that this was an area that needed improvement. This is much more significant than the availability and location of premises.

SECTION 4 - SECTOR AND CLUSTER SUMMARIES

This section provides a commentary on each of the four core sectors / business clusters that participated in the 40 qualitative interviews. For each sector / cluster consideration is given to: the sector dynamics; growth barriers and drivers; networks and supply chains; and skills and recruitment issues.

4.1 Creative, Digital and IT (CDIT)

4.1.1 The CDIT Sector Cluster

Digital technology is influencing all aspects of the economy, not least how creative content, including animation, film, television, visual effects, computer games and handheld tablet apps, is developed, promoted and used. It is perhaps this fusion of high level creativity and technology that makes digital media a significant growth sector for the UK. Outside of London, Brighton & Hove is a key focus for this sector estimated to be worth £713m per year to the local economy with some 1,500 businesses employing around 15,000 people.²⁸ A significant proportion of the sector is made up of micro-businesses, freelancers and portfolio workers. However, there are also a number of well-established larger digital media businesses in the Greater Brighton area.

Of the four sector clusters explored in more detail through the qualitative interviews, CDIT seems perhaps the most tightly clustered geographically, with a clear recognition that Brighton & Hove is at the centre of a hub for local businesses. Brighton is perceived as a focus where collaboration and partnerships drive forward innovation and creativity.

“We welcome the creative talent in the city, the opportunities for joint venture approaches and the vast amount of freelancers and independent advisors we can call on for specific projects.”

Nevertheless, our depth interviews did suggest that the ‘cluster’ may extend beyond the Brighton & Hove Authority area to include businesses in neighbouring areas such as Worthing and Lewes. However, whilst there are also a significant number of CDIT firms in Crawley and the Gatwick Diamond area, businesses interviewed in the Brighton area mostly talked about connections more locally and/or with businesses in London.

“I would consider the cluster to include any businesses within a few miles of Brighton. Lewes would be included but not much further out.”

This suggests there may be a *reasonable* fit between the cluster and the Greater Brighton area outlined in the City Deal. One stakeholder interviewed felt that the focus on Brighton & Hove alone in the past has had some detrimental effect on how CDIT firms in neighbouring areas are perceived:

“The Brighton factor is both a major benefit and potential challenge for some sectors. For example, CDIT companies in Adur and Worthing are growing and in places are as strong and innovative as those in Brighton & Hove, but the perception regionally is that they are less well developed or weaker”.

²⁸ Brighton Fuse Research, Arts & Humanities Research Council (AHRC) - 2010

4.1.2 CDIT Sector Dynamics

In 2013, Wired Sussex, the University of Brighton, the University of Sussex and the Council of Industry & Higher Education published the Brighton Fuse report - a two-year study of the Brighton & Hove Creative, Digital, and IT (CDIT) cluster aimed to estimate the economic contribution of this cluster to the local economy, measure its performance in terms of growth and innovation. The study reported that on average CDIT businesses grew by over 14% between 2010 and 2011, which it suggested was almost three times as fast as other businesses and ten times faster than the British economy overall.

The CDIT businesses interviewed in-depth for this study felt the sector was strong and has significant future growth potential. Several mentioned that the recession had, nevertheless, had an impact on them, particularly those focused on PR, marketing and branding (budget areas that may be viewed as more flexible by clients under financial pressure).

Some of those interviewed had quite ambitious growth plans, whilst others aimed to grow but maintain a manageable size, preferring to strike a balance between work and lifestyle.

4.1.3 CDIT Growth Drivers and Barriers

The perceived opportunities to achieve a better balance between work and lifestyle were cited by several businesses as the reason they chose to locate in the Greater Brighton area. A number of the founders of local CDIT businesses had previously worked in London and used their prior connections to build and maintain a national and international client base.

Connections to London remain particularly important for many businesses in this cluster and although some feel proud of what has been achieved locally, many businesses continue to 'trade' on their London credentials.

"As it is only an hour and a bit to Victoria I can be in London in less time than it takes some people to get across it."

"Having worked with blue chip clients, Brighton feels as if it has a very parochial mindset. I would not say with pride that we are based in Brighton, we trade more on being an ex-London agency that worked for 10 years in London, and is still working with a London-centric, national and international client base."

Several interviewees also noted that there is another side to the work-life balance opportunities presented by locating in the Greater Brighton area, specifically around recruiting dynamic technical staff who are also good at 'winning work'.

"It is a very connected city from a business perspective, although sometimes it can come across as a laid back business environment and not business hungry. It is often referred to as London's poorer cousin in design terms"

"The downside of the location is the other side of the same coin. People move out to the so-called 'Silicon Beach' for a better work life balance but this can pose problems when you want to recruit some more 'hungry' go-getters to the business."

One or two CDIT businesses noted the relative lack of move-on accommodation locally as an issue.

“We have in the past struggled to find move-on business accommodation in B&H which has inhibited our growth potential. It took us over 6 months to secure a suitable location and even then it did not have the most up to date internet / broadband speeds.”

In Brighton & Hove a new Digital Exchange project at New England House is being designed to assist businesses that cluster together to benefit from low cost, very high speed connectivity to the Internet and enable them to collaborate and co-create new products and services. However, not all CDIT business will benefit from the Digital Exchange and the availability of move-on accommodation may remain a barrier to growth for some.

4.1.4 CDIT Networks and Supply Chains

Many of the CDIT companies interviewed were well-connected members of local business networks such as local Chambers of Commerce, the Federation of Small Businesses, Sussex Enterprise and the MD Hub as well as sector specific networks such as Wired Sussex. The businesses interviewed were also very complimentary about local sector events. Brighton & Hove hosts the annual Develop in Brighton Conference, attracting more than 1,500 games developers from more than 20 countries around the world. Wired Sussex, in partnership with Lighthouse, hosts the City’s annual Digital Festival each year, which attracts over 14,000 people and businesses to more than 40 events.

As businesses are focused on larger national and international clients, most do not view local networks as marketing but as ways of keeping up to date and of building relationships, perhaps with a view to working collaboratively on projects for clients based outside the region.

“We are involved in a number of local business networks and groups - all of these are used to continue to raise the company’s local and brand profile but are limited in terms of securing future contracts”.

“We are well established in local business networks and see the benefit of being engaged locally – however our client base is mainly national or multi-national companies and we rarely see these networks as future business growth opportunities”.

Most of the CDIT businesses interviewed had a network of Associates and preferred partners, rather than trying to deliver all the services a client may need in-house. The Greater Brighton ‘cluster’ and opportunities for both formal and informal networking locally are important in this context. However, links to London also remain strong and face-to-face contact is not always considered essential.

“Several of our associates live and work in London which is not a problem as I am up and down to the capital quite regularly.”

“Some of the associates we use are local but others are based many miles away. Ideally I would choose to work with people locally but geography is seldom the most relevant criteria. You don’t have to see people face to face once you know them and their capabilities “

4.1.5 CDIT Skills and Recruitment

The CDIT cluster in Brighton & Hove, in particular, appears to provide a critical mass with the potential to attract new, similar businesses and talented people to the city and possibly beyond it to other parts of Greater Brighton and West Sussex. There is also a supply of undergraduates and postgraduates at the University of Brighton and the University of Sussex who have industry specific skills. Postgraduate Digital Media Arts and Digital Media Production programmes have been developed at the University of Brighton in

collaboration with the city's industry and there is an internship programme that links talented graduates with local businesses, for example.

"The local universities are getting better at providing new entrants to the sector. They used to just teach them software, the tutors were a bit out of date and students weren't ready to hit the ground running."

Some businesses interviewed felt that they could recruit the staff they need fairly easily and that staff turnover was relatively low. Others, however, were experiencing problems recruiting people with experience and holding onto young people once they had trained them up.

"The portfolio of work you have done is everything. Knowing the theory and having done a few college projects is not very enticing for an employer. It's best to also do some stuff freelance, perhaps while at college."

"Our experience is that London graduates or those with a few years' experience of the London market place have better workplace knowledge and experience than those from local institutions".

This may be a particular issue for some businesses that are more peripheral in location within the cluster.

"We have found it difficult to retain staff locally. Our location is a barrier, particularly for staff travelling east to west on the A27. We have lost good staff who became frustrated with the daily commute."

Furthermore, the freelance nature of much of the sector can mean that opportunities for people without a clear portfolio of work behind them can be limited.

4.2 Environmental Technologies

4.2.1 The Cleantech Sector Cluster

Environmental technologies have become increasingly important to local and national economies as easily accessible fossil fuels have become scarce and the potentially damaging environmental impact of industrial and consumer societies has become clearer.

However, there is some uncertainty about whether environmental technologies constitute a sector, partly because they are poorly captured by traditional Standard Industrial Classification (SIC) codes, but also because the concept unites industries that may have a common aim, but which focus on quite divergent technologies, markets and activities.

Nevertheless the Government has commissioned a series of national reports on what it calls the 'Low Carbon Environmental Goods and Services' (LCEGS) sector, which it divides into three broad areas: Environmental, Renewable Energy and Low Carbon.²⁹ Others describe the sector as 'cleantech', which is defined as: Any product or service that improves operational performance, productivity, or efficiency while reducing costs, inputs, energy consumption, waste, or environmental pollution.³⁰

Either way the sector includes activities that might otherwise be considered part of the advanced manufacturing, construction, energy production and waste management sectors as well as architecture,

²⁹ BIS, July 2013 'Low Carbon Environmental Goods and Services (LCEGS).' Report for 2011/12

³⁰ http://en.wikipedia.org/wiki/Clean_technology

design and environmental consultancies. This makes it hard to quantify the scale of the sector within Greater Brighton and West Sussex. It also raises the question as to what extent businesses in this 'sector' consider themselves to be part of a cluster, even when they share a common location.

Certainly the businesses interviewed in-depth for this study seemed more likely to identify with other businesses that share their core activity (e.g. energy production, waste management or engineering) than other LCEGS businesses per se. There were, however, some uniting factors; not least the influence of public policy and support for 'green' issues.

“Government regulation, incentives and other policy interventions – like the Renewable Heat Incentive, Feed-in Tariffs and Green Deal - play a key role in shaping activity in a large part of the sector.”

4.2.2 Cleantech Sector Dynamics

The 2011/12 LCEGS report notes that the UK has the sixth largest low carbon and environmental economy, with 3.5 per cent of the global share and that LCEGS industries in the UK are forecast to grow strongly. Renewable energy is the largest product in the sector and is expected to grow the fastest. Industries currently showing the highest export market value are Wind, Solar Photovoltaics and Water & Wastewater Treatment.

There is strong support for growing the sector locally. The University of Brighton's Green Growth Platform aims to link the university's knowledge assets with 1,000 high growth potential SMEs, supporting innovation, addressing skills shortages and improving business growth in four areas: sustainable buildings and retrofit; renewable energy; recycling and waste; and water.

Environmental technologies are also central to the Greater Brighton City Region's approach to growth. This includes supporting the development of a Clean Tech sector in Newhaven, where there will be a new University Technical College, linked to the sector; where E.ON has chosen as its maintenance base for the Rampion off-shore wind-farm; and where Veolia has already established its Energy Recovery Facility.

There are plans for a further Growth Centre in Shoreham, focusing on adaptation, carbon reduction, waste management, climate change and air quality management. It is expected to build on Ricardo UK's £10m Vehicle Emissions Research Centre and will be linked to the Sir Harry Ricardo Laboratories at the University of Brighton. There are also plans to focus business activity at Shoreham Harbour around renewable energy alongside digital technologies and advanced engineering.

Businesses interviewed in-depth for this study had different perceptions of the short term future, often dependent on public policy and regulations.

“Regulatory pressure to reduce landfill is accelerating the need for more recycling and turning waste into a more valuable commodity, which is in turn increasing the rate of innovation in the sector.”

“The successor ECO and Green Deal schemes are still not market ready and so 2013 was a very slow year.”

Larger businesses focused on international markets noted that business for them has been quite resilient.

4.2.3 Cleantech Growth Drivers and Barriers

A common perception amongst the businesses interviewed was that consumer demand alone may be insufficient to grow the sector locally or nationally without policy support and/or subsidies. As we noted in Section 3.1.3, national Government policy is perceived to be uncertain in the field of renewable energy and cleantech and is believed by many to be the most significant barrier to growth.

“It’s a nightmare to run a business in the renewables sector. Given constant changes to regulation and incentives, businesses are often under-resourced and operating with a lot of cash flow pressures.”

One or two businesses in the renewable energy subsector noted that focusing on business to business or other niche markets may be an option in the short term.

“We are revising our Business Plan to seek to work with other customer groups such as social housing groups.”

“Commercial solar is currently providing a steadier opportunity than domestic, as companies are generally better at reviewing the business case for investment and 7-8 year payback periods are still available for commercial size systems.”

Many felt Local Authorities and their partners could also play a role in supporting the sector locally by helping to build the market through promotion and by setting an example.

“Local authorities and other public sector bodies could do a lot more to engage with small and medium enterprises to innovatively lead the way on renewable energy solutions for their own buildings and housing stock. More action, with quality design, in this area could create demonstrator sites to influence the rest of the market”

However, there was also criticism of the bureaucracy of local government when it comes to commissioning work that would help, with procurement seen as overly cumbersome and liable to lead to contracts with large businesses who would only subcontract locally on poor terms.

4.2.4 Cleantech Networks and Supply Chains

Supply chains for the businesses interviewed tended to be national or international. Whilst there may be some room for ‘deepening’ the local supply chains of new developments such as offshore wind, local in this sense is likely to refer to the South East of England as a minimum for specialist products and services.

For many businesses interviewed, involvement in local business networks seemed to be more about Corporate Social and Environmental Responsibility than commercial relationships.

“We do attend the local Eco Tech Show but it doesn’t bring any benefits in terms of selling for us because the group is too small.”

“We are very engaged with the local community, arranging site visits and going out and giving presentations about key issues like Health & Safety, which is the company’s number one priority”

Where smaller businesses are focused on local markets (e.g. renewable energy installation) they can also be in direct competition with one another (unlike the CDIT cluster).

4.2.5 Cleantech Skills and the Labour Market

Given the divergent nature of the cleantech sector it was difficult to get a clear view on its skills needs. There are few, if any, transferable skills that cut across the sub-sectors that are also specific to environmental technologies (as opposed to leadership and management, for example). Some businesses in the sector (particularly consultancies) are so specialist they look for postgraduates on particular courses in a small number of national universities when recruiting.

Most suggested that they did not have a particular problem with recruitment or training. However, those at the engineering end of the spectrum noted that manufacturing businesses have for some time survived by recruiting from other businesses as the sector has reduced in size. This is not a sustainable approach going forward. Here there was some support for the new University Technical College scheduled for Newhaven in 2015.

“Overall there has been a decline in the skills base for heavy and intricate engineering. The country needs more people with ‘hands on’ skills. The new University Technical College will help address some of these issues, albeit within the very specific remit of 14-19 vocational skills focused on marine and environmental businesses.”

“We are very supportive of the UTC project. Although there is no shortage of people with good marine skills in the UK as a whole, the UTC could play a role in skills specifically related to offshore wind development.”

The Newhaven UTC is intended to focus on providing engineering courses for 14-19 year olds with the ‘specialist skills and environmental awareness’ needed to support the increasing role of renewable 'green' and marine technologies such as wind farms and tidal energy generators.³¹ It should not be seen as solely a Newhaven or even a Lewes project because the volume of cleantech businesses is likely to be modest in such a narrowly defined spatial area.

For new small environmental technology companies it was suggested by one stakeholder that business skills may well be an issue but that this was common to technology start-ups across the board.

4.3 Food and Drink (F&D)

4.3.1 The Food & Drink Sector Cluster

Sussex is one of the UK’s major food and drink producing areas, well-recognised for the high quality of its local produce. It is difficult to define as a single sector cluster, however. Firstly there is a distinction between agriculture and horticulture; secondly the quality of soil and the rural landscape determines what is produced in different parts of Sussex; and thirdly, there is may be limited common ground between large local businesses that trade nationally and internationally and which deal directly with supermarkets; and the small, niche producers that produce low volume high quality products, primarily for local markets.

“A study we did identified 99 home based food production businesses in the Horsham District alone.”

“We are part of a group of companies with a turnover in excess of 1 billion euros... Our growing process is increasingly technologically focused. We use a system of robots and railways. We are in effect a factory with a glass roof.”

³¹ <http://www.utcolleges.org/utcs/newhaven-utc/>

Sussex has a good record of establishing and growing successful Food and Drink businesses. Some of the country's largest horticultural businesses are based in West Sussex and many of these started out as small family businesses. Other examples of local companies that have grown into successful food and drink businesses include Kate's Cakes, Higgidy Pies and Montezuma's Chocolates. Sussex is also one of the UK's best areas for viticulture and Plumpton College has recently opened the Rathwinny Research Winery and will offer the UK's first MSc in Viticulture and Oenology from September 2014.

Food and Drink production is different in West Sussex than it is in East Sussex. West Sussex has the best winter light in England. This, combined with the richness of its soil, makes it one of the best locations for growing in the country. By contrast, the soil and light in East Sussex are not so conducive to growing, so land is devoted more to livestock farming and agriculture less intensive. Across Sussex there are small producers preparing local preserves and cheeses and there are around 43 breweries, many of which are small and locally focused.

Although it has an important role as a city of well-informed consumers, food production in Brighton & Hove is small-scale and unlikely on its own to be significant from an economic perspective. Nevertheless, the market for locally sourced produce in both retail and hospitality has grown over recent years. 'Local' for the retail and hospitality sector, however, includes most of East and West Sussex.

"Brighton is limited in the food it can produce locally as it surrounded by the Downs and the sea. The land for agriculture and horticulture is limited... local needs to mean appropriately local – not ploughing up the downs which are chalk, poor quality soils better suited to grazing."

"We have a Sussex element to everything on the menu, although the Sussex component may be a key ingredient rather than all the ingredients.... We're interested in local food that is both credible and sustainable. There is a local tea company but it obviously only blends tea locally."

4.3.2 Food & Drink Sector Dynamics

Although this sector is more recession-proof than many other sectors, many producers are highly dependent on weather conditions. The markets for products can also be heavily influenced by changes in public perceptions brought by food scares and campaigns. Conversely, greater public understanding of how food is produced, a growing demand for high quality, and a greater willingness to source food locally, provide scope for local producers to flourish.

In terms of volume of output, the Food and Drink sector locally is dominated by large businesses that use increasingly sophisticated technology to produce food for national markets. Producers face greater demands from supermarkets and their customers to provide high volumes of high quality produce. This has led to a greater need for economies of scale, resulting in larger businesses and in the case of the growers, expanded glasshouses. There are also tighter requirements to minimise waste water, develop energy efficient production systems and reduce and/or minimise the use of pesticides.

At the other end of the scale, there are a large number of small food and drink businesses that produce small volumes of high quality produce, mainly for local markets. Some of these are very successful. Concerns about food provenance and a greater interest in sourcing quality food and drink locally, continue to provide market opportunities for high quality local producers.

However, many are very small, rely on a 'hands-on' approach to quality management and may not have significant growth ambitions. Some are also concerned that the market for locally sourced food may soon reach saturation point.

“Ten years ago the buzzword was organic. 5 years ago, when we started it was provenance.... since then this has become much more commonplace. The focus on provenance will probably have a ‘shelf-life’ as well, ultimately.”

4.3.3 Food & Drink Sector Growth Drivers and Barriers

In recent years, the food and drink sector has struggled with an image problem. It can be perceived as a low skilled sector, reliant on low paid seasonal and migrant labour. It has not been amongst the most popular industries for young people to enter and, unlike in Denmark and Holland, it has not been seen as a strategic sector at national level.

However, some of this may be changing. Applications to agricultural colleges are up, the general population has a much greater interest in how food is produced, and both food security and provenance have moved up the political agenda.

One of the main challenges for the large producers is the planning system. There is often local resistance to extending glasshouses and many in the sector believe that local ‘nimbyism’, and a misunderstanding of the realities of food production, create a barrier to the sector’s growth.

“People want local and high quality food, but they have an idealised view of what the countryside should look like”.

Smaller food and drink businesses face different challenges. These seem to revolve around costs, distribution, scaling up and gaining access to markets. Many producers start on a small scale, selling goods at local farmers’ markets, for example. However, they then face challenges when they want to scale up their production. Many have not factored distribution into their costs, which can be high, and it can be difficult to “bulk up” enough products to meet the high standards that customers have in terms of availability and flexibility.

“The distribution networks of the local food and drink producers across Sussex are very inefficient. There is a real need for local Food Hubs... where growers can bring their produce and shops and cafes can go to buy produce regularly and efficiently”

In addition to this, the connection between the visitor economy and local food and drink still appears to be weak. Local producer networks are useful to share experiences and to collaborate on distribution, for example, but there remains scope for the local food and drink sector to establish much better links with local hotels and restaurants and for local produce to be promoted as an essential part of the Sussex visitor experience.

4.3.4 Food & Drink Sector Networks and Supply Chains

There is a clear distinction between food and drink businesses that are local and those that local businesses. The former, particularly, in the growing sector, serve national markets and deal directly with retailers. Many of these businesses are active locally in supporting schools and other community initiatives and provide significant direct and indirect employment. They may also be members of local sector networks, although they often regard this as either part of their Corporate Social and Environmental responsibility or a potential to support lobbying activity. Outside of planning permission for expansion, many of their concerns and interests primarily relate to national and international issues (such as EU agriculture policy and food health & safety regulations).

Smaller producers rely on having a strong local reputation and excellent local connections, so they have a stronger need to be embedded in local networks. Opportunities for local economic development partners to support the cluster and help overcome growth barriers are perhaps more obvious (e.g. developing distribution networks) although their economic impact may be more limited.

4.3.5 Food & Drink Skills and Recruitment

Mass food production has become an increasingly complex business. The growing use of sophisticated technology and international competition mean that large food and drink businesses are now international and require people with excellent businesses management skills and high level technical and engineering skills.

Migrant labour has, indeed, alleviated recruitment challenges for lower level occupations for many land-based businesses. However, the free movement within the EU now enjoyed by Romanians and Bulgarians and the decision not to extend the Seasonal Workers Registration Scheme may present recruitment challenges in the future, particularly if the labour market tightens.

There continues to be a perception that UK workers are reluctant to take lower level manual roles and the experience that businesses have had of Eastern European workers appears to have been good. A number of businesses are finding that some of these workers have “hidden skills”, which are enabling them to progress to higher level occupations.

Regulatory requirements are a major driver of skills training, but criteria for funded training can frustrate businesses in the sector, resulting in ‘unnecessary’ training units having to be added to the core training need in order to draw down funding.

4.4 Health and Life Sciences (H&LS)

4.4.1 The Health & Life Sciences Sector Cluster

Health and Life Sciences is another of the Coast to Capital’s priority sectors. Nationally, the UK is a world leader in pharmaceuticals, medical technology and medical biotechnology. There is a shift towards more collaborative ventures in the industry, with small, niche biotech businesses driving innovation and discovery and pharmaceutical manufacture being out-sourced to contractors producing more tailored products in relatively low volumes. The proximity of ‘discovery’ companies and aligned universities to contract manufacturers may be a key factor in investment decisions.

West Sussex has number of businesses that are market leaders in Medical Instruments and Devices; has an excellent university research base; one of the UK’s newest Medical Schools; and several small biomedical companies attached to the University of Sussex. Furthermore, the University of Sussex is investing in a new Bio-Innovation facility as part of its strategy to grow Health and Life Sciences at the university. The facility will become a focus of the University’s leading Life Science and biomedical research and a growth base for bioscience entrepreneurs, and pharmaceutical companies. The focus will be on university life science research expertise: biochemistry and molecular biology; chemistry; drug discovery platforms; genome damage and stability; and neuroscience.

Like the other clusters explored for this study, there are several fairly discrete subsectors within health and life sciences that would not necessarily see themselves as part of the same sector or cluster. However the number of subsectors (which include pharmaceuticals, biomedical and medical technologies) is perhaps smaller than for the cleantech sector. There was also some sense in which the existence of the cluster is more of an ‘aspiration’ than a description of a current strength. Greater Brighton and West Sussex do have

some significant health and life science employers but they are small in number. The geography of the 'cluster' was also felt to be wider than Greater Brighton and West Sussex.

"Pharmaceutical and life sciences in Kent, Sussex and Surrey are starting from quite a low ebb but the UK is a good potential environment; other specialist and niche businesses like us are flourishing despite international competition"

One stakeholder noted:

"An issue for us in working with the sector is the appropriate scale. We have worked with the University of Reading in one initiative, although successes were limited. I do think in terms of the South East as the geographical scale of the sector's network."

Within the pharmaceuticals subsector there was also a notable split between manufacturing businesses producing quite large quantities of fairly well established medicines (of which there are a few in the area, even though many more have moved overseas) and those that were more research focused.

One research focused business noted:

"Technology plays a key role in the company's work. It needs to be innovative and its systems are updated regularly. We took a strategic decision to invest heavily in technology early on, and this has meant that the service has proved to be scalable"

While a manufacturing business suggested that:

"Whilst we use a range of machines to manufacture products, most are 20 years old; the sector is not particularly fast changing in terms of technology."

4.4.2 Health & Life Sciences Sector Dynamics

The broad picture for pharmaceuticals and life sciences in the South East over the last 10-15 years has perhaps been one of contraction and 'offshoring' with GSK closing in Crawley in 2012, Novartis downgrading their Horsham plant in 2013 and Teva in Eastbourne downgrading their plant to focus on packaging. Further afield, Pfiizers withdrawal from Sandwich in Kent has also been felt locally. However, as a partial counterbalance there has been a proliferation of SMEs in the sector:

"Some have been set up by former employees of the big players. Others are spinouts from Higher Education; although these tend to have come from the major research universities in the sector such as Oxford, Cambridge and Imperial."

Several established businesses we interviewed also explained that they themselves were the results of previous closures and withdrawals of quite large pharmaceutical companies over the last 20-30 years, suggesting that contraction of the sector has been a slower process than 'headline' announcements might suggest.

One stakeholder suggested that most SMEs in the sector are doing research to sell to the big players (not clinical trials generally which require a lot of investment). They are generally niche players and/or involved in non-medical healthcare markets. The goal is to develop a product and licence it. Large pharmaceutical companies used to do this research themselves, now they actively look at what the SMEs have come up with and buy it.

Some established manufacturing businesses are also looking to increase their research focus:

“We are now in a position with few UK based competitors and are trying to compete globally by specializing in smaller runs and more complex technically difficult work.”

One or two businesses interviewed were however in quite new markets (such as health informatics, and genetics) that have the potential to grow quite significantly.

4.4.3 Health & Life Sciences Growth Drivers and Barriers

A key barrier noted by some qualitative interviewees in the Health and Life Sciences sector was the availability of suitable premises and there was some criticism of Local Authorities for not attaching sufficient priority to the development of suitable employment land.

“This is one of the few locations [West Sussex] with suitable premises where we could get permission to operate; manufacturing of this kind is licensed. The business needs separated cubicles rather than open plan space. Many Local Authorities do not cater for our kind of business; they focus on warehousing and retail and are worried that manufacturing is dirty and noisy.”

“High land values mean that industrial land has steadily converted to retail and housing... In the Midlands and North of England there has been a policy of retaining industrial land. In Brighton the local industrial estates (e.g. Hollingbury) have tended to become retail parks.”

Transport connections for manufacturing style operations are also important.

“We did investigate a location in Brighton City Centre near the station but our suppliers of liquid nitrogen and other gases said they could not guarantee regular timely deliveries there and would charge an extra £50 a day.”

Several businesses interviewed had spent some time in the Sussex Innovation Centre run by the University of Sussex which was in general viewed very positively.

“The Sussex Innovation Centre (SINC) was a good initial home for the company. It helped with HR, legal and accounts advice and it was good for publicity”

“The universities are good, and being based at the Sussex Innovation Centre has been good. Innovation hubs are beneficial on both sides – there are clear objectives and a good focus on Return on Investment”

There was some suggestion, however, that access to academics and graduates through the centre had not been as easy as businesses had hoped.

Another barrier to growth noted by several interviewees was the level of regulation in the sector particularly regulations around health, safety and ethics. In newer scientific fields the regulations can change more quickly and be a particular bureaucratic headache. However the regulations are primarily national and there may be little that can be done locally to help.

4.4.4 Health & Life Sciences Networks and Supply Chains

Most of the businesses interviewed said their supply chains were international rather than local. Some were also focused on selling to international markets, although the NHS remains a national key customer for many.

“Our supply chains are international (China, India, Africa & Asia) mostly through UK distributors. Our customers are also worldwide although we sell mostly to wholesale distributors and/or intermediaries such as Universities, hospitals, mail order firms and internet retailers.”

There was some suggestion, however that the supply chains around the medical technologies subsector in the Gatwick Diamond may include more local companies (as well as international ones).

Business networks locally were not felt to be particularly strong by many of those interviewed and this was felt to be a potential weakness:

“We have very little contact with other pharmaceutical companies locally, partly because the business has been quite inward looking but also because it is difficult to network with businesses that are relevant yet are not customers or suppliers.”

“I feel the sector would benefit from more networking and collaboration, learning more about what others do and what is possible and collaborating on things like trade missions... The difficulty is engaging with SMEs and showing them that you can get concrete benefits from such collaboration relatively quickly.”

Several businesses mentioned the South East Healthcare Technologies Alliance (SEHTA) as a network of value and potentially at an appropriate scale for the sector. However, they also noted that it had played a much stronger role in the past when regional level funding was available from SEEDA.

4.4.5 Health & Life Sciences Skills and the Labour Market

The workforce profiles of manufacturing focused pharmaceuticals and more research focused businesses were quite different.

“Most of the staff working here are not particularly highly qualified. The work does not require scientists per se. but people who can operate the machines and follow ‘recipes’.”

Others noted problems in recruiting, training and retaining higher level skilled workers:

“Recruitment and training is potentially costly. Lab staff may stay for 3 years but it takes at least 6-8 months to train them up and get them up to speed. They have been offered apprenticeships on a few occasions but they need qualified people for quality assurance and regulation purposes.”

As in the engineering sector, some pharmaceutical firms have received short term benefits from the contraction of the sector in employment terms:

“In the short term we have benefitted from the contraction of major pharm sites in terms of recruitment. However, ex-employees of the major companies don’t always understand working to tight management and budgets. The benefits are likely to be short-lived though.”

One stakeholder suggested that research focused SMEs, like many SMEs, try and recruit staff who already have both the skills and experience. They suggested that they don't have the luxury of time to engage in training. They typically have a 3-5 year window from their Venture Capital Funding to get achieve results or their funding will disappear. Unless training is essential for the success of the company, they mostly don't do it.

SECTION 5 - CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This survey was undertaken in order to inform the focus of future business support initiatives and help shape future strategies to encourage economic growth and enterprise within Greater Brighton, West Sussex and Coast to Capital. It builds on the findings from the West Sussex Independent Economic Commission, the Greater Brighton City Deal and Coast to Capital Strategic Economic Plan.

It involved a sample of 1,000 local businesses, weighted back to the business population of the area. It was supplemented by 40 qualitative interviews with businesses and business representatives from the following sectors: Creative, Digital and IT, Environmental Technologies, Health and Life Sciences and Food and Drink, all sectors that have been identified as important to the growth of the local economy.

The analysis has been 'issue' focused, rather than descriptive, and aims to provide some clear steers and challenges, based on robust evidence, for local authorities and their partners to take forward in their approach to supporting local businesses.

It is evident that there are some issues that are important to most businesses most of the time. These include 'finding new customers' and 'controlling costs'. There are other issues that are acutely important to a small number of businesses at a given point in time. These include planning and finding new premises, for example. Local authorities should be mindful of this distinction in their attempts to become 'business friendly' or to understand and respond to business needs.

This section draws together the findings from the previous sections into a set of recommendations and conclusions for partners in Greater Brighton and West Sussex to consider.

5.2 Spatial Considerations

Recommendation 1: Local Authorities should take a collaborative approach to supporting business growth, given that the differences in the issues that they face do not differ greatly by local area.

The study provided a sufficient number of interviews for analysis to be undertaken at different spatial levels, including: Greater Brighton, West Sussex, Gatwick Diamond, Rural West Sussex and Coastal West Sussex. A smaller number of interviews, allowing for less robust analysis at District and Borough level, was also undertaken.

Although there is a real interest in solutions at local authority level, spatial differences in the pattern of responses were often negligible. Local differences may, therefore, often be more of a perceived nature than an actual one: Businesses in Rural West Sussex are no more likely than those in Greater Brighton to believe that opportunities for networking are limited; there is no discernable difference in the concentration of high growth businesses; skills issues and recruitment difficulties are largely the same across the area; and exporting businesses are not concentrated in any of the spatial areas within Greater Brighton and West Sussex.

There are some differences, however. London is more likely to be identified as important to businesses in Brighton & Hove than in other areas; and Gatwick Airport is more important to businesses in the Gatwick Diamond; Businesses in Coastal West Sussex are most likely to believe that the local transport infrastructure needed improving; and those in Rural West Sussex are most likely to believe that broadband connections needed improving.

However, at the spatial level at which the data permitted robust analysis, responses were not statistically significant across a range of issues. The majority of businesses face similar issues regardless of where they are located.

5.3 Sector/Cluster Considerations

Recommendation 2: There is merit in adopting a sector-based approach to supporting businesses, focusing on identifying specific needs within each.

‘Emerging’ sectors are difficult to define and can include a diverse range of activities, which are not always clearly related. Survey participants were asked to ‘self declare’ as belonging to one or more of the following sectors: Technology Intensive; Environmental Technologies; Creative Industries; Advanced Engineering; and Health and Life Sciences.

Businesses within these sectors are more likely to operate in wider markets than other businesses and they are more likely to be innovation active. Technology Intensive and Advanced Engineering sectors are more likely than other businesses to be High Growth businesses, to trade internationally, and to be less concerned about having close access to their customers.

Some clear sector issues have emerged, however. Environmental Technologies businesses find it difficult to plan within what they perceive to be a confused national Government policy approach to renewable energy; large food and drink producers cite planning as a key issue; businesses in the Creative, Digital and IT sector suggest that there is a key challenge is keeping up with technology; and the hospitality sector has the most pronounced recruitment difficulties.

There are also important differences within sectors, however. Small food and drink businesses have very different challenges from large ones, for example. These seem to relate to scaling up production, distribution and finding new markets whilst for larger food and drink businesses, national regulations and the power of supermarkets are key challenges, alongside local approaches to planning.

The following actions could be taken to provide support for businesses in specific sectors:

Food & Drink

- Facilitating the development of food distribution hubs for locally focused Food and Drink businesses
- Helping to make the public aware of the importance of large growers and their land-use needs
- Strengthening the links between the local food production sector and the tourism/hospitality sector
- Providing guidance and support on costs and distribution to niche local Food and Drink businesses that are looking to scale up
- Promoting a better understanding of the skills needs and development opportunities within the sector.

Creative, Digital and IT

- Making CDIT inward investment more focused on capturing London professionals looking to relocate out of the capital
- Providing support to enable businesses to promote their expertise to large corporates
- Providing follow-on accommodation and pre-start collaborative spaces for CDIT
- Encouraging or supporting new entrants to the labour market to develop a portfolio of work that goes beyond qualifications
- Raising the profile of creative and digital businesses that are located outside central Brighton.

Health & Life Sciences

- Providing more high tech (but low cost) manufacturing accommodation
- Encouraging collaboration and networking but at an appropriate scale (Kent, Surrey and Sussex)
- Supporting the development of health and life sciences expertise in and around the universities of Sussex and Brighton

Environmental Technologies

- Improving the energy efficiency of local authority owned properties to help stimulate the local environmental technologies market
- Reducing bureaucracy in procurement and finding ways to procure and manage local SMEs more efficiently and effectively
- Lobbying MPs and national government to secure greater clarity and consistency in its approach to renewable energy.

5.4 Supporting High Growth Businesses

Recommendation 3: Local authorities should promote and communicate the language of growth more explicitly in terms of profit and turnover.

In general, businesses appear not to see growth in terms of employment; they are more likely to view it in terms finance-related issues, with employment being a by-product of these. This is quite challenging for local authorities for whom employment, understandably, is a top priority.

Given this, local authorities need to clearly establish and be confident in communicating how they can best support businesses to increase their profits and turnover and improve their access to customers, either through effective marketing or improved physical and digital infrastructure. Softer issues, such as mentoring, recruitment/training and networking are of lesser importance to most businesses.

5.5 Being Realistic about Roles

Recommendation 4: Local authorities should focus on issues where they can actually make a difference, including business friendly procurement and planning.

National Government policies and regulations and competition are significant challenges for local businesses, but it is not clear what role local authorities have in supporting them to overcome these. In addition, some businesses just happen to be local and they are not hugely affected by the actions of the local authority. They operate through national and international networks, rather than local ones, to improve trading conditions and performance, and to influence Government policy.

However, there are things that local authorities can do to support business growth. Procurement needs to be accessible to small local businesses. Pressures to incorporate social value and other clauses in contracts must not make it even more challenging for them to compete for public sector contracts. Proportionate and smart procurement is, therefore, essential.

'Planning' is not an issue for most businesses, but it becomes an acute one for a small number of businesses at a given point in time. Although it may be politically difficult to achieve, there appears scope to develop a more consistent approach to planning across the area. This includes having a greater regard to the time pressures that businesses are under for decisions to be made; and being clear about what businesses can and cannot expect during the planning application process.

Other areas of focus could include investing in improving the energy efficiency of public sector buildings as a way of stimulating the market for environmental technologies and services; and improving local transport (particularly roads and parking) and digital infrastructure.

5.6 Widening Access to Markets

Recommendation 5: Supporting business growth should focus on widening access to markets, particularly on London and international markets.

Nearly half of all businesses have their main markets outside the local area and only around a quarter of all businesses are locally focused, in terms of both suppliers and customers. This is broadly the position for all the spatial areas within Greater Brighton and West Sussex.

High Growth and Growth businesses are even more likely to operate in wider geographical markets, including with London and internationally. Some of these may provide specialist services to large multi-national organisations, of which (with the exception of Crawley), there is a distinct lack locally. There may, therefore, be more merit in supporting potential growth businesses to expand the geographical scope of their markets, than in focusing on overtly local solutions. The most obvious focus for this is London. The majority of businesses have some trade with the capital, but its contribution to turnover for most of these businesses remains small.

Transport links to London are important, but there may be additional scope to develop more formal trading links and to promote local businesses to the capital's large corporates. Again, this would appear to be best addressed at a pan-local authority level.

There is a strong correlation between exporting and high growth businesses. The European Union is the most important international trade location for local businesses. This is expected to continue, but to a much lesser extent as businesses diversify their international markets, particularly into Asia. This more disparate pattern to international trade may make it more challenging to adopt a focused approach at very local levels. Local authorities should, therefore, work collectively with Coast to Capital and UKTI to support local businesses that are looking to enter new international markets.

5.7 Supporting the Right Type of Networks

Recommendation 6: Formal business networks need to have a clear business intention and be at the right geography for that purpose, but there may be as much value in creating spaces to encourage informal networking as in trying to establish formal networks.

Businesses often like to be involved in networks, but many don't believe that they provide significant business benefits. Furthermore, informal networking is much more common than formal networking. Formal networks need to have a clear business intention and be based on the right geography for that purpose. They need not always be sector defined. Food Hubs may provide a good focus for local suppliers and purchasers from other sectors to meet, for example; and there appears to be some value in business-to-business networks, such as the MD Hub.

However, given the importance attached to informal networking, it may be as useful to focus on providing venues, activities and events that bring people together informally, as it is to provide formal networking

opportunities for businesses. Publicly funded programmes that aim to encourage business networking, such as Ride the Wave in Brighton & Hove, should be co-designed with SME's to help maximise their impact.

5.8 Improving Links Between Higher Education and SMEs

Recommendation 7: There is scope to improve both business understanding of how Higher Education Institutions (HEIs) can support them and the outcomes from that support.

There is evidence of a potential increase in the use of Higher Education Institutions to support innovation activity. However, there is still room to improve both the outcomes of these activities, understanding of how HEIs can support small businesses, and what small businesses can offer HEIs. The emerging Wave 2 Accelerator Growth programme provides an opportunity to test new ways of doing this with some businesses, but given the high proportion of companies that employ graduates locally, there may be scope for wider involvement than this.

5.9 Bridging the Gap Between Education and the Labour Market

Recommendation 8: Local authorities should lead on bridging the gap between education and the labour market. This should include providing and promoting work experience placements and industry-based student projects. They should also work with employers to help them address their non-skills related recruitment difficulties.

Skills and workforce development needs to be set in context. Although a large number of businesses experience some form of skills issue or recruitment difficulty, skills and recruitment are not amongst the most important issues for most businesses. Furthermore, recruitment difficulties may sometimes relate more closely to other factors, such as the terms and conditions or the attractiveness of employment, for example.

There is a reasonably clear steer from employers that 'attitudes' and 'motivation' are more important to employers than qualifications and new skills. This does not just apply to school/college leavers, but to the workforce as a whole. They are strong growth enablers and they are the main skills challenge that businesses are most likely to have. A good track record in employment is an important signal for would be recruiters; and employers are less likely to think that school leavers are 'work ready' than fresh graduates.

Despite this, the value of graduates to small businesses does not seem clear. A large proportion of businesses employ them, but most of these do not believe that a degree is necessary to do their jobs. However, these employers still recruit graduates over other people. It, therefore, seems likely that they are bringing some added value to their roles that others wouldn't. Some would argue that this represents graduate 'under-employment', but expectations of what graduates without labour market experience can expect from initial employment may be unrealistic.

5.10 Retaining and Growing Local Businesses

Recommendation 9: There should be a pan-local authority approach to business retention, and outcomes of inward investment activity should be shared and closely monitored.

Inward investment needs to be set within context. Most businesses are born local, remain local and are not looking to leave. The vast majority of those that have considered other areas did not look outside Sussex. If this is the case locally, there seems no reason why it should not be the case elsewhere. It is difficult to attract businesses from other areas, unless there is a very good reason for them to move. There are

exceptions to this. Businesses that are part of a larger company are potentially more footloose and vulnerable to decisions that are made elsewhere, and local authorities' influence over these decisions may be limited.

Local authority boundaries are not the right spatial areas to address business retention issues, so they need to work collectively to ensure that local businesses that are looking to move are retained within a wider geographical area.

With the possible exception of the Gatwick Diamond, large-scale inward investment appears unlikely to happen on a significant scale in the short to medium term. However, if transport connections to London and Gatwick Airport in particular, can ensure that there is good access to customers and if broadband coverage and speeds meet modern business needs, the local area could be effective in attracting niche businesses that serve large corporates in the capital and beyond. This may require a focused approach to identifying businesses with a strong London customer base that are looking for alternative business locations outside the capital.

Recommendation 10: Local transport and communications infrastructure policies must clearly support business and economic development.

For most businesses, transport and digital infrastructure are important 'place' issues, so it is important that all approaches to transport improvements have a clear economic development focus. This seems to be mainly around access to customers and costs, with parking featuring strongly. Improvements in the local road infrastructure (including parking) and better broadband connections should be a particularly strong focus for economic development activity.

ANNEX I KEY STATISTICS AT A GLANCE

1 Business Growth and Support Needs

1A Growth expectations and experiences (% businesses)

	Turnover	Profit	Employment
Last Twelve Months	39	45	25
Next Twelve Months	64	66	42
Difference	+25	+21	+17

N = 1000

- The majority of businesses expect to grow in the next 12 months.
 - A smaller proportion expects to grow in terms of employment than turnover or profit.
- Businesses are more likely to expect growth than to have experienced it
 - The difference is greatest in terms of turnover and least in terms of employment.

1B High Growth and Growth Businesses (% business base)

High Growth established	High Growth start-ups	All High Growth	Growth Businesses
9	4	14	46

N = 1000

- High growth businesses have experienced turnover growth of more than 20% per annum over each of the last 3 years (where they are more than 3 years old).
 - 14% of all businesses in the survey were High Growth businesses.
 - 9% are established high growth businesses (over 3 years old)
 - 4% of businesses are high growth start-ups (less than 3 years old)
- 14% of businesses with more than 10 employees are also High Growth businesses³²
- High growth businesses are more likely to:
 - Be innovative (91% are innovation active compared with 64% of all businesses)
 - Export (42% compared with 17%)
 - Do business with customers in London (73% compared with 56%)
 - Employ graduates (65% compared with 50%)
 - Identify themselves as part of 'Technology intensive', 'Advanced Engineering/manufacturing and 'business services' sector clusters.
- 46% of businesses are Growth businesses
 - Growth businesses have increased their turnover in the last 12 months and intend to continue growing.

1B Top 5 Growth Enablers, Barriers and Support needs (% businesses citing)

Enablers		Challenges		Support Needs	
Marketing	62	Finding New Customers	60	Accessing Finance	3
Staff Motivation/Performance	57	Controlling Costs	49	Marketing	2
Product/Service Innovation	53	Competition	42	Finding Premises	1
New Technologies	49	Regulation	37	Training and Apprenticeships	1
New Skills	47	Consumer Confidence	36	Recruitment	1

N = 1000

³² Note: This figure relates to the proportion of businesses with 10 or more employees (N=405)

- Marketing is the most commonly cited enabler of business growth and finding new customers the most common business challenge.
 - However, businesses were slightly more likely to identify finance than marketing as a support need.
- Other less commonly cited business challenges include:
 - Recruitment (22%),
 - Skills (22%),
 - Management & Leadership (15%)
 - Finding Partners or Suppliers (15%)
- Just under one in five (18%) of businesses identified a support need
 - However, support needs were disparate in nature and did not always related to directly to standard ‘business support’ issues.
 - Parking (2%) and Business Rates (2%) were as commonly identified as the more ‘standard’ areas of business support identified in table 1B.

2 Markets, Suppliers, Networks and International Trade

2A: Location of Customers and Suppliers (%)

	Local	Other London & South East	Other UK	International
Main Markets (customers by value)	55	20	16	9
Main Suppliers	39	14	35	11
Difference	+16	+6	-19	-2

N = 1000

- 55% of businesses serve mainly local markets (i.e. the majority of their sales by value are to local customers).
- However, some key business groups are less likely to be focused on local markets:
 - High growth businesses (28% serve mainly local markets)
 - Growth businesses (47%)
 - Those identifying themselves as members of Technology Intensive (18%), Environmental Technologies and Services (18%) or Advanced Engineering (12%) business clusters

2B Networking Activities of Businesses (% businesses engaging fairly/very frequently)

Help Out Other Businesses	Work Collaboratively	Meet Other Businesses Informally	Interact Through Social Media	Receive Help from Other Businesses	Attend Formal Networking
50	48	45	34	32	25

N = 1000

- The majority of businesses engage in formal or informal networking of one kind or another.
- However, more than a third (38%) of businesses that network do not think there are many business benefits from doing so.
- The most commonly cited reason for networking fairly or very frequently is “Brand Awareness and Marketing (21%) followed by ‘Concrete Sales Leads (15%).
- Businesses with mainly local markets (20%) are less likely to attend formal networking events, than those whose main market is international (37%).

2C Exporting Businesses (%)

Exporters	Export More than 10% of Turnover	Export More than 50% of Turnover
19	14	6

N = 1000

- One in five (19%) of all businesses export some goods or services.
 - 42% of High Growth and 24% of Growth businesses are exporters
 - 31% of businesses with ten or more employees are exporters
 - 22% of businesses trading for 10 years or more export (compared with 16% of those less than 3 years old).
- Exporters are more likely to employ graduates (71% compared with 50% of all businesses).

2D Export Destinations (%)

	European Union	USA/Canada	India/China /Asia	Latin America	Russia & Eastern Europe	Other
Current Markets*	53	19	10	2	1	14
Planned New Markets**	35	26	32	11	12	25

* n= 215; ** = 82

- The European Union is the main market for over half of all exporters, but there is some evidence of more planned activity in India/Asia/China in future.
- Nearly half (42%) of businesses looking at new international markets are already trading internationally.
- Technology intensive, Advanced Engineering/Manufacturing and Creative Industries sector cluster businesses are more likely than businesses in other sectors to trade internationally.

3 Innovation, Skills and Recruitment

3A Innovation Active Businesses (as % businesses in category)

All	High Growth Businesses	Growing Businesses	Exporters	Self Declared Cluster ³³	Graduate Employers
64	91	81	78	77	73

N = 103 for smallest category (High Growth Businesses)

- 64% of businesses are 'innovation active' in that they have introduced new products, services or processes in the last 12 months or are currently working to do so.
- Businesses with more than ten employees were also more likely to be 'innovation active' (77%).
- 8% of all businesses had used a Higher Education Institution (HEI) to help them develop strategies, products, services or processes
 - 13% expected to do so over the next three years

³³ Self-declared Clusters were: Technology Intensive, Creative Industries, Health & Life Sciences, Environmental Technologies and Services and Advanced Engineering

3B Businesses with Recruitment or Skills Issues (% businesses)

	Recruitment Difficulty	Skill Gap	Skills/Recruitment Issue
All	23	24	33
Innovation Active	28	29	40
High Growth	31	23	40
Growing Business	30	30	40
Graduate Employer	28	30	39

N = 1000

- 23% of businesses reported that recruitment was a significant business challenge for them (recruitment difficulty) and 24% reported that the skills of the existing workforce were a challenge (skills gap).
- The occupational groups most challenging to recruit were:³⁴
 - Skilled Trades (27% of businesses finding recruitment a challenge),
 - Elementary Occupations (22%)
 - Sales & Customer Service Staff (16%) and
 - Professionals (13%)
- The roles and skill areas in the existing workforce that employers felt most of improvement were:³⁵
 - Sales and Customer Services (18% of businesses finding staff skills a challenge)
 - Technical/Practical Skills (15%)
 - Supervisory Management Skills (11%), and
 - Technical – High Level Skills (10%).

3C Businesses Recruiting Directly from Education (%)

From School	From College	From University	From Education
5	13	8	25

N = 265

- 25% of businesses had recruited someone directly from education in the previous 3 years.
- Fewer than half (45%) of businesses that recruit directly from education believe that young people are well prepared for work (30% thought they were quite well prepared, 15% very well prepared).
 - More than a third (35%) felt they were poorly prepared (19% quite poorly and 15% very).

4 Local Infrastructure and Location Decisions**4A Local Assets and Areas in Need of Improvement (%)**

Assets	%	Needs Improving	%
Local Travel and Transport	55	Local Travel and Transport	38
Broadband Connections	55	Broadband Connections	33
Business Premises	45	Local Housing	20
Local Housing	41	Business Premises	18
Connections to London	39	Skills and Education	16
Skills and Education	32		
Access to Gatwick	30		
Access to Local Ports	16		

N = 1000

³⁴ Note: These figures relate to the percentage of all businesses that have recruitment challenges (n = 268)³⁵ Note: These figures relate to the percentage of all businesses that have skills gap challenges (n = 283)

- Businesses were most likely to identify local travel and transport infrastructure as both an asset (55% of businesses) and an area for improvement (38% of businesses)
- The specific local transport issues highlighted as in need of improvement were:³⁶
 - Local Roads (59% of businesses identifying transport infrastructure as in need of improvement)
 - Major Roads (42%)
 - Local Parking (38%)
 - Bus Services (35%),
 - Rail Services (28%),
 - Cycle Paths and Footpaths (10% in each case)
- Three quarters (74%) of businesses that cited Business Premises as in need of improvement highlighted ‘affordability’ as the issue, double the proportion that identified the ‘type of business accommodation’ (37%).
- The proportion of businesses identifying different types of local infrastructure as in need of improvement varied slightly between geographical areas:
 - Businesses in Coastal West Sussex were most likely to think that Local Travel and Transport needed improving (45%);
 - Those in Rural West Sussex (40%) were most likely to highlight Broadband Connections (40%)
 - Businesses in Brighton & Hove (50%) are most likely to consider connections to London as an important aspect of their location and those in Coastal West Sussex (33%) are least likely to do so.
 - Businesses in Crawley (49%) are most likely to consider connections to Gatwick Airport as an important aspect of their location and those in Chichester (13%) are least likely to do so.
- In terms of sectors:
 - Retail and Wholesale businesses were least likely to consider connections to London (27%) and Gatwick Airport (19%) as an important aspect of their location.
 - Business Services businesses were most likely to consider connections to London (52%) as an important aspect of their location.

4B Reasons for Business Location Decisions (% businesses³⁷)

Reason	%
Where Founders Lived	47
Proximity to Customers	23
Premises Availability and Price	10
Nice Place to Live and Work	9

N = 825

- Despite the high proportion of businesses identifying local transport infrastructure as in need of improvement, transport connections (including parking) were only cited by 4% of businesses as a reason for locating their business
 - Access to skilled labour was only identified by 1% of businesses.
- More than three quarters (73%) of businesses did not consider any other locations for their business.
 - Of those that did, 77% cited other locations within Sussex.

³⁶ Note: These figures relate to the percentage of all businesses that identify local travel and transport infrastructure as in need of improvement (n=395)

³⁷ Note: These figures related to the proportion of businesses surveyed who were aware of/could remember the reason for their location (N=825).

ANNEX II AREA SUMMARIES

Greater Brighton & West Sussex Business Survey 2014

Greater Brighton Area Summary

Compared with the Greater Brighton and West Sussex area as a whole, businesses in Greater Brighton are:

- More likely to think that connections to London are an important aspect of their location.
- More likely to employ graduates
- Less likely to think that broadband connections need improving

This short briefing note is intended to highlight some of the key figures for the Greater Brighton Area from the 2014 Greater Brighton and West Sussex Business Survey. It is one of a series of similar briefings for Greater Brighton, West Sussex, Rural West Sussex, Coastal West Sussex and the Gatwick Diamond.

It is easy to overplay apparent geographical differences in the survey. Many are not statistically significant and as the main report makes clear the similarities between localities within the Greater Brighton and West Sussex area are often greater than the differences.

Local figures are given here primarily for information, where the sample size is robust enough to allow the analysis but small differences from figures in the overall report are unlikely to be statistically significant.

The 2014 survey included 493 interviews with business in the Greater Brighton area (Figure 1).

Figure 1: Achieved interviews in Greater Brighton

Geography – Achieved Interviews	Achieved	% of Sample
Greater Brighton & West Sussex	1000	100
Greater Brighton	493	49
By LA Area		
Brighton & Hove	213	21
Lewes	107	11
Adur	76	8
Worthing	97	10

The sample for the survey was structured by size and geography to enable results to be explored for larger companies and specific locations in more detail. The overall results were however weighted to reflect the business population as a whole.

1. Businesses in Greater Brighton

National statistics suggest that the Greater Brighton area includes over 22,000 businesses (excluding those in public service SIC codes).

Figure 2: Businesses and employment

Geography	Businesses	Employment
Greater Brighton & West Sussex	49,000	500,000
Greater Brighton	22,000	216,000
By LA Area		
Brighton & Hove	12,000	123,000
Lewes	4,000	30,000
Adur	2,000	18,000
Worthing	3,000	45,000

Sources: ONS UK Business Count 2011 and Business Register and Employment Survey 2012
Figures have been rounded to the nearest 1000. (Excludes public service SIC codes)

Within Greater Brighton around 55% of the business population is located in the Brighton and Hove area.

Figure 3 shows the sector profile of the LA areas within Greater Brighton. The table shows location quotients, which are an index of the proportion of businesses in a sector within an area compared with what might be expected if the area reflected the UK economy as a whole.

Figure 3: Business concentrations

Sector (SIC 2007)	Greater Brighton	Brighton & Hove	Adur	Worthing	Lewes
Agriculture, forest & fishing (A)	0.3	0.1	0.2	0.1	1.0
Mining & utilities (B,D and E)	0.9	0.5	2.3	0.7	1.5
Manufacturing (C)	0.8	0.6	1.3	0.8	1.1
Construction (F)	1.0	0.8	1.4	1.1	1.1
Motor trades (Part G)	0.7	0.5	1.0	0.7	1.1
Wholesale (Part G)	0.9	0.8	1.2	0.9	0.9
Retail (Part G)	1.1	1.1	1.0	1.3	0.9
Transpt & storage (inc postal) (H)	0.6	0.4	1.1	0.6	0.9
Accommodation & food services (I)	1.2	1.3	0.8	1.2	1.0
Information & communication (J)	1.4	1.6	1.1	1.1	1.0
Financial & insurance (K)	0.8	0.8	0.9	1.1	0.6
Property (L)	1.0	1.0	0.7	1.0	0.9
Professional, sci. & technical (M)	1.0	1.1	0.8	1.0	1.0
Business admin & support (N)	1.1	1.2	1.0	1.0	0.9
Arts, ent & other services (R,S,T&U)	1.3	1.4	1.1	1.1	1.2

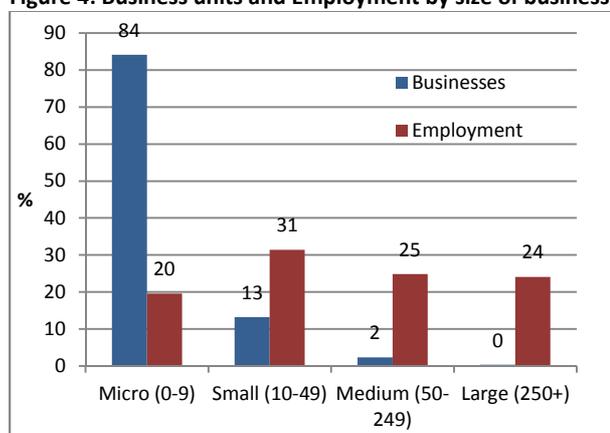
Sources: ONS UK Business Count 2013.

Greater Brighton has a significant concentration of 'accommodation and food services' businesses,

‘information and technology’ and ‘arts, entertainment and other services’ businesses. These concentrations are reflected most strongly within Brighton and Hove itself. However, Worthing also has a higher proportion of ‘accommodation and food services’ businesses and Lewes has a higher proportion of ‘arts, entertainment and other services’. Adur also appears to have concentrations of more traditional manufacturing and construction businesses. It should be noted that these are business unit concentrations and may not reflect employment.

The main report notes that whilst micro businesses employing fewer than 10 people represent the vast majority of businesses, businesses with more than 250 employees represent a quarter of the workforce. The Greater Brighton & Hove area is no exception.

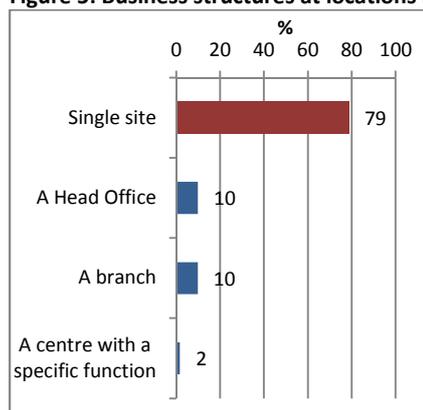
Figure 4: Business units and Employment by size of business



Sources: ONS UK Business Count 2011 and Business Register and Employment Survey 2012

Figure 5 highlights that the majority of Greater Brighton businesses in the survey were single site independent units (79%).

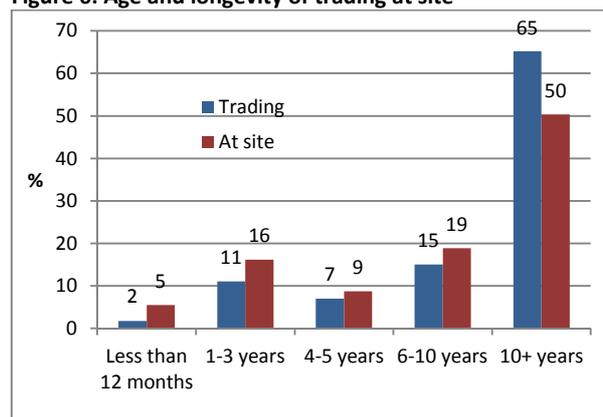
Figure 5: Business structures at locations interviewed



N=493

Most businesses were born local and around half had been trading from their current site for more than 10 years (Figure 6).

Figure 6: Age and longevity of trading at site



N=493

2. High Growth and Growing Businesses

Businesses were more likely to expect to grow their turnover and profit in the next 12 months than have experienced it in the last 12 months. In part this is likely to reflect the recovery of the economy but also a natural ‘optimism bias’ amongst SMEs. There is also some evidence that employment growth lags behind turnover and profitability.

Figure 7: Growth Trends and Expectations

	% businesses		
	Turnover	Profit	Empl.
Experiences Last 12 months	45	37	27
Expectations Next 12 months	67	66	43
Difference Between Expectations to Experience	+22	+29	+15

N = 1000

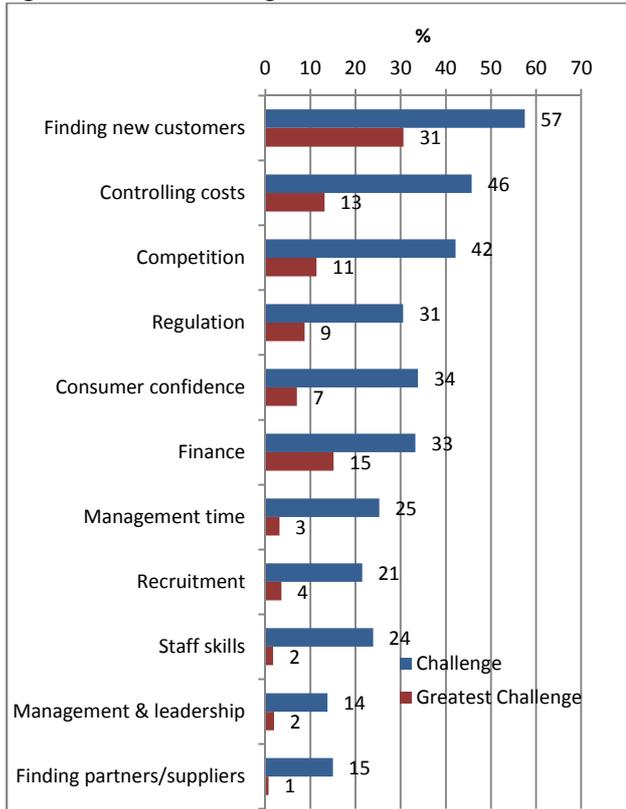
Taking the findings for the survey as a whole we estimate that there are around 1,900 growth businesses of all sizes in the Greater Brighton area. Like the other areas surveyed this is higher than national estimates might suggest.

Figure 8: High Growth businesses

	% of all businesses	Greater Brighton
Established High Growth businesses of all sizes	9	1,900
Established High Growth larger businesses (NESTA definition – more than 10 staff)	2	500
High growth start-ups	5	1,100

The main business challenges identified by the survey were finding new customers and controlling costs. A significant minority highlighted finance as the greatest challenge.

Figure 9: Business Challenges



N=493

3. Markets, suppliers & business networks

Whilst 57% of businesses identified that the majority of their customers were local, fewer suggested that their suppliers were local.

Figure 10: Markets and Suppliers

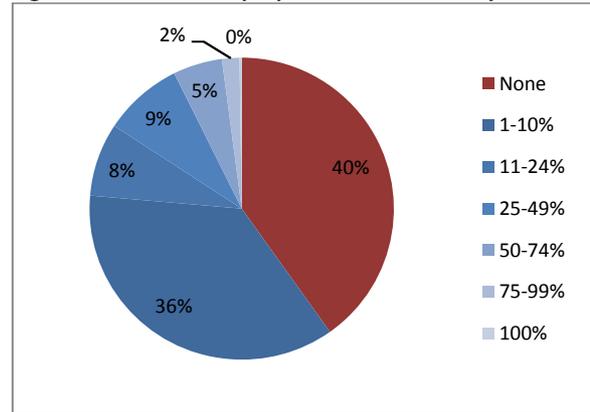
	Main Markets	Main Suppliers	Difference
Local	57	39	18
Located within London and the SE	18	14	4
Spread across the UK	15	36	-20
International	10	11	-1

N=493

Nearly two thirds (60%) of the businesses surveyed had customers based in London. Businesses in Greater Brighton (and particularly in Brighton & Hove) were more likely to suggest that connections to London were important for them (46% compared with 39% across the study area).

However, for some there may be room to increase the proportion of sales in this key market; it represents more than half the business by value of just 7% of companies in the Greater Brighton area.

Figure 11: London as a proportion of business by value



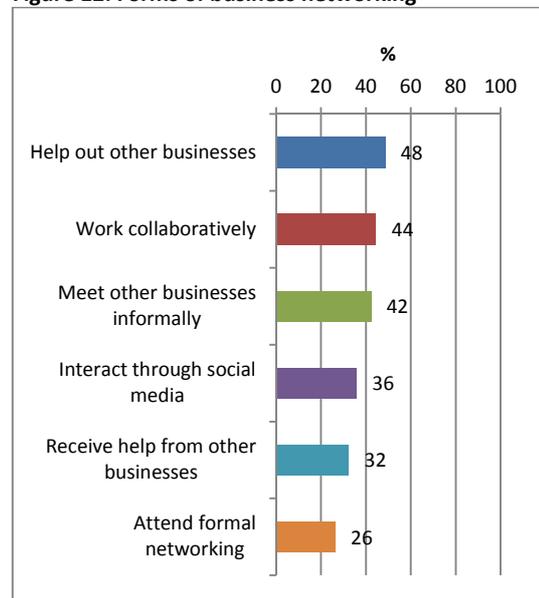
Excludes don't knows

21% of businesses in the Greater Brighton area said they sold some products or services internationally. This was/was not significantly different from Greater Brighton and West Sussex area as a whole (19%).

Businesses also engaged in a wide variety of networking activities. All businesses said they engaged in at least one form of networking fairly or very frequently. 48% said they helped other businesses out fairly or very frequently (Figure 12). Informal forms of networking were more common than formal business events.

A significant minority of businesses felt that they got relatively little from networking however.

Figure 12: Forms of business networking



N=493

4. Innovation, Skills & Recruitment

Nearly two thirds (65%) of businesses in Greater Brighton can be considered 'innovation active' in that they have recently introduced or are preparing to introduce new products, services or processes. As with the other areas surveyed, this is higher than expected from national figures.

Figure 13: Innovation Activities

Innovation	% all businesses
Introduced new or improved products/services	51
Working on new products/services	41
Introduced new/improved processes	38
Any of the above (Innovation Active)	65

N=493

Around a third of businesses locally reported that they have either a recruitment difficulty or a skills issue (Figure 14). However, some common recruitment difficulties (e.g. elementary occupations and customer service staff) may relate more to the local cost of living, pay and conditions than to a shortage of skilled people in the labour market.

Figure 14: Recruitment Difficulties and Skills Gaps

	% of businesses
Recruitment Difficulties	22
Skill Gaps	26
Skill /Recruitment Issue (either)	33

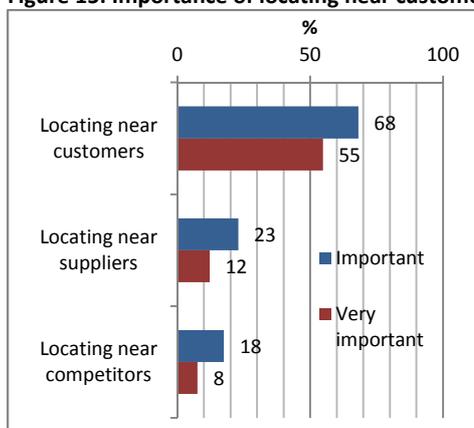
N=493

The survey highlights that 55% of local businesses employ graduates. This is slightly higher than other areas in the study and is particularly high in Brighton & Hove (63%). However, the survey also highlights that more than half of businesses employing graduates (31% of all businesses) say that their jobs do not require graduate skills. This poses the question of why people are recruited to these positions and what added benefits they bring.

5. A Place for Business

Most businesses (68%) think that locating near their customers is important (Figure 15). However, the main report also identifies that nearly half of all businesses chose their location because it was where their founder lived.

Figure 15: Importance of locating near customers



N=493

Only around a quarter of businesses³⁸ considered other locations and most of these focused on areas within Sussex.

Figure 16 highlights that ‘physical’ infrastructure such as transport and IT connections rather than ‘soft’ infrastructure such as skills and education are more likely to be viewed as local assets. They are also more likely to be viewed as areas in need of improvement.

Figure 16: Infrastructure as both asset and area for improvement

	Assets	Areas for Improvement
Local travel & transport	58	38
Broadband connections	56	25
Business premises	45	17
Local housing	41	21
Connections to London	43	N/A
Skills & education	32	15
Access to Gatwick	30	NA
Access to Local Ports	19	N/A
None of these	11	25

N=493

Greater Brighton businesses were less likely than businesses in other parts of Greater Brighton and West Sussex to believe that Broadband connections needed improving (25% compared with 33%).

6. Sector Clusters

Businesses surveyed were given the chance to ‘self-identify with a number of emerging sectors of interest (Figure 17). Businesses were most likely to identify with the creative industries cluster, although it is not clear how technology intensive these businesses are.

Figure 17: Self-declared sector clusters

	% of businesses
Technology Intensive	8
Creative industries	22
Health & Life sciences	4
Environmental Tech & Services	5
Advanced Engineering	4
Any cluster	35

N=493

Nevertheless, businesses self-identifying in these clusters were more likely to be growing and/or high growth businesses. The qualitative analysis of the four sector clusters explored in the main report³⁹ highlighted that for many the ‘natural’ geography of the cluster was either regional or national. However, Greater Brighton was identified as a natural focus for the CDIT cluster.

³⁸businesses that could recall their location decisions.

³⁹ Creative, Design and Information Technology; Environmental Technologies; Food & Drink growers and producers; and Health & Life Sciences

Greater Brighton & West Sussex Business Survey 2014

West Sussex Area Summary

This short briefing note is intended to highlight some of the key figures for West Sussex from the 2014 Greater Brighton and West Sussex Business Survey. It is one of a series of similar briefings for Greater Brighton, West Sussex, Rural West Sussex, Coastal West Sussex and the Gatwick Diamond.

It is easy to overlay apparent geographical differences in the survey. Many are not statistically significant and as the main report makes clear the similarities between localities within the Greater Brighton and West Sussex area are often greater than the differences.

Local figures are given here primarily for information, where the sample size is robust enough to allow the analysis but small differences from figures in the overall report are unlikely to be statistically significant.

The 2014 survey included 680 interviews with business in West Sussex (Figure 1).

Figure 1: Achieved interviews in West Sussex

Geography – Achieved Interviews	Achieved	% of Sample
Greater Brighton & West Sussex	1000	100
Greater Brighton	680	68
By Spatial Area⁴⁰		
Coastal West Sussex	383	38
Gatwick Diamond (West Sussex)	297	30
Rural West Sussex	326	33

The sample for the survey was structured by size and geography to enable results to be explored for larger companies and specific locations in more detail. The overall results were however weighted to reflect the business population as a whole.

1. Businesses in West Sussex

National statistics suggest that West Sussex includes around 33,000 businesses (excluding those in public service SIC codes).

Figure 2: Businesses and employment

Geography	Businesses	Employment
Greater Brighton & West Sussex	49,000	500,000
West Sussex	33,000	346,000
By Spatial Area		
Coastal West Sussex	17,000	159,000
Gatwick Diamond	17,000	188,000
Rural West Sussex	19,000	160,000

Sources: ONS UK Business Count 2011 and Business Register and Employment Survey 2012
Figures have been rounded to the nearest 1000. (Excludes public service SIC codes)

⁴⁰ Note: Coastal West Sussex includes Adur, Arun, Chichester and Worthing Districts; Rural West Sussex includes Chichester, Horsham and Mid Sussex Districts, and Gatwick Diamond includes Crawley, Horsham and Mid Sussex Districts

Figure 3 shows the sector profile of the Spatial Areas within West Sussex. The table shows location quotients, which are an index of the proportion of businesses in a sector within an area compared with what might be expected if the area reflected the UK economy as a whole.

Figure 3: Business concentrations

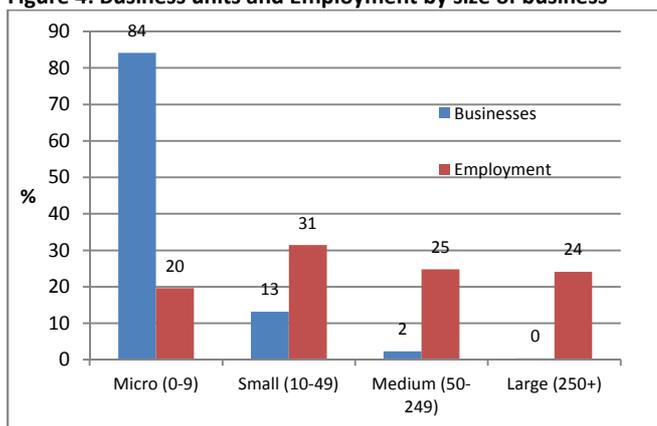
Sector (SIC 2007)	West Sussex	Coastal West Sussex	Gatwick Diamond	Rural West Sussex
Agriculture, forest & fishing (A)	0.9	0.8	0.8	1.2
Mining & utilities (B,D and E)	0.9	0.8	1.1	0.8
Manufacturing (C)	1.0	1.1	1.0	1.0
Construction (F)	1.1	1.2	1.0	1.0
Motor trades (Part G)	1.0	1.0	1.0	0.9
Wholesale (Part G)	1.0	1.0	1.1	1.0
Retail (Part G)	1.0	1.1	0.9	0.8
Transpt & storage (inc postal) (H)	0.9	0.7	1.0	0.6
Accommodation & food services (I)	0.9	1.0	0.8	0.8
Information & communication (J)	1.0	0.9	1.2	1.1
Financial & insurance (K)	1.0	0.8	1.1	1.0
Property (L)	0.9	0.9	0.9	1.0
Professional, sci. & technical (M)	1.0	1.0	1.1	1.1
Business admin & support (N)	1.1	1.0	1.2	1.1
Arts, ent & other services (R,S,T&U)	1.0	1.1	1.0	1.0

Sources: ONS UK Business Count 2013.

The structure of the business population in West Sussex is not dissimilar to that in England as a whole. Some of the Spatial Areas have particular concentrations, however. These include 'agriculture, forestry & fishing' in Rural West Sussex; 'Information & Communications Technology' and Business Administration & Support' in the Gatwick Diamond; and 'Construction' in Coastal West Sussex. It should be noted that these are business unit concentrations and may not reflect employment.

The main report notes that whilst micro businesses employing fewer than 10 people represent the vast majority of businesses, businesses with more than 250 employees represent a quarter of the workforce. West Sussex is no exception (see Figure 4 overleaf).

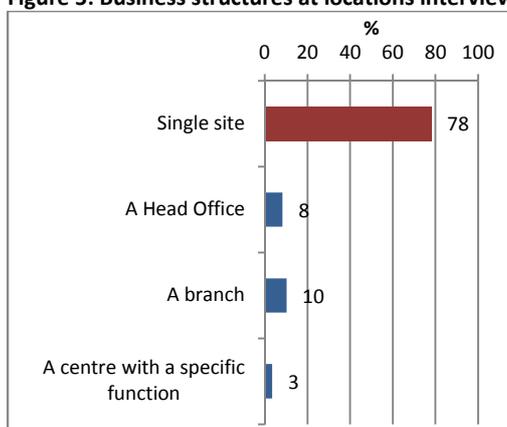
Figure 4: Business units and Employment by size of business



Sources: ONS UK Business Count 2011 and Business Register and Employment Survey 2012

Figure 5 highlights that the majority of West Sussex businesses in the survey were single site independent units (78%).

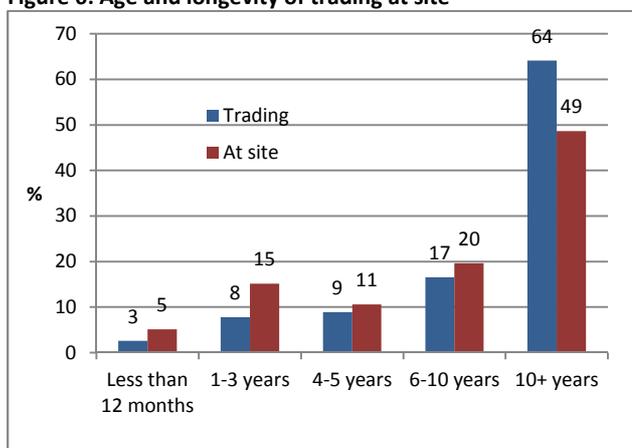
Figure 5: Business structures at locations interviewed



N=680

Most businesses were born local and around half (49%) had been trading from their current site for more than 10 years (Figure 6).

Figure 6: Age and longevity of trading at site



N=680

2. High Growth and Growing Businesses

Businesses were more likely to expect to grow their turnover and profit in the next 12 months than have experienced it in the last 12 months. In part this is likely to reflect the recovery of the economy but also a natural 'optimism bias' amongst SMEs. There is also some evidence that employment growth lags behind turnover and profitability.

Figure 7: Growth Trends and Expectations

	% businesses		
	Turnover	Profit	Employment
Experiences last 12 months	46	41	24
Expectations next 12 months	64	62	41
Difference between expectations to experience	18	22	17

N = 690

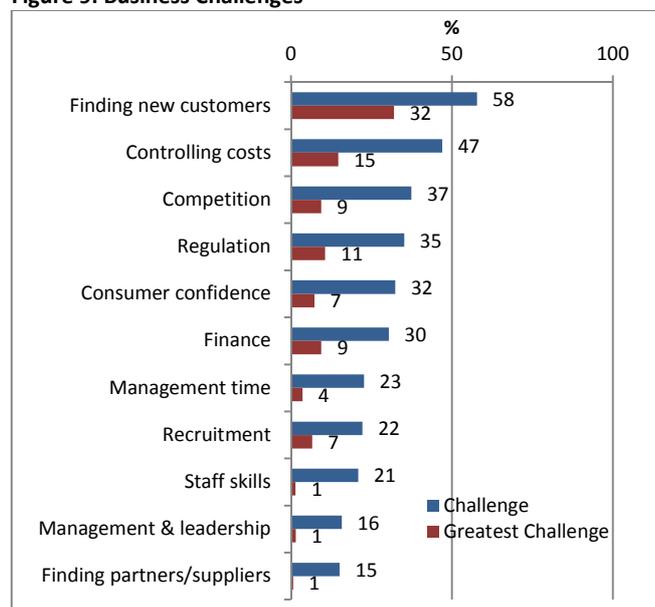
Taking the findings for the survey area as a whole we estimate that there are around 3,200 high growth businesses of all sizes in the West Sussex area. Like the other areas surveyed this is higher than national estimates might suggest.

Figure 8: High Growth businesses

	% of all businesses	West Sussex Estimate
Established High Growth businesses of all sizes	10	3,200
Established High Growth businesses (NESTA definition >10 staff)	2	700
High growth start-ups	4	1,300

The main business challenges identified by the survey were finding new customers (58%) and controlling costs (47%). Recruitment (22%), Staff Skills (21%), Management & Leadership (16%) and Finding Partners/Suppliers (15%) were less likely to be identified as business challenges.

Figure 9: Business Challenges



N=690

3. Markets, suppliers & business networks

Whilst 54% of businesses identified that the majority of their customers were local, a lower proportion (40%) suggested that their suppliers were local.

Figure 10: Markets and Suppliers

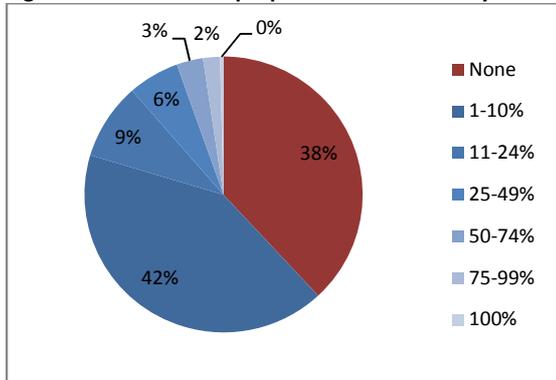
	Main Markets	Main Suppliers	Difference
Local	54	40	+14
Within London & the SE	21	14	+6
Spread across the UK	17	36	-19
International	8	10	-2

N=690

Nearly two thirds (62%) of the businesses surveyed had customers based in London. Businesses in West Sussex were less likely to suggest that connections to London were important for them (35% compared with 39% across the study area). Around three out of ten (29%) considered Gatwick Airport to be important.

There may be room to increase the proportion of sales in the London market; it represents more than half the business by value of just 5% of companies in West Sussex.

Figure 11: London as a proportion of business by value



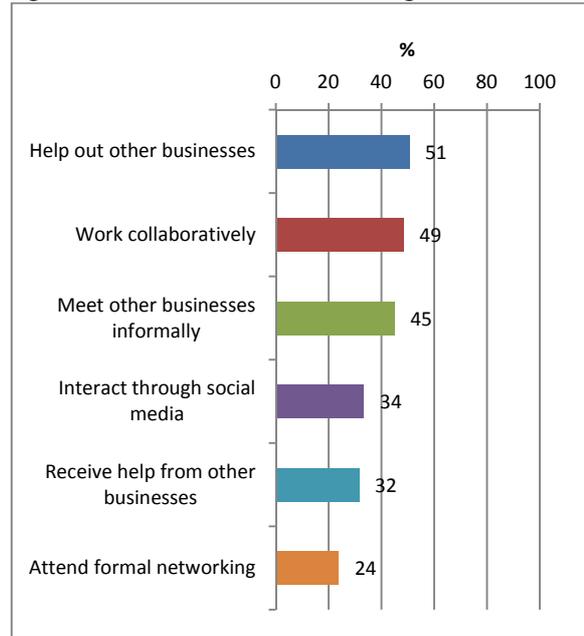
Excludes don't knows

20% of businesses in West Sussex area said they sold some products or services internationally. This was not significantly different from Greater Brighton and West Sussex area as a whole (19%).

Businesses also engaged in a wide variety of networking activities. All businesses said they engaged in at least one form of networking fairly or very frequently. 51% said they helped other businesses out fairly or very frequently (Figure 12). Informal forms of networking were more common than formal business events.

A significant minority of businesses felt that they got relatively little from networking however.

Figure 12: Forms of business networking



N=690

4. Innovation, Skills & Recruitment

Nearly two thirds (63%) of businesses in West Sussex can be considered 'innovation active' in that they have recently introduced or are preparing to introduce new products, services or processes. As with the other areas surveyed, this is higher than expected from national figures.

Figure 13: Innovation Activities

	% all businesses
Introduced new or improved products/services	48
Working on new products/services	38
Introduced new/improved processes	34
Any of the above (innovation active)	63

N=690

A third (33%) of businesses locally reported that they have either a recruitment difficulty or a skills issue (Figure 14). However, some common recruitment difficulties (e.g. elementary occupations and customer service staff) may relate more to the local cost of living, pay and conditions than to a shortage of skilled people in the labour market.

Figure 14: Recruitment Difficulties and Skills Gaps

	% of businesses
Recruitment Difficulties	23
Skill Gaps	23
Skill /Recruitment Issue (either)	33

N=690

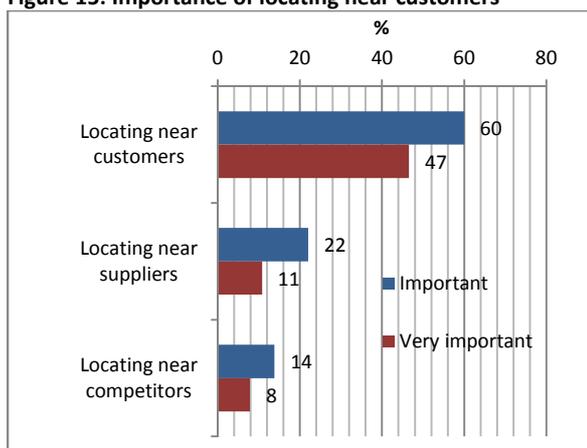
The survey confirms that 46% of local businesses employ graduates but highlights that more than half of those (27% of all businesses) say that their jobs do not require

graduate skills. This poses the question of why people are recruited to these positions and what added benefits they bring.

5. A Place for Business

The majority of businesses (60%) think that locating near their customers is important (Figure 15). Being located close to customers is more likely to be important than being located close to suppliers. The main report also identified that nearly half of all businesses chose their location because it was where their founder lived.

Figure 15: Importance of locating near customers



N=690

Only around a quarter (26%) of businesses⁴¹ considered other locations and most of these focused on areas within Sussex.

Figure 16 highlights that ‘physical’ infrastructure such as transport and IT connections rather than ‘soft’ infrastructure such as skills and education are more likely to be viewed as local assets. They are also more likely to be viewed as areas in need of improvement.

Figure 16: Infrastructure as both asset and area for improvement

	Asset	Area for improvement
Local travel & transport	54	39
Broadband connections	54	36
Business premises	44	17
Local housing	41	18
Connections to London	36	N/A
Skills & education	31	17
Access to Gatwick	29	NA
Access to local Ports	15	N/A
None of these	11	22

N=690

Perceptions of local infrastructure were not significantly different in West Sussex than across the area as a whole.

6. Sector Clusters

Businesses surveyed were given the chance to ‘self-identify with a number of emerging sectors of interest (Figure 17). Businesses were most likely to identify with the creative industries cluster, although it is not clear how technology intensive these businesses are.

Figure 17: Self-declared sector clusters

	Number	% of businesses
Technology Intensive	62	9
Creative industries	115	17
Health & Life sciences	34	5
Environmental Technologies & Services	25	4
Advanced Engineering	30	4
Any cluster	213	32

N=690

Nevertheless, businesses self-identifying in these clusters were more likely to be growing and/or high growth businesses.

The qualitative analysis of the four sector clusters explored in the main report⁴² highlighted that for many the ‘natural’ geography of the cluster was either regional or national.

⁴¹ businesses that could recall their location decisions.

⁴² Creative, Design and Information Technology; Environmental Technologies; Food & Drink growers and producers; and Health & Life Sciences

Greater Brighton & West Sussex Business Survey 2014

The Gatwick Diamond⁴³ Area Summary

Compared with the Greater Brighton and West Sussex area as a whole, businesses in Gatwick Diamond are:

- More likely to have suppliers located in London and the South East and less likely to mainly serve local markets
- More likely to think that access to Gatwick Airport is an important asset to their location.
- Slightly more likely to think that broadband connections need improving.

This short briefing note is intended to highlight some of the key figures for the Gatwick Diamond Area from the 2014 Greater Brighton and West Sussex Business Survey. There are other briefings in this series for Greater Brighton, West Sussex, Rural West Sussex and Coastal West Sussex.

It is easy to overlay apparent geographical differences in the survey. Many are not statistically significant and as the main report makes clear the similarities between localities within the Greater Brighton and West Sussex area are often greater than the differences.

Local figures are given here primarily for information, where the sample size is robust enough to allow the analysis but small differences from figures in the overall report are unlikely to be statistically significant.

The 2014 survey included 297 interviews with business in the Gatwick Diamond (Figure 1).

Figure 1: Achieved interviews in the Gatwick Diamond

Geography – Achieved Interviews	Achieved	% of Sample
Greater Brighton & West Sussex	1000	100
Gatwick Diamond	297	30
By LA Area		
Crawley	77	8
Horsham	106	11
Mid Sussex	114	11

The sample for the survey was structured by size and geography to enable results to be explored for larger companies and specific locations in more detail. The overall results were however weighted to reflect the business population as a whole.

1. Businesses in the Gatwick Diamond

National statistics suggest that the Gatwick Diamond area includes about 17,000 businesses (excluding those in public service SIC codes).

⁴³ Gatwick Diamond refers only to the West Sussex districts: Crawley, Horsham and Mid Sussex

Figure 2: Businesses and employment

Geography	Businesses	Employment
Greater Brighton & West Sussex	49,000	500,000
The Gatwick Diamond (West Sussex)	17,000	188,000
By LA Area		
Crawley	3,000	83,000
Mid Sussex	7,000	49,000
Horsham	7,000	56,000

Sources: ONS UK Business Count 2011 and Business Register and Employment Survey 2012
Figures have been rounded to the nearest 1000. (Excludes public service SIC codes)

Figure 3 shows the sector profile of the LA areas within the Gatwick Diamond. The table shows location quotients, which are an index of the proportion of businesses in a sector within an area compared with what might be expected if the area reflected the UK economy as a whole.

Figure 3: Business concentrations

Sector (SIC 2007)	Gatwick Diamond	Crawley	Horsham	Mid Sussex
Agriculture, forest & fishing (A)	0.8	0.1	1.3	0.7
Mining & utilities (B,D and E)	1.1	1.4	1.0	1.0
Manufacturing (C)	1.0	0.7	1.1	0.9
Construction (F)	1.0	0.9	1.0	1.0
Motor trades (Part G)	1.0	1.0	1.1	0.8
Wholesale (Part G)	1.1	1.3	1.1	1.0
Retail (Part G)	0.9	1.1	0.8	0.8
Transpt & storage (inc postal) (H)	1.0	2.4	0.6	0.6
Accommodation & food services (I)	0.8	1.1	0.7	0.7
Information & communication (J)	1.2	1.1	1.2	1.3
Financial & insurance (K)	1.1	1.3	0.9	1.3
Property (L)	0.9	0.6	0.9	0.9
Professional, sci. & technical (M)	1.1	0.8	1.2	1.2
Business admin & support (N)	1.2	1.5	1.1	1.1
Arts, ent & other services (R,S,T&U)	1.0	0.8	0.9	1.1

Sources: ONS UK Business Count 2013.

The Gatwick Diamond has a significant concentration of 'business administration and support' businesses.

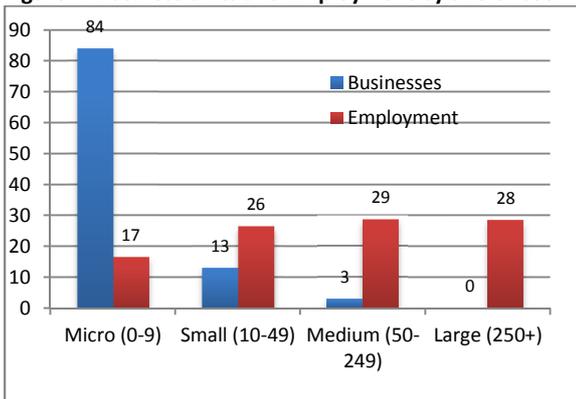
Within the Gatwick Diamond, Crawley has concentrations of businesses in the following sectors: 'Wholesale', 'Transport & Storage', 'Financial & Insurance' and 'Business Administration & Support'. Horsham has concentrations of businesses in 'Agriculture, Forestry & Fishing' and 'Professional & Technical'. Mid Sussex has concentrations of businesses in 'Information & Communications', 'Financial & Insurance' and 'Professional & Technical'. It should be noted

that these are business unit concentrations and may not reflect employment.

The main report notes that whilst micro businesses employing fewer than 10 people represent the vast majority of businesses, businesses with more than 250 employees represent a quarter of the workforce. The Gatwick Diamond area is no exception (see Figure 4 overleaf).

Indeed, nearly half (45%) of all people employed in Crawley work in businesses that employ 250+ people.

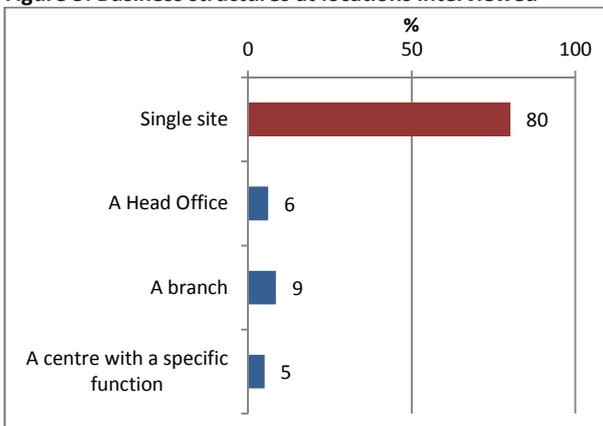
Figure 4: Business units and Employment by size of business



Sources: ONS UK Business Count 2011 and Business Register and Employment Survey 2012

Figure 5 highlights that the majority of Gatwick Diamond businesses in the survey were single site independent units (80%).

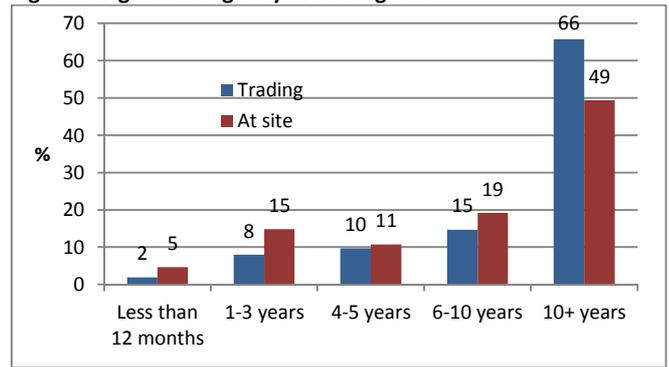
Figure 5: Business structures at locations interviewed



N=297

Most businesses were born local and around half (49%) had been trading from their current site for more than 10 years (Figure 6).

Figure 6: Age and longevity of trading at site



N=297

2. High Growth and Growing Businesses

Businesses were more likely to expect to grow their turnover and profit in the next 12 months than have experienced it in the last 12 months. In part this is likely to reflect the recovery of the economy but also a natural ‘optimism bias’ amongst SMEs. There is also some evidence that employment growth lags behind turnover and profitability.

Figure 7: Growth Trends and Expectations

	% businesses		
	Turnover	Profit	Employment
Experiences last 12 months	45	42	24
Expectations next 12 months	65	63	40
Difference between expectations to experience	20	21	16

N=297

Taking the findings for the survey as a whole we estimate that there are around 1,900 high growth businesses of all sizes in the Gatwick Diamond area. Like the other areas surveyed this is higher than national estimates might suggest.

Figure 8: High Growth businesses

	% of all businesses	Number of Businesses
Established High Growth businesses of all sizes	11	1,900
Established High Growth businesses (NESTA definition > 10 staff)	2	300
High growth start-ups	3	500

N=297

The main business challenges identified by the survey were finding new customers (59%) and controlling costs (47%). Recruitment (19%), Staff Skills (19%), Management & Leadership (16%) and Finding Partners/Suppliers (14%), were much less likely to be identified as business challenges.

Figure 9: Business Challenges



N=297

3. Markets, suppliers & business networks

Whilst 51% of businesses identified that the majority of their customers were local. A lower proportion (37%) suggested that their suppliers were local.

Figure 10: Markets and Suppliers

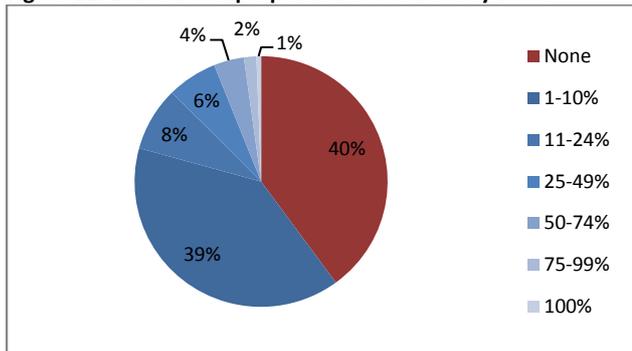
	Main Markets	Main Suppliers	Difference
Local	51	37	+14
Within London & the SE	20	20	+0
Spread across the UK	18	33	-15
International	11	10	+1

N=297

Nearly two thirds (60%) of the businesses surveyed had customers based in London. Businesses in the Gatwick Diamond were no more likely to suggest that connections to London were important for them than to businesses in Greater Brighton & West Sussex as a whole (38% compared with 39% across the study area).

However, for some there may be room to increase the proportion of sales in this key market; it represents more than half the business by value of just 7% of companies in the Gatwick Diamond area.

Figure 11: London as a proportion of business by value



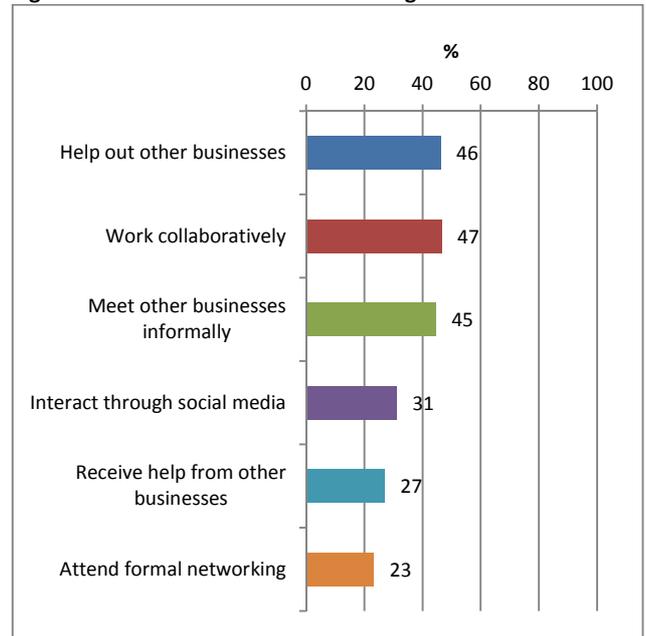
Excludes don't knows

19% of businesses in the Gatwick Diamond area said they sold some products or services internationally. This was the same as for the Greater Brighton and West Sussex area as a whole (19%).

Businesses also engaged in a wide variety of networking activities. All businesses said they engaged in at least one form of networking fairly or very frequently. 46% said they helped other businesses out fairly or very frequently (Figure 12). Informal forms of networking were more common than formal business events.

A significant minority of businesses felt that they got relatively little from networking however.

Figure 12: Forms of business networking



N=297

4. Innovation, Skills & Recruitment

Nearly two thirds (60%) of businesses in the Gatwick Diamond can be considered 'innovation active' in that they have recently introduced or are preparing to introduce new products, services or processes. As with the other areas surveyed, this is higher than expected from national figures.

Figure 13: Innovation Activities

	% all businesses
Introduced new or improved products/services	47
Working on new products/services	33
Introduced new/improved processes	34
Any of the above (innovation active)	60

N=297

Nearly three out of ten (29%) local businesses reported that they had either a recruitment difficulty or a skills issue (Figure 14). However, some common recruitment

difficulties (e.g. elementary occupations and customer service staff) may relate more to the local cost of living, pay and conditions than to a shortage of skilled people in the labour market.

Figure 14: Recruitment Difficulties and Skills Gaps

	% of businesses
Recruitment Difficulties	21
Skill Gaps	20
Skill /Recruitment Issue (either)	29

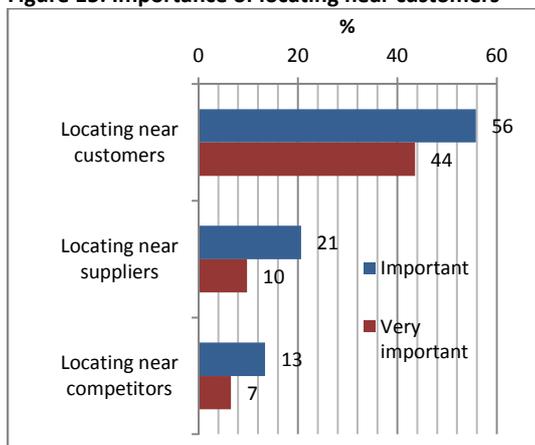
N=297

The survey confirms that 46% of local businesses employ graduates but highlights that more than half of those (25% of all businesses) say that their jobs do not require graduate skills. This poses the question of why people are recruited to these positions and what added benefits they bring.

5. A Place for Business

The majority of businesses (56%) think that locating near their customers is important (Figure 15). However, the main report also identified that nearly half of all businesses chose their location because it was where their founder lived.

Figure 15: Importance of locating near customers



N=297

Only around a quarter of businesses (23%)⁴⁴ considered other locations and most of these focused on areas within Sussex.

Figure 16 highlights that ‘physical’ infrastructure such as transport and IT connections rather than ‘soft’ infrastructure such as skills and education are more likely to be viewed as local assets. They are also more likely to be viewed as areas in need of improvement.

Figure 16: Infrastructure as both asset and area for improvement

	Asset	Area for improvement
Local travel & transport	57	34
Broadband connections	55	38
Business premises	43	18
Local housing	39	17
Connections to London	38	N/A
Skills & education	31	15
Access to Gatwick	39	NA
Access to local Ports	14	N/A
None of these	9	22

N=297

Perceptions of local infrastructure were not significantly different in the Gatwick Diamond than across the area as a whole. However, a marginally lower proportion of businesses thought that Local Travel & Transport needed improving (34% compared with 38% across the study area); and a marginally higher proportion thought that Broadband Connections needed improving (38% compared with 33%).

6. Sector Clusters

Businesses surveyed were given the chance to ‘self-identify with a number of emerging sectors of interest (Figure 17). Businesses were most likely to identify with the creative industries cluster, although it is not clear how technology intensive these businesses are. There was a slightly higher proportion of ‘Technology Intensive’ businesses in the Gatwick Diamond area (12%), compared with Greater Brighton & West Sussex as a whole (9%), and a lower proportion of Creative Industries businesses.

Figure 17: Self-declared sector clusters

	Number	% of businesses
Technology Intensive	39	12
Creative industries	55	16
Health & Life sciences	18	5
Environmental Technologies & Services	15	5
Advanced Engineering	19	6
Any cluster	107	32

N=297

Nevertheless, businesses self-identifying in these clusters were more likely to be growing and/or high growth businesses. The qualitative analysis of the four sector clusters explored in the main report⁴⁵ highlighted that for many the ‘natural’ geography of the cluster was either regional or national. This came over particularly strongly in the Health and Life Sciences sectors, where the Gatwick Diamond has notable strengths, with its concentration of Medical Devices companies.

⁴⁴businesses that could recall their location decisions.

⁴⁵ Creative, Design and Information Technology; Environmental Technologies; Food & Drink growers and producers; and Health & Life Sciences

Greater Brighton & West Sussex Business Survey 2014

Coastal West Sussex Area Summary

Compared with the Greater Brighton and West Sussex area as a whole, businesses in Coastal West Sussex are:

- More likely to have mainly local markets and suppliers and less likely to trade internationally.
- Less likely to think that access to Gatwick Airport is an important asset to their location.
- More likely to think that local traffic and transport needs improving.
- Slightly more likely to think that education and skills need improving

This short briefing note is intended to highlight some of the key figures for the Coastal West Sussex Area from the 2014 Greater Brighton and West Sussex Business Survey. There are other briefings in this series for Greater Brighton, West Sussex, Rural West Sussex and the Gatwick Diamond.

It is easy to overplay apparent geographical differences in the survey. Many are not statistically significant and as the main report makes clear the similarities between localities within the Greater Brighton and West Sussex area are often greater than the differences.

Local figures are given here primarily for information, where the sample size is robust enough to allow the analysis, but small differences from figures in the overall report are unlikely to be statistically significant.

The 2014 survey included 383 interviews with business in the Coastal West Sussex area (Figure 1).

Figure 1: Achieved interviews in Coastal West Sussex

Geography – Achieved Interviews	Achieved	% of Sample
Greater Brighton & West Sussex	1000	100
Coastal West Sussex	383	38
By LA Area		
Adur	76	8
Arun	104	10
Chichester	106	11
Worthing	97	10

The sample for the survey was structured by size and geography to enable results to be explored for larger companies and specific locations in more detail. The overall results were however weighted to reflect the business population as a whole.

1. Businesses in Coastal West Sussex

National statistics suggest that Coastal West Sussex includes over 210,000 businesses (excluding those in public service SIC codes).

Figure 2: Businesses and employment

Geography	Businesses	Employment
Greater Brighton & West Sussex	49,000	500,000
Coastal West Sussex	17,000	159,000
By LA Area		
Adur	2,000	18,000
Arun	5,000	40,000
Chichester	6,000	55,000
Worthing	3,000	45,000

Sources: ONS UK Business Count 2011 and Business Register and Employment Survey 2012
Figures have been rounded to the nearest 1000. (Excludes public service SIC codes)

Within Coastal West Sussex around a third of the business population is located within Chichester District.

Figure 3 shows the sector profile of the LA areas within Coastal West Sussex. The table shows location quotients, which are an index of the proportion of businesses in a sector within an area compared with what might be expected if the area reflected the UK economy as a whole.

Figure 3: Business concentrations

	Coastal West Sussex	Adur	Arun	Chichester	Worthing
Sector (SIC 2007)					
Agriculture, forest & fishing (A)	0.9	0.2	0.7	1.8	0.1
Mining & utilities (B,D and E)	0.8	2.3	0.7	0.5	0.7
Manufacturing (C)	1.1	1.3	1.3	1.0	0.8
Construction (F)	1.2	1.4	1.3	1.0	1.1
Motor trades (Part G)	1.0	1.0	1.2	0.9	0.7
Wholesale (Part G)	1.0	1.2	0.9	0.9	0.9
Retail (Part G)	1.1	1.0	1.0	1.0	1.3
Transpt & storage (inc postal) (H)	0.7	1.1	0.9	0.6	0.6
Accommodation & food services (I)	1.0	0.8	1.1	0.9	1.2
Information & communication (J)	0.9	1.1	0.8	0.8	1.1
Financial & insurance (K)	0.8	0.9	0.7	0.7	1.1
Property (L)	0.9	0.7	1.0	1.0	1.0
Professional, sci. & technical (M)	1.0	0.8	0.9	1.1	1.0
Business admin & support (N)	1.0	1.0	0.9	1.1	1.0
Arts, ent & other services (R,S,T&U)	1.1	1.1	1.1	1.1	1.1

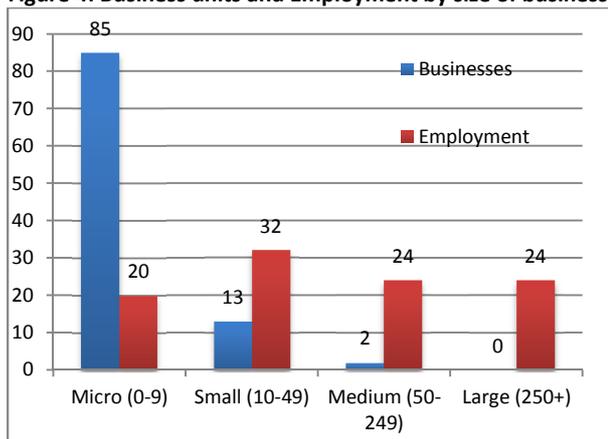
Sources: ONS UK Business Count 2013.

Coastal West Sussex has a significant concentration of 'Construction' and 'Accommodation & Food Service' businesses. Within Coastal West Sussex, Adur has the following concentrations of businesses: 'Manufacturing', 'Construction' and 'Wholesale'; Arun has concentrations in 'Manufacturing', 'Construction' and 'Motor Trades'; Chichester has concentrations in 'Agriculture, Forestry & Fishing'; and Worthing has concentrations in 'Retail' and

'Accommodation & Food Service'. It should be noted that these are business unit concentrations and may not reflect employment.

The main report notes that whilst micro businesses employing fewer than 10 people represent the vast majority of businesses, businesses with more than 250 employees represent a quarter of the workforce. Rural West Sussex is no exception (see Figure 4 overleaf), although Adur (15%) and Arun (16%) have quite a low proportion of people employed in large businesses.

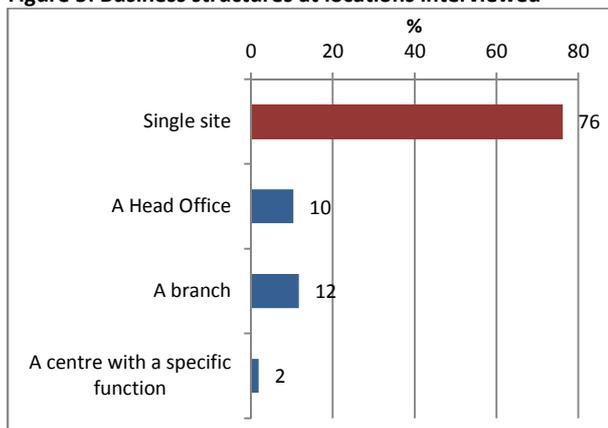
Figure 4: Business units and Employment by size of business



Sources: ONS UK Business Count 2011 and Business Register and Employment Survey 20

Figure 5 highlights that the majority of Coastal West Sussex businesses in the survey were single site independent units (76%).

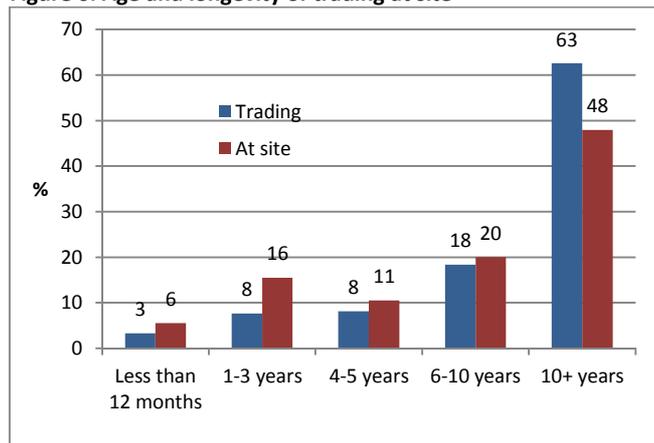
Figure 5: Business structures at locations interviewed



N=383

Most businesses were born local and around half (48%) had been trading from their current site for more than 10 years (Figure 6).

Figure 6: Age and longevity of trading at site



N=383

2. High Growth and Growing Businesses

Businesses were more likely to expect to grow their turnover and profit in the next 12 months than have experienced it in the last 12 months. In part this is likely to reflect the recovery of the economy but also a natural 'optimism bias' amongst SMEs. There is also some evidence that employment growth lags behind turnover and profitability.

Figure 7: Growth Trends and Expectations

	% businesses		
	Turnover	Profit	Employment
Experiences last 12 months	47	39	24
Expectations next 12 months	63	62	42
Difference between expectations to experience	17	23	18

N=383

Taking the findings for the survey as a whole we estimate that there are around 1,900 growth businesses of all sizes in the Coastal West Sussex area. Like the other areas surveyed this is higher than national estimates might suggest.

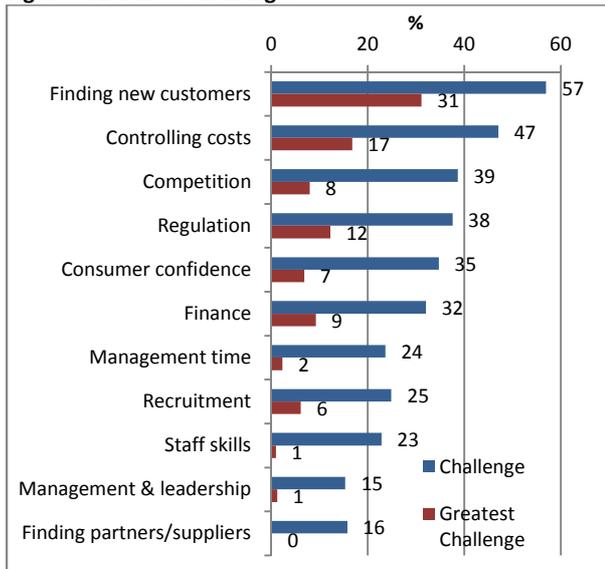
Figure 8: High Growth businesses

	% of all businesses	Number of businesses
Established High Growth businesses of all sizes	9	1400
Established High Growth businesses (NESTA definition <10 staff)	2	400
High growth start-ups	5	800

N=383

The main business challenges identified by the survey were finding new customers (57%) and controlling costs (47%). Recruitment (25%), Staff Skills (23%), Management & Leadership (15%), and Finding Partners/Suppliers (16%) were less likely to be identified as business challenges.

Figure 9: Business Challenges



N=383

3. Markets, suppliers & business networks

Whilst 57% of businesses identified that the majority of their customers were local, fewer suggested that their suppliers were local.

Figure 10: Markets and Suppliers

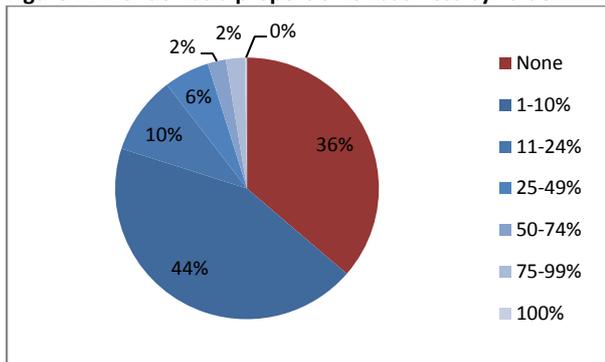
	Main Markets	Main Suppliers	Difference
Local	57	42	14
Within London & the SE	21	9	12
Spread across the UK	17	39	-22
International	5	10	-5

N=383

Nearly two thirds (64%) of the businesses surveyed had customers based in London. Businesses in Rural West Sussex were less likely to suggest that connections to London were important for them (33% compared with 39% across the study area).

However, for some there may be room to increase the proportion of sales in this key market; it represents more than half the business by value of just 4% of companies in the Coastal West Sussex area.

Figure 11: London as a proportion of business by value



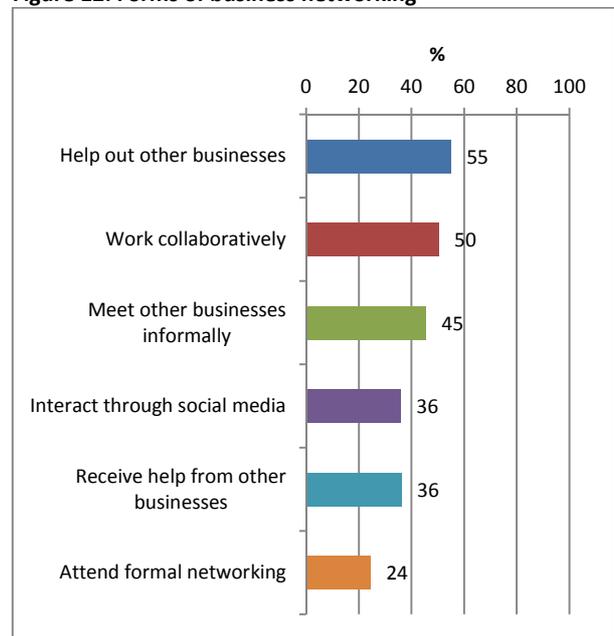
N=383

18% of businesses in Coastal West Sussex said they sold some products or services internationally. This was/was not significantly different from Greater Brighton and West Sussex area as a whole (19%).

Businesses also engaged in a wide variety of networking activities. All businesses said they engaged in at least one form of networking fairly or very frequently. 55% said they helped other businesses out fairly or very frequently (Figure 12) and half (50%) said that they networked in order to work collaboratively. Informal forms of networking were more common than formal business events.

A significant minority of businesses felt that they got relatively little from networking however.

Figure 12: Forms of business networking



N=383

4. Innovation, Skills & Recruitment

Nearly two thirds (67%) of businesses in Coastal West Sussex can be considered 'innovation active' in that they have recently introduced or are preparing to introduce new products, services or processes. As with the other areas surveyed, this is higher than expected from national figures.

Figure 13: Innovation Activities

	% all businesses
Introduced new or improved products/services	48
Working on new products/services	42
Introduced new/improved processes	34
Any of the above (innovation active)	67

N=383

More than a third (37%) of businesses locally reported that they have either a recruitment difficulty or a skills issue

(Figure 14). However, some common recruitment difficulties (e.g. elementary occupations and customer service staff) may relate more to the local cost of living, pay and conditions than a shortage of skilled people in the labour market.

Figure 14: Recruitment Difficulties and Skills Gaps

	% of businesses
Recruitment Difficulties	25
Skill Gaps	26
Skill /Recruitment Issue (either)	37

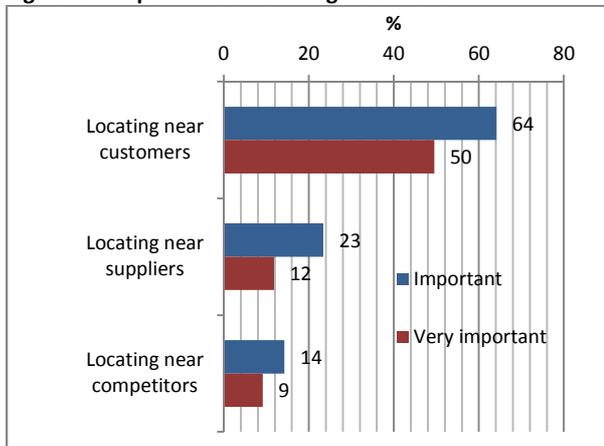
N=383

The survey confirms that 45% of local businesses employ graduates but highlights that more than half of those (28% of all businesses) say that their jobs do not require graduate skills. This poses the question of why people are recruited to these positions and what added benefits they bring.

5. A Place for Business

The majority of businesses (64%) think that locating near their customers is important (Figure 15). However, the main report also identified that nearly half of all businesses chose their location because it was where their founder lived.

Figure 15: Importance of locating near customers



N=383

Only around a quarter of businesses⁴⁶ considered other locations and most of these focused on areas within Sussex.

Figure 16 highlights that ‘physical’ infrastructure such as transport and IT connections rather than ‘soft’ infrastructure such as skills and education are more likely to be viewed as local assets. They are also more likely to be viewed as areas in need of improvement.

Figure 16: Infrastructure as both asset and area for improvement

	Asset	Area for improvement
Local travel & transport	52	45
Broadband connections	53	35
Business premises	46	16
Local housing	42	19
Connections to London	33	N/A
Skills & education	32	20
Access to Gatwick	19	NA
Access to local Ports	16	N/A
None of these	12	22

N=383

Businesses in Coastal West Sussex were more likely than businesses in other parts of Greater Brighton and West Sussex to believe that Local Transport needed improving (45% compared with 38%).

6. Sector Clusters

Businesses surveyed were given the chance to ‘self-identify with a number of emerging sectors of interest (Figure 17). Businesses were most likely to identify with the creative industries cluster, although it is not clear how technology intensive these businesses are.

Figure 17: Self-declared sector clusters

	Number	% of businesses
Technology Intensive	24	7
Creative industries	60	18
Health & Life sciences	16	5
Environmental Technologies & Services	10	3
Advanced Engineering	11	3
Any cluster	106	31

N=383

Nevertheless, businesses self-identifying in these clusters were more likely to be growing and/or high growth businesses.

The qualitative analysis of the four sector clusters explored in the main report⁴⁷ highlighted that for many the ‘natural’ geography of the cluster was either regional or national.

⁴⁶businesses that could recall their location decisions.

⁴⁷ Creative, Design and Information Technology; Environmental Technologies; Food & Drink growers and producers; and Health & Life Sciences

Greater Brighton & West Sussex Business Survey 2014

Rural West Sussex Area Summary

Compared with the Greater Brighton and West Sussex area as a whole, businesses in Rural West Sussex are:

- Less likely to mainly serve local markets
- More likely to think that broadband connections need improving
- Less likely to think that education and skills need improving.
- More likely to think business premises are a positive asset of their location

This short briefing note is intended to highlight some of the key figures for the Rural West Sussex Area from the 2014 Greater Brighton and West Sussex Business Survey. There are other briefings in this series for Greater Brighton, West Sussex, Coastal West Sussex and the Gatwick Diamond.

It is easy to overplay apparent geographical differences in the survey. Many are not statistically significant and as the main report makes clear the similarities between localities within the Greater Brighton and West Sussex area are often greater than the differences.

Local figures are given here primarily for information, where the sample size is robust enough to allow the analysis but small differences from figures in the overall report are unlikely to be statistically significant.

The 2014 survey included 326 interviews with business in the Rural West Sussex area (Figure 1).

Figure 1: Achieved interviews in Rural West Sussex

Geography – Achieved Interviews	Achieved	% of Sample
Greater Brighton & West Sussex	1000	100
Rural West Sussex	326	33
By LA Area		
Chichester	106	11
Horsham	106	11
Mid Sussex	114	11

The sample for the survey was structured by size and geography to enable results to be explored for larger companies and specific locations in more detail. The overall results were however weighted to reflect the business population as a whole.

1. Businesses in Rural West Sussex

National statistics suggest that the Rural West area includes over 21,000 businesses (excluding those in public service SIC codes).

Figure 2: Businesses and employment

Geography	Businesses	Employment
Greater Brighton & West Sussex	49,000	500,000
Rural West Sussex	19,000	160,000
By LA Area		
Chichester	6,000	55,000
Horsham	7,000	49,000
Mid Sussex	7,000	56,000

Sources: ONS UK Business Count 2011 and Business Register and Employment Survey 2012
Figures have been rounded to the nearest 1000. (Excludes public service SIC codes)

Within Rural West Sussex, businesses are distributed quite evenly across the three districts..

Figure 3 shows the sector profile of the LA areas within Rural West Sussex. The table shows location quotients, which are an index of the proportion of businesses in a sector within an area compared with what might be expected if the area reflected the UK economy as a whole.

Figure 3: Business concentrations

Sector (SIC 2007)	Rural West Sussex	Chichester	Horsham	Mid Sussex
Agriculture, forest & fishing (A)	1.2	1.8	1.3	0.7
Mining & utilities (B,D and E)	0.8	0.5	1.0	1.0
Manufacturing (C)	1.0	1.0	1.1	0.9
Construction (F)	1.0	1.0	1.0	1.0
Motor trades (Part G)	0.9	0.9	1.1	0.8
Wholesale (Part G)	1.0	0.9	1.1	1.0
Retail (Part G)	0.8	1.0	0.8	0.8
Transpt & storage (inc postal) (H)	0.6	0.6	0.6	0.6
Accommodation & food services (I)	0.8	0.9	0.7	0.7
Information & communication (J)	1.1	0.8	1.2	1.3
Financial & insurance (K)	1.0	0.7	0.9	1.3
Property (L)	1.0	1.0	0.9	0.9
Professional, sci. & technical (M)	1.1	1.1	1.2	1.2
Business admin & support (N)	1.1	1.1	1.1	1.1
Arts, ent & other services (R,S,T&U)	1.0	1.1	0.9	1.1

Sources: ONS UK Business Count 2013.

Rural West Sussex has a significant concentration of 'agriculture, forestry & fishing' businesses particularly around the Chichester and, to a lesser extent, Horsham Districts.

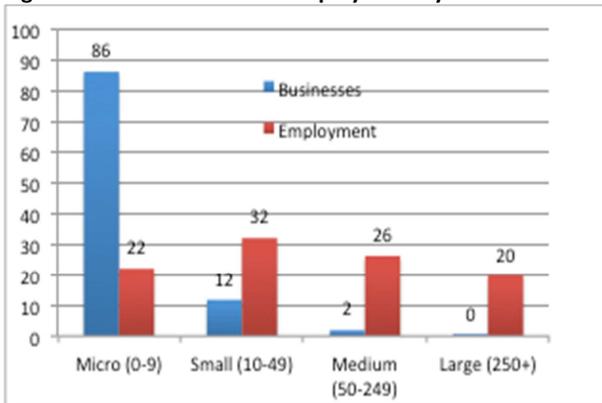
Horsham also has a high concentration of Professional, Scientific & Technical businesses. Mid Sussex has a high concentration of Professional, Scientific & Technical,

Greater Brighton & West Sussex Business Survey 2014

Financial & Insurance service and Information & Communications sector businesses. It should be noted that these are business unit concentrations and may not reflect employment.

The main report notes that whilst micro businesses employing fewer than 10 people represent the vast majority of businesses, businesses with more than 250 employees represent a quarter of the workforce. Rural West area is no exception (see Figure 4 overleaf), although the proportion of people employed in large businesses is much lower in Horsham (12%) and Mid Sussex (19%) than in Chichester (28%).

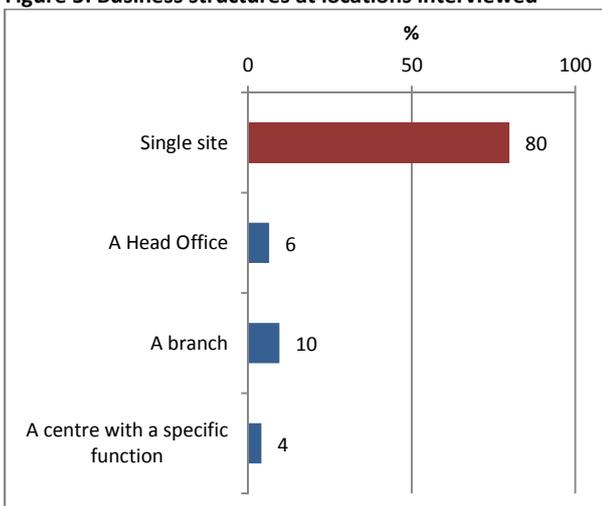
Figure 4: Business units and Employment by size of business



Sources: ONS UK Business Count 2011 and Business Register and Employment Survey 2012

Figure 5 highlights that the majority of Rural West Sussex businesses in the survey were also single site independent units (80%).

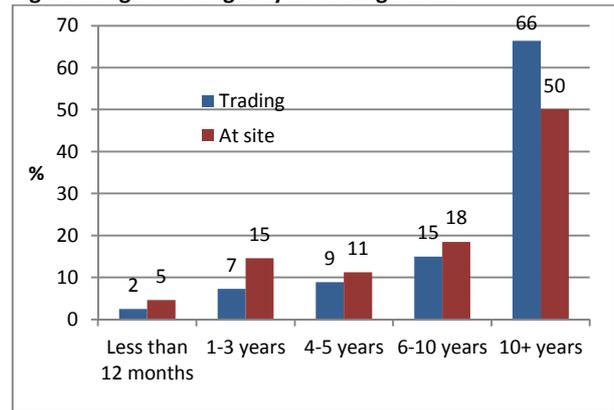
Figure 5: Business structures at locations interviewed



N=326

Most businesses were born local. Half (50%) had been trading from their current site for more than 10 years (Figure 6).

Figure 6: Age and longevity of trading at site



N=326

2. High Growth and Growing Businesses

Businesses were more likely to expect to grow their turnover and profit in the next 12 months than have experienced it in the last 12 months. In part this is likely to reflect the recovery of the economy but also a natural 'optimism bias' amongst SMEs. There is also some evidence that employment growth lags behind turnover and profitability.

Figure 7: Growth Trends and Expectations

	% businesses		
	Turnover	Profit	Employment
Experiences last 12 months	45	42	22
Expectations next 12 months	63	62	42
Difference between expectations to experience	+18	+20	+20

N = 391

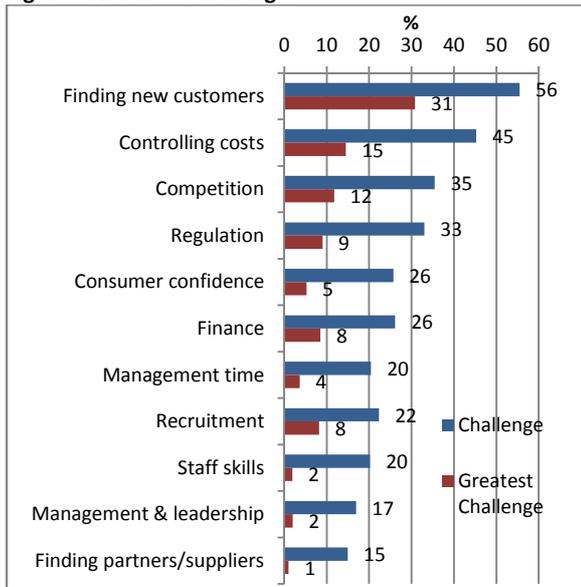
Taking the findings for the survey as a whole we estimate that there are around 2,000 growth businesses of all sizes in the Rural West area. Like the other areas surveyed this is higher than national estimates might suggest.

Figure 8: High Growth businesses

	% of all businesses	Rural West Sussex
Established High Growth businesses of all sizes	11	2,000
Established High Growth businesses (NESTA definition >10 staff)	2	300
High growth start-ups	3	500

The main business challenges identified by the survey were finding new customers (56%) and controlling costs (45%). Recruitment (22%), Staff Skills (20%), Management & Leadership (17%) and Finding Partners/Suppliers (15%) were less likely to be identified as business challenges.

Figure 9: Business Challenges



N=326

3. Markets, suppliers & business networks

Whilst 50% of businesses identified that the majority of their customers were local, fewer (39%) suggested that their suppliers were local.

Figure 10: Markets and Suppliers

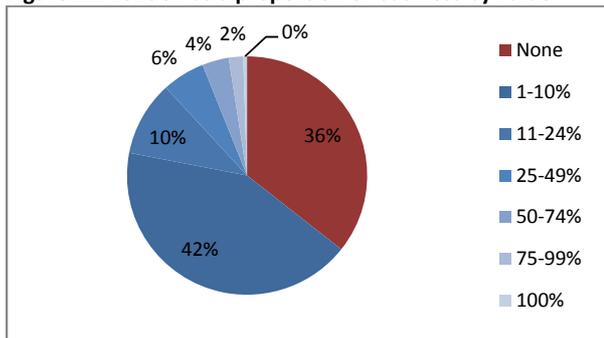
	Main Markets	Main Suppliers	Difference
Local	50	39	11
Within London & the SE	22	16	5
Spread across the UK	18	34	-16
International	10	11	0

N=326

Two thirds 67% of the businesses surveyed had some customers based in London. However, businesses in Rural West Sussex were slightly less likely to suggest that connections to London were important for them (35% compared with 39% across the study area).

For some there may be room to increase the proportion of sales in this key market; it represents more than half the business by value of just 7% of companies in the Rural West Sussex.

Figure 11: London as a proportion of business by value



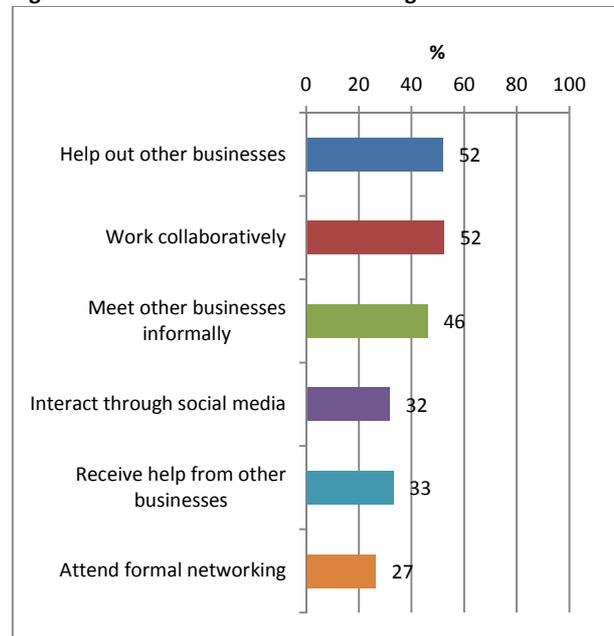
Excludes don't knows

19% of businesses in Rural West Sussex said they sold some products or services internationally. This was the same as for Greater Brighton and West Sussex area as a whole (19%).

Businesses also engaged in a wide variety of networking activities. All businesses said they engaged in at least one form of networking fairly or very frequently. 52% said they helped other businesses out fairly or very frequently (Figure 12) and the same proportion networked in order to work collaboratively. Informal forms of networking were more common than formal business events.

A significant minority of businesses felt that they got relatively little from networking however.

Figure 12: Forms of business networking



N=326

4. Innovation, Skills & Recruitment

Nearly two thirds (64%) of businesses in Rural West Sussex can be considered 'innovation active' in that they have recently introduced or are preparing to introduce new products, services or processes. As with the other areas surveyed, this is higher than expected from national figures.

Figure 13: Innovation Activities

	% all businesses
Introduced new or improved products/services	48
Working on new products/services	40
Introduced new/improved processes	34
Any of the above (innovation active)	64

N=326

A third (33%) of businesses locally reported that they have either a recruitment difficulty or a skills issue (Figure 14).

However, some common recruitment difficulties (e.g. elementary occupations and customer service staff) may relate more to the local cost of living, pay and conditions than to a shortage of skilled people in the labour market.

Figure 14: Recruitment Difficulties and Skills Gaps

	% of businesses
Recruitment Difficulties	23
Skill Gaps	23
Skill /Recruitment Issue (either)	33

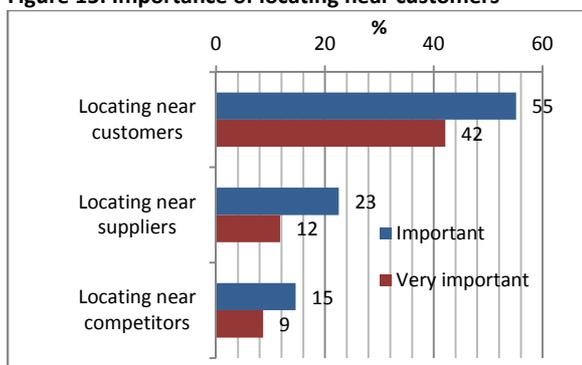
N = 391

The survey confirms that 48% of local businesses employ graduates but highlights that more than half of those (29% of all businesses) say that their jobs do not require graduate skills. This poses the question of why people are recruited to these positions and what added benefits they bring.

5. A Place for Business

The majority of businesses (55%) think that locating near their customers is important (Figure 15). However, the main report also identified that nearly half of all businesses chose their location because it was where their founder lived.

Figure 15: Importance of locating near customers



N=326

Only around a quarter of businesses (22%)⁴⁸ considered other locations and most focused on areas within Sussex.

Figure 16 highlights that ‘physical’ infrastructure such as transport and IT connections rather than ‘soft’ infrastructure such as skills and education are more likely to be viewed as local assets. They are also more likely to be viewed as areas in need of improvement.

Figure 16: Infrastructure as both asset and area for improvement

	Asset	Area for improvement
Local travel & transport	50	38
Broadband connections	53	40
Business premises	40	18
Local housing	37	17
Connections to London	35	N/A
Skills & education	30	13
Access to Gatwick	29	NA
Access to local Ports	11	N/A
None of these	12	19

N=326

Perceptions of local infrastructure were not significantly different in Rural West Sussex than across the area as a whole, although businesses were more likely to think that Broadband Connections needed improving (40% compared with 33%).

6. Sector Clusters

Businesses surveyed were given the chance to ‘self-identify with a number of emerging sectors of interest (Figure 17). Businesses were most likely to identify with the creative industries cluster, although it is not clear how technology intensive these businesses are.

Figure 17: Self-declared sector clusters

	Number	% of businesses
Technology Intensive	35	9
Creative industries	73	19
Health & Life sciences	20	5
Environmental Technologies & Services	13	3
Advanced Engineering	18	5
Any cluster	122	31

N=326

Nevertheless, businesses self-identifying in these clusters were more likely to be growing and/or high growth businesses.

The qualitative analysis of the four sector clusters explored in the main report⁴⁹ highlighted that for many the ‘natural’ geography of the cluster was either regional or national.

⁴⁸ Businesses that could recall their location decisions.

⁴⁹ Creative, Design and Information Technology; Environmental Technologies; Food & Drink growers and producers; and Health & Life Sciences

ANNEX III West Sussex Independent Economic Commission Recommendations

Recommendation 1:

West Sussex County Council should become more business friendly

Recommendation 2:

WSSC should work with District and Borough Councils to secure greater collaboration and joint working

Recommendation 3:

WSSC should promote the economic importance of Gatwick to businesses and residents

Recommendation 4:

WSSC should lead on and support an improved visitor economy offer for West Sussex

Recommendation 5:

WSSC should promote the provision of land for sustainable and suitable housing and employment development

Recommendation 6:

WSSC should exercise a leadership role on employability bridging the gap between business and education

Recommendation 7:

WSSC should continue to strongly make the case for investment in transport and broadband infrastructure

Recommendation 8:

WSSC should have a pipeline of projects and proposals ready to benefit from funding opportunities

Recommendation 9:

WSSC should facilitate innovative thinking on ways of stimulating economic growth

Recommendation 10:

WSSC should play a leadership role in supporting home-based businesses in West Sussex

Recommendation 11:

WSSC should enable there to be balanced debates on controversial proposals (including shale gas extraction) by developing and publishing a clear evidence base and policy statement

ANNEX IV TELEPHONE SURVEY QUESTIONNAIRE

The Brighton & Hove City Region and West Sussex Business Survey Questionnaire Final

INTRODUCTION

Good morning / Good afternoon. My name is [INTERVIEWER NAME] and I am calling on behalf of [CLIENT NAME DEPENDENT ON SAMPLE – West Sussex County Council, Brighton & Hove City Council, Lewes District Council]. I am calling from RMG Clarity, an independent research agency. We are conducting a survey of a select group of businesses to help [CLIENT NAME] and neighbouring councils to learn more about the issues local businesses face and to inform future economic development and business support initiatives. The survey takes about 20 minutes depending on your answers. The value of the survey is very much dependent upon those selected taking part. Are you willing to be interviewed?

ADD IF NECESSARY

- *Your co-operation will help ensure that the views expressed in the survey are representative of businesses across the area.*
- *Responses will not be attributed to any individual or company.*
- *We work within the Market Research Society Code of Conduct*
- *If they have contributed to previous surveys run by partners (such as the East Sussex Annual Business Survey or the West Sussex Independent Economic Commission survey).*
 - *Thank them for their support in answering that survey and assure them that the current research aims to build on rather than replicate that work.*
- *Contacts for further information if necessary*
 - *B&H City Council – Tom Perrigo Tom.Perrigo@brighton-hove.gov.uk 01273 292 535*
 - *WS County Council – Sue Cooper Sue.Cooper@westsussex.gov.uk 01243 777106*
 - *Lewes District Council - Sophie Moss Sophie.Moss@lewes.gov.uk 01273 471600*

If you would like to stop the interview at any time please let me know. This interview may be monitored for quality purposes.

Section S: Screener

- S1. Check speaking to one of most senior people at site responsible for business planning and development. IF NOT ASK FOR APPROPRIATE CONTACT
- S2. Check source SIC is correct, IF NOT, COLLECT (i.e. Ask ‘What is the main business activity at this site?’ – Probe for as much detail as possible and code using SIC book subsequent to interview)
- S3. Check that they are a private or third sector organisation (not government owned). IF NOT, CLOSE INTERVIEW

SECTION H (part 1 moved forward) About Your Business

ASK ALL

H2. How many people are employed at this site? PROMPT WITH BANDS AS NECESSARY (CODE ONE ONLY)

1. 1 (respondent only)
2. 2 – 4
3. 5 – 10
4. 11 – 24
5. 25 – 49
6. 50 – 99
7. 100 – 149
8. 150 – 199
9. 200 – 250
10. More than 250
98. Don't know
99. Refused

ASK ALL

H3. How long has your business/organisation been operating? PROMPT WITH BANDS AS NECESSARY (CODE ONE ONLY)

1. Less than 12 months
2. 1-3 years
3. 4-5 years
4. 6-10 years
5. 10+ years

ASK ALL

H4. And how long has it been operating at this site? PROMPT WITH BANDS AS NECESSARY (CODE ONE ONLY)

1. Less than 12 months
2. 1-3 years
3. 4-5 years
4. 6-10 years
5. 10+ years

ASK ALL

H5. Is your business... READ OUT (CODE ONE ONLY)

1. Independent
2. Part of a larger organisation

ASK ALL

H6. Does your business have more than one site?

1. Yes
2. No
3. 98. Don't know

ASK THOSE WITH MULTIPLE SITES (Coded 1 at H6)

H7. Is this site... READ OUT (CODE ONE ONLY)

1. A Head Office
2. A branch
3. A centre with a specific function

ASK ALL

H8. Would you consider your business to be part of any of the following business groups? READ OUT. (CODE ALL THAT APPLY)

1. Technology intensive businesses
2. Creative industries
3. Health and Life sciences businesses
4. Environmental technologies and services

SECTION A: Markets & Supply Chains

Markets

I'd like to start with a few questions about the markets you sell to.

ASK ALL

A1. Would you say the majority of your customers are? READ OUT (CODE ONE ONLY)

1. Local
2. Located within London and the SE
3. Spread across the UK
4. International

ASK BUSINESSES FOCUSED ON LOCAL CUSTOMERS (Coded 1 at A1)

A2. How local would you say most of your customers were? Would you say it was... READ OUT (CODE ONE ONLY)

1. Within 5 miles?
2. Within 15 miles?
3. Within 30 miles?

ASK ALL

A3: Approximately what proportion of your business is with customers that are based in London? (CODE ONE ONLY) PROMPT WITH BANDS IF NECESSARY

1. 0%
2. 1-10%
3. 11-24%
4. 25-49%
5. 50-74%
6. 75-99%
7. 100%

ASK ALL

A4. Approximately what proportion of your turnover comes from goods and services that you export overseas? (CODE ONE ONLY). PROMPT WITH BANDS IF NECESSARY.

1. 0%
2. 1-10%
3. 11-24%
4. 25-49%
5. 50-74%
6. 75-99%
7. 100%

8. Don't know (but we do export)

98. Don't know

ASK EXPORTERS (Codes 2-8 at A4)

A5: Where are the majority of your overseas customers based? (CODE ONE ONLY)

1. European Union
2. USA & Canada
3. Latin America (South America & Mexico)
4. Russia /Eastern Europe
5. China/South East Asia
6. India/Indian subcontinent
7. Other

ASK ALL

A6. Are you planning to enter new overseas markets over the next 2-3 years? (CODE ONE ONLY)

1. Yes
2. No

ASK THOSE PLANNING ON ENTERING NEW OVERSEAS MARKETS (Coded 1 at A6)

A7: Which overseas markets are you intending to enter (CODE ALL THAT APPLY)

1. European Union

2. USA & Canada
3. Latin America (South America & Mexico)
4. Russia /Eastern Europe
5. China/South East Asia
6. India/Indian subcontinent
7. Other SPECIFY

Supply Chains

ASK ALL

A8. I'd now like to turn to a few questions about your suppliers. Would you say the majority of your suppliers are? READ OUT (CODE ONE ONLY)

1. Local
2. Located within London and the SE
3. Spread across the UK
4. International

ASK THOSE WITH MAJORITY LOCAL SUPPLIERS (Coded 1 at A8)

A9. How local would you say most of your suppliers were? READ OUT (CODE ONE ONLY)

1. Within 5 miles
2. Within 15 miles
3. Within 30 miles
4. More than 30 miles
5. Don't know

ASK THOSE WITHOUT MAJORITY LOCAL SUPPLIERS (Coded 2-4 at A8)

A10. Why does your business not make more use of local suppliers? (CODE ALL THAT APPLY)

1. Not our decision/responsibility of head office
2. Not sure what there is available locally
3. Local firms unlikely to have what we need
4. Local firms not price competitive
5. Other SPECIFY

Section B: Growth – experiences, expectations and support needs

The next few questions explore your experiences and expectations of business growth

ASK ALL

B1. And in the LAST 12 MONTHS has your business grown in terms of... READ OUT (CODE FOR EACH 1=Yes, 2= No, 3=Don't know)

- B1A. Turnover?
- B1B. Profit?
- B1C. Employment?

ASK ALL

B2. And over the NEXT 12 MONTHS do you expect your business to grow in terms of.... READ OUT (CODE FOR EACH 1=Yes, 2= No, 3=Don't know)

B2A. Turnover?

B2B. Profit?

B2C. Employment?

ASK ALL

B3. Overall, how would you describe your aims for your business over the next 3-5 years? Would you say it was to.... READ OUT (CODE ONE ONLY)

1. To grow quickly
2. To grow steadily
3. To remain as now
4. To wind down

ASK ALL

B4. More broadly, would you say the overall market for your products/services is... READ OUT (CODE ONE ONLY)

1. Growing quickly
2. Growing steadily
3. Relatively stable
4. Declining

IF INTENDING TO GROW (Coded 1 or 2 at B4)

B5. How critical will the following be to realising your future growth potential? Could you tell me for each how you would rate them on a scale of 1 to 5 where 1 is very important and 5 is not at all important. READ OUT. (CODE ON A SCALE OF 1 TO 5).

B5A: Accessing external finance

B5B: Bringing in or developing new skills

B5C: Introducing or applying new technologies

B5D: Increasing product/service innovation

B5E: Improving marketing

B5F: Improving staff motivation and performance

B5G: Expanding your premises or moving to bigger premises

ASK THOSE IDENTIFYING ENABLERS (Coded 1 or 2 at B5A-B5G)

B7. Which, if any of the areas you identified as important are you likely to seek help with over the next 12 months? (CODE ALL THAT APPLY – CATI TO DISPLAY ONLY THOSE SCORING 1 OR 2 AT B5). PROMPT AS REQUIRED.

1. Accessing external finance
2. Bringing in or developing new skills

3. Introducing or applying new technologies
4. Increasing product/service innovation
5. Improving marketing
6. Improving staff motivation and performance
7. Expanding your premises or moving to bigger premises

ASK THOSE IDENTIFYING AT LEAST ONE AREA OF HELP (Codes 1-7 at B8)

B8. In terms of (AREA OF NEED 1 from B8 – *CATI to select at random if more than one area identified*) what kind of help do you think you will need?

VERBATIM

ASK ALL

B9A: Has your business turnover grown over the last 3 years? (CODE ONE ONLY)

1. Yes
2. No

ASK THOSE WITH TURNOVER GROWTH (Coded 1 at B9A)

B9B: Would you say your turnover growth over the last 3 years has been... READ OUT (CODE ONE ONLY)

1. Less than 10% per year
2. 10-19% per year
3. 20% or more?

Section C: Innovation and Knowledge Exchange

ASK ALL

C1. In the last 3 years has your firm introduced any new (or significantly improved) products or services?

1. Yes
2. No
3. 98. Don't Know

ASK ALL

C2. Are you currently developing any new (or significantly improved) products or services?

1. Yes
2. No
3. 98. Don't know

ASK ALL

C3. In the last 3 years, has your business introduced any new or significantly improved PROCESSES for preparing or delivering products or services which were new to your organisation?

1. Yes
2. No
98. Don't know

ASK ALL

C4: Has your organisation worked with any Universities or similar research institutions to help develop its strategies, products, services or processes in the last 3 years?

1. Yes
2. No
3. 98. Don't know

ASK THOSE WHO HAVE WORKED WITH UNIVERSITIES (Coded 1 at C4)

C5: Which institutions have you worked with? READ OUT UNIVERSITIES 1-3 TO CHECK IF NOT MENTIONED (CODE ALL THAT APPLY)

1. University of Brighton
2. University of Sussex
3. Chichester University
4. Other SPECIFY

ASK THOSE USING A UNIVERSITY/HEI

C6. How useful have you found working with this institution/these institutions? Could you tell me on a scale of 1 to 5 where 1 is 'Very Useful' and 5 is 'Not at all useful'? (SCALE 1 TO 5)

1. University of Brighton
2. University of Sussex
3. Chichester University

ASK ALL

C7. Is working with the University sector to help develop your strategies, products, services or processes something you intend to do in the next 3 years?

1. Yes
2. No
3. 98. Don't know

IF NOT LIKELY TO USE AN HEI (Coded 2 at C7)

C8. Why do you say this? (CODE ALL THAT APPLY)

1. Not appropriate to my kind of business
2. They know less than we do about our area
3. Had a bad experience in the past
4. I don't know enough about what Universities are doing
5. Costs too much/we can't afford it
6. We don't need any help
7. Other (specify)

ASK ALL

C9: How often do you do the following with other LOCAL businesses? READ OUT

(CODE FOR EACH 1=Very frequently, 2=fairly frequently, 3=Not often)

- C9A: Work collaboratively
- C9B: Help out other businesses
- C9C: Receive help from other businesses
- C9D: Meet other businesses informally
- C9E: Attend formal networking events
- C9F: Interact with businesses through social media

ASK ALL NETWORKING FAIRLY FREQUENTLY (Coded 1 or 2 at any of C9A to C9F)

C10: What would you say are the main business benefits of the local networking you do?

VERBATIM

ASK ALL NETWORKING FAIRLY FREQUENTLY (Coded 1 or 2 at any of C9A to C9F)

C11. Which of the following types of businesses do you network with locally on frequent or fairly frequent basis? READ OUT. CODE ALL THAT APPLY

1. Customers/potential customers
2. Suppliers/potential suppliers
3. Competitors
4. Businesses in the same sector who are not direct competitors
5. Other businesses with no real connection to us

ASK ALL

C12: How good would you say that the opportunities to network with other businesses in your area? Would you say it was... READ OUT

1. Very Good
2. Quite Good
3. Neither Good nor Poor
4. Quite Poor
5. Very Poor

ASK ALL

C13: Have you had a business mentor at any time in the last 2 years?

1. Yes
2. No
3. 98. Don't know

ASK THOSE WITH MENTORS (Coded 1 at C13)

C14. How useful have you found this? Could you tell me on a scale of 1 to 5 where 1 is 'Very Useful' and 5 is 'Not at all useful'? (SCALE 1 TO 5)

Section D: Barriers/Challenges

ASK ALL

D1. Which, if any, of the following will be a significant challenge for your business over the next 12 months?
(CODE Y/N FOR EACH)

1. Consumer confidence
2. Management and leadership
3. Staff skills
4. New technology
5. Management time
6. Recruitment
7. Finance
8. Competition
9. Finding partners or suppliers
10. Finding new customers
11. Regulation
12. Controlling costs

ASK ALL IDENTIFYING SIGNIFICANT CHALLENGES (Coded 1 at any of D1A-D1M)

D2. Which would you say was the biggest challenge? CATI TO DISPLAY MAJOR CHALLENGES FROM D1. PROMPT AS REQUIRED. CODE ONE ONLY.

1. Consumer confidence
2. Management and leadership
3. Staff skills
4. New technology
5. Management time
6. Recruitment
7. Finance
8. Competition
9. Finding partners or suppliers
10. Finding new customers
11. Regulation
12. Controlling costs

Section E: Skills and the Labour Market

THOSE SUGGESTING RECRUITMENT IS A SIGNIFICANT CHALLENGE (Code 6 at D1)

E1. You mentioned earlier that recruiting people with relevant skills is a challenge, what kind of positions are the most challenging?

SPECIFY ROLES IN A FEW WORDS

THOSE SUGGESTING STAFF SKILLS ARE A SIGNIFICANT CHALLENGE (Code 3 at D1)

E2. You mentioned earlier that improving staff skills and performance is a challenge, which roles within the organisation are most in need of improvement?

SPECIFY ROLES IN A FEW WORDS

THOSE ANSWERING E1 OR E2

E3. Overall, what sorts of skills pose the greatest challenge for your business?

VERBATIM

ASK ALL

E4: In the past 3 years, have you tried to recruit anyone directly from... READ OUT (CODE ALL THAT APPLY)

1. School
2. College
3. University
4. None of the above (DO NOT READ OUT)

ASK THOSE RECRUITING PEOPLE DIRECTLY FROM SCHOOL, COLLEGE OR UNIVERSITY

E5: In your view, how well-prepared were the people you employed from school, college or university to start work? Would you say they were.... READ OUT (CODE ONE ONLY)

1. Very well-prepared
2. Quite well prepared
3. Neither well nor poorly prepared
4. Quite poorly prepared
5. Very poorly prepared

ASK ALL

E6: And in the past 3 years have you recruited or trained any apprentices?

1. Yes
2. No
3. 98. Don't know

ASK THOSE RECRUITING OR TRAINING APPRENTICES (Coded 1 at E6)

E7: How useful have apprenticeships been for your business? Could you tell me on a scale of 1 to 5 where 1 is 'Very Useful' and 5 is 'Not at all useful'? (SCALE 1 TO 5)

ASK THOSE RECRUITING OR TRAINING APPRENTICES (Coded 1 at E6)

E8: Would you recruit or train apprentices again should you have a relevant need?

1. Yes
2. No
3. 98. Don't know

ASK ALL

E9. What proportion of your staff, if any, have graduate level qualifications. I'm just looking for your best estimate. PROMPT WITH BANDS AS REQUIRED (CODE ONE ONLY)

1. None
2. <25%
3. 25-50%
4. >50%

98. Don't know

ASK THOSE WITH GRADUATES (Coded 2-4 at E9)

E10. How many of your graduates work in jobs that need a degree? Would you say it was... READ OUT (CODE ONE ONLY)

1. All of them
2. Most of them
3. Some of them
4. None of them

Section F: Access to Finance

I'd like to now ask a few questions on Access to Finance

ASK ALL

F1. Have you sought external credit in the last 12 months (including renewal)? PROMPT AS APPROPRIATE. CODE AS NEW CREDIT IF 1 AND 2 BOTH APPLY

1. Yes new credit
2. Yes renewal
3. No

ASK THOSE SEEKING CREDIT (Coded 1 or 2 at F1)

F2. Were you given the credit requested? (CODE ONE ONLY)

1. Yes in Full
2. Yes, in part
3. No

ASK THOSE NOT GETTING CREDIT IN FULL (Coded 2 or 3 at F2)

F3. Where did you seek credit from? (CODE ALL THAT APPLY)

1. Bank
2. Venture capital
3. Other

ASK THOSE NOT GETTING CREDIT IN FULL (Coded 2 or 3 at F2)

F4. What level of borrowing did you request? PROMPT WITH BANDS IF NECESSARY. (CODE ONE ONLY)

1. Less than £5k
2. £5001-£10k
3. £10,001-£50k
4. £50,001-£100k
5. £100,001-£250k
6. >£250k
99. Refused

ASK THOSE NOT GETTING CREDIT IN FULL (Coded 2 or 3 at F2)

F5. What was the main reason for refusal/not getting all the credit you asked for? DO NOT READ OUT, PROBE AND CODE ONE ONLY

1. Credit score/history
2. Type of business
3. Poor turnover
4. Just was refused/declined for unspecified reason
5. Offered unacceptable terms
6. Die to effects of recession (unspecified)
7. Still undergoing review/awaiting response
8. Due to amount of loans already taken out
9. Banks not lending at this time
10. Other
98. Don't know
99. Refused

Section G: Local Infrastructure

ASK ALL

G1. Do you know why your business is located where it is?

1. Yes
2. No

ASK THOSE WHO KNOW REASON FOR BUSINESS LOCATION (Code 1 at G1)

G2. Why is your business located where it is? DO NOT READ OUT. (CODE ALL THAT APPLY)

1. Head office decision
2. Proximity to market/customers
3. Access to skilled labour
4. It's where the Director(s)/founder(s) lived
5. It's where the Director(s)/founder(s) studied
6. Proximity to the Universities
7. Nice place to live and work

8. Not sure/too long ago

ASK THOSE WHO KNOW REASON FOR BUSINESS LOCATION (Code 1 at G1)

G3: What other locations, if any, did you consider? DO NOT READ OUT. (CODE ALL THAT APPLY)

1. None
2. Basingstoke
3. Brighton & Hove
4. Cambridge
5. Chichester
6. Crawley
7. Lewes
8. London
9. Oxford
10. Newhaven
11. Reading
12. Shoreham
13. Woking
14. Other SPECIFY
15. 98. Don't know

ASK ALL

G4. How important is it for your business to be located close to the following things, for each could you tell me on a scale of 1 to 5, where 1 is Very important and 5 is not at all important. READ OUT (CODE FOR EACH 1-5)

G3A: Other businesses that provide similar products or services

G3B: Your suppliers

G3C: Your customers

ASK ALL

G5. Which of the following would you say are positive features of the area in which your business is located? READ OUT. CODE ALL THAT APPLY

1. Local travel and transport infrastructure
2. Access to Gatwick
3. Connections to London
4. Access to local ports
5. Broadband connections
6. Business premises
7. Skills & education
8. Local housing

ASK ALL

G6. And which, if any, of the following features would you say need improving locally? READ OUT. CODE ALL THAT APPLY

1. Local travel and transport infrastructure

2. Broadband connections
3. Business premises
4. Local skills & education
5. Local housing

ASK IF TRANSPORT INFRASTRUCTURE NEEDS IMPROVING (Code 1 At G5)

G7. What type(s) of local travel and transport infrastructure needs improving? READ OUT. CODE ALL THAT APPLY

1. Local roads
2. Local parking
3. Major roads
4. Bus services
5. Rail services
6. Cyclepaths
7. Footpaths
8. None of the above

ASK IF BUSINESS PREMISES NEED IMPROVING (Code 6 at G5)

G8. In terms of business premises, which of the following are issues (READ OUT, CODE ALL THAT APPLY)

1. The type of premises available
2. Their location
3. Their affordability
4. None of the above

Section H: Business Profiling Questions

Finally, just a few questions to help us understand some of the context to your answers. Just to reassure you, your answers will remain completely confidential and the results will be used to tell us about businesses IN GENERAL, rather than your business in particular.

H1. Could you tell me which of the following bands your approximate annual turnover AT THIS SITE falls into? I'm just looking for your best estimate – please stop me when I get to the correct band, is it... READ OUT

1. Under £80,000
2. £80,000-£100,000
3. £100,001 - £500,000
4. £500,001-£1million
5. £1,000,001-£5 million
6. £5,000,001-£10 million
7. Over £10 million
98. Don't know

99. Refused

ASK ALL

H9. Thank you for taking part in this interview. Are there any specific business issues or needs you have mentioned during the course of this interview that you would like help with?

1. Yes
2. No

IF WOULD LIKE HELP (Coded 1 at H9)

H10. What would you like help with (CODE ALL THAT APPLY)

1. Exporting
2. Engaging with business networks
3. Recruitment
4. Training and apprenticeships
5. Finding suppliers
6. Accessing finance
7. Marketing
8. ICT
9. Finding premises
10. Other SPECIFY

IF WOULD LIKE HELP (Coded 1 at H9)

H11: In which case can we pass your contact details to (CLIENT NAME)

1. Yes, use CURRENT DETAILS
2. Yes, collect alternative contact (NAME, TELEPHONE NUMBER)
3. No

ASK ALL

H12a. Would you like to receive a summary of the key findings from this survey?

1. Yes
2. No

IF WOULD LIKE AN EXECUTIVE SUMMARY (Code 1 at H12a)

Great, can you provide me with an email address in order for me to pass this on and for the summary findings to be emailed to you.

VERBATIM

ASK ALL

H13. Although they have no plans at present, if [CLIENT NAME] would like to explore some of the issues raised in the survey further on a more qualitative basis (e.g. through a workshop), would you be willing to be recontacted?

1. Yes - willing to be recontacted

2. No - not willing to be recontacted

ASK ALL

H14. Finally, can you please confirm that the postcode that you operate from is...?

IF INCORRECT: Please may I have the correct postcode?

1. [FROM SAMPLE] - correct
2. Incorrect (SPECIFY)

CLOSING SCRIPT:

On behalf of [CLIENT NAME], I would like to thank you once again for sparing the time to answer this questionnaire. I'd like to confirm that my name is [INTERVIEWER NAME] and I have been calling you from RMG Clarity, an independent market research agency. If you would like to verify this information, you can do this at no charge to yourself by calling the MRS freephone service on 0500 396999. Thank you for your time – goodbye.

ANNEX V DEPTH INTERVIEW TOPIC GUIDE

Greater Brighton & West Sussex Business Surveys

Qualitative Interviews

TOPIC GUIDE

1: Introduction

- Explain aims of the survey
 - To better understand the ambitions, challenges and support needs of businesses in the local economy, so that local authorities, the Coast to Capital LEP and others can best support them to grow.
 - A thousand businesses have or are participating in a telephone interview to explore a range of issues, including growth ambitions, local infrastructure, supply chains, access to finance and workforce development issues.
 - More in-depth interviews with informed people to explore some of these issues in more depth, focusing particularly on a number of key sectors of the economy.
- The interview will last around 30 minutes and will focus on issues that are particular to the business, but also on current trends and challenges within the <<ADD SECTOR>> locally and nationally. Our main interests are in discussing:
 - **The dynamics of the sector**
 - **Networks and Supply Chains**
 - **Main business challenges**
 - **Skills and the labour market**
- However, there may be other issues of particular interest or relevance to the interviewee that they think are important to discuss.

2: Role and Business

- Discuss interviewees' business. What are the core products/services of the organisation; where is it located and particular reasons for; how long has it been established does it have other offices in the area/outside (where); Number of employees; core services/sector; Discuss how embedded the business is locally – i.e: might it relocate; what would the reasons be for this.
- Discuss the interviewee's role? How much does he/she get involved in wider networks/issues that affect local businesses (e.g: involvement with the local authorities and/or other government agencies)? Discuss benefits, views of doing/not doing this.

3: The Dynamics of Business/Sector

- Discuss business performance and expectations: what are the issues/challenges and opportunities (international, national and local);
- Discuss how much does this reflect the sector (note: it may be worth discussing what is meant by the sector/what it covers; what is the profile (main specialisms) of the sector locally (need to define locally); reasons for growth potential (or not); competitor areas?
- Discuss post-recession recovery; and resilience (factors influencing this).

4: Networks and Supply Chains

- Discuss supply chains and customers: where are they located (locally, nationally, internationally); who are the business' main customers?
- Discuss whether this is typical of the sector locally and reasons for this.
- Discuss whether local supply chains and the customer base be strengthened. How? Who should be involved? What should/could public sector organisations do to support this?
- Discuss involvement in local business or sector networks. Are they sector specific or general? Discuss their effectiveness – what makes them work/not work? Could they be strengthened (or widened)? How? What should public sector organisations do to support this?

5: Main Business Challenges

- What are the main business challenges? Prompt and explore issues in detail: skills, premises; local infrastructure; regulations, finance; technology; competition, planning, transport etc. Try to establish which issues can be addressed locally and which ones can't.
- Discuss whether these reflect common issues within the sector.
- Discuss what, if anything, local authorities and public sector organisations can do to help business overcome these issues.
- Discuss the merits (or disadvantages) of the local business location (establish what is meant by local). Are there other areas that are similar/better/worse? What factors make other locations better?

6: Skills and the Labour Market

- Discuss involvement with schools/colleges and universities: Reason for involvement (or not); experiences/benefits; how things could be improved?
- Discuss main training/skills needs within the businesses (prompt: specific technical skills – what are they? leadership; generic skills). Discuss whether this is reflected across the sector.
- Discuss main suppliers of training: how easy is it to access the training that the business needs where are the gaps; what is the experience of using public/private sector providers

- Discuss where and how they recruit: recruitment methods; local, national, international labour pool; Reasons for this: Discuss quality of local labour supply; if necessary, what can be done to improve this.

6: Technology and Exporting

- Discuss the use of technology in the sector; what are the main issues and challenges; how does this impact on business/skills issues (if necessary prompt 3-d printing etc)
- Explore exporting and international trade (including weightless goods) what are the dynamics and trends; barriers and opportunities.

7: Other

- Are there any other issues that they wish to discuss (re-visit issues raised in 'Main Business Challenges').
- If there were three things that public sector organisations could do to improve support growth in the <NAME SECTOR what would these be?
- Is there anyone else they think we should be speaking to get a clearer/fuller picture of their cluster / sector in the local area? Take contact details if they have them.

8: Close

- Explain that we will send them a copy of our notes for comment. Ask if we verified them with you first, would you be happy for us to use quotes from you in the survey report?
- Would you like to receive a copy of the report's Executive Summary?

Thank and Close

ANNEX VI LIST OF QUALITATIVE INTERVIEWEES

Creative Digital and IT

Adam Stafford	Fresh Egg
Andy Parsons	Yelo Architects
Andy Uren	Day 1 Communications
Ann-Marie Blackman	NetBuilder
Matt Saunders	Storm Creative
Peter Webb	Electronic Temperature Instruments Ltd
Peter Tyler	Fine Cut
Richard Wolfestrome	Wolfestrome Design
Rob Day	Liquid Light
Sue Dare	Northbrook College

Environmental Technologies

Mike Burns	CTEC
Andrew Swayne	Ricardo UK
Francois Jean	Newhaven Port and Properties Ltd
Michael Yeoman	South Downs Solar
Mike Brown	Geo-Environmental Services Ltd
Peter Davies	Shoreham Port Authority
Rowan Wallis	West Sussex Sustainable Business Partnership
Tim Grima	Downs Energy
Zoe Osmond	Green Growth Platform, University of Brighton
Margaret Enstone	West Sussex Environment and Climate Change Board.
Paul Beckett	Phlorum
Phil Preece	Veolia

Food and Drink

Alison Read	Chichester College, Brinsbury Campus
Andrew Colquhoun	Farming and Rural Issues Group – South East
Andy Hepworth	Hepworth Brewery
Chris Moncrieff	VHB Herbs
Graham Bryant	Growtrain
Hilary Knight	Sussex Food and Drink Network
John Hall	West Sussex Growers Association
William White	National Farmers' Union
James Osman	National Farmers' Union
Pete Allinson	Temptation Cafe
Vic Borrill	Brighton and Hove Food Partnership

Health and Life Sciences

Brian Bandy	Cell Life UK
Darren McCarthy	DGM Aromatics
John Smart	University of Brighton
Mark Bailey	Sciensus
Nigel Richardson	Custom Healthcare
Steve Pullen	Varian Medical Systems
Rebecca Roberts	Cells4Life Group