New Forest Business Needs Survey 2014
Executive Summary

The New Forest Business Needs Survey was carried out in early 2014 to assess the levels of confidence within the local economy and identify areas where support and engagement could be targeted. In addition it will inform the Planning Policy processes of both New Forest District Council and New Forest National Park Authorities with respondents providing an indication of their likely future land requirements.

The survey shows that overall business confidence appears strong looking forward and there seems to have been resilience to the economic downturn of the past 5 years. Whilst this is not necessarily being shown in staff recruitment at this stage, most businesses believe that their turnover will increase in the next 5 years.

Businesses are largely content with the premises they are currently occupying but there is likely to be a demand for more space within the next 5 years. The highest demand for this will be in along coastal towns and in waterside parishes.

The natural landscape and rural environment are seen as a great asset to many businesses, particularly those in the tourism industry but there are elements of these surroundings which also constrain businesses particularly in relation to transport and communication infrastructure.

There remains a need and want for business advice and training. Whilst much of this can be delivered online, there is in addition a wish for training to take place either in a group environment where networking can take place or on a one to one basis with a qualified business expert.

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Report

1.0 Background

1.1 The New Forest Business Needs Survey was carried out in early 2014 as a joint initiative between New Forest District Council and The New Forest National Park Authority with the support of New Forest Business Partnership.

1.2 The previous Business Needs Survey had been undertaken in 2005 and had focussed on businesses with 5 or more employees based within. New Forest District. Given the changes to the economy which have occurred since the 2005 survey and the need to have an understanding of business in light of this, a new survey was undertaken.

1.3 The survey therefore set out to gain a greater understanding of the needs of businesses in the New Forest and identify any changes which have taken place within the local economy since 2005. The responses received would also feed into the development of Planning Policy for both New Forest District Council and The New Forest National Park Authority as well as informing Economic Development Policy and more specifically where resources and funding should be targeted.

2.0 Methodology

2.1 A Steering Group, comprising officers from the District Council and National Park along with a representative from the New Forest Business Partnership, was formed. By looking initially at the 2005 survey and identifying which questions should be retained, a structure and survey form was created.

2.2 Unlike in 2005, the survey would be carried out predominantly online using the extensive email database of New Forest District Council's Economic Development Service. The survey was also distributed by a wide range of business partners who made the survey available through their own mailing lists. A small number of hard copy surveys were made available to those who could not complete online.

2.3 The survey was distributed via New Forest District Council's Employer Database totalling around 4000 contacts. In addition it was circulated via a number of partner organisations including The New Forest National Park Authority, New Forest Business Partnership, New Forest Tourism Association, Federation of Small Business, National Farmers' Union, New Forest Produce Ltd and New Forest Land Advice Service. It is estimated that in total the survey reached approximately 5000 local businesses which should be taken in the context of the 8275 businesses in New Forest District.[1]

3.0 About the responding businesses

3.1 158 questionnaires were completed in total. The form asked each business to complete background information on their company including details of location, number of employees and sector.

3.2 Geographically there was a good spread of businesses completing the survey. The highest frequency of respondents came from SO43 7 (Lyndhurst), SO42 7 (Beaulieu and surrounds), SO41 0 (New Milton) and BH24 1 (Ringwood).

3.3. Service Trades, Retail and Food Services & Accommodation featured most commonly in responses to the question: 'Which sector best describes your business?'

[1] Business Demography Data 2012 (Office for National Statistics)

Almost a quarter of respondents did not assign a predetermined sector to their business. However in these cases the description provided by the respondent was sufficient for the co-ordinator to assign them to one of the predetermined categories. This is shown in Figure 1. These responses broadly mirror the economic profile of companies located within the New Forest[2]

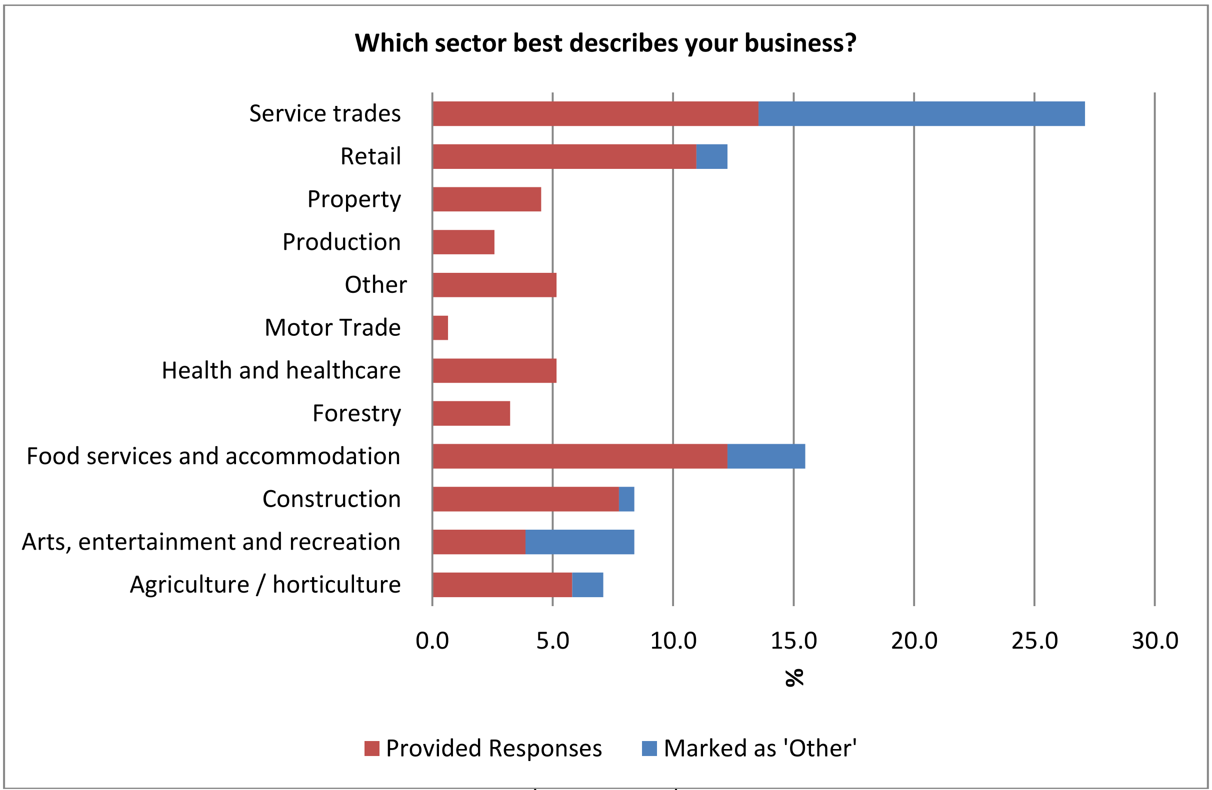

Figure 1

3.4 The companies responding to this survey were nearly all micro businesses (10 or fewer employees). 84% had five or fewer full time employees with only 2% of respondents employing 50 or more. These figures reflect the profile of company size in the wider New Forest economy where around 87% of businesses employ 10 or fewer people.[3]

4.0 Business Confidence:

4.1 42% of respondents confirmed that over the past five years their business turnover had increased compared with 27% who felt that turnover had reduced during this time (Figure 2). This goes somewhat against the trends of the wider economy which has shown little consistent growth nationally during the past five years[4]. Certainly the New Forest appears to have suffered less during the recession than the wider economy, with unemployment consistently lower than in the South East or UK, and now returning to levels last seen in 2008[5]. It is encouraging the growth has remained at least static rather than declining for the majority of businesses questioned.

[2] Business Demography Data 2012 (Office for National Statistics)
[3] Business Demography Data 2012 (Office for National Statistics)
[4] Office for National Statistics – Quarterly GDP Report
[5] Job Seekers' Allowance (NOMIS)

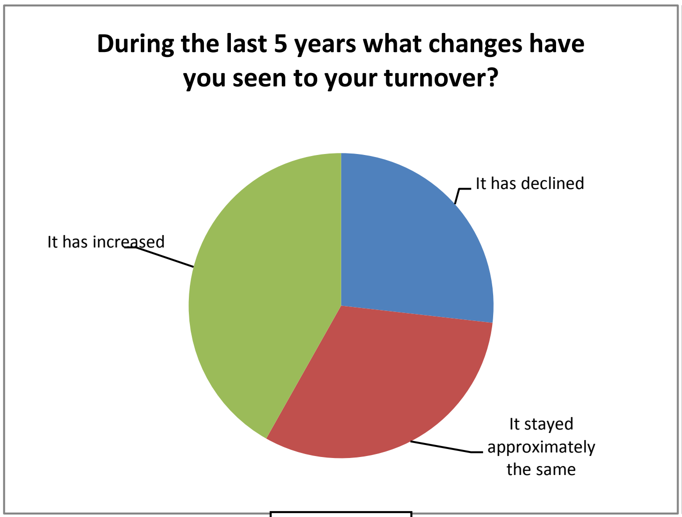

Figure 2

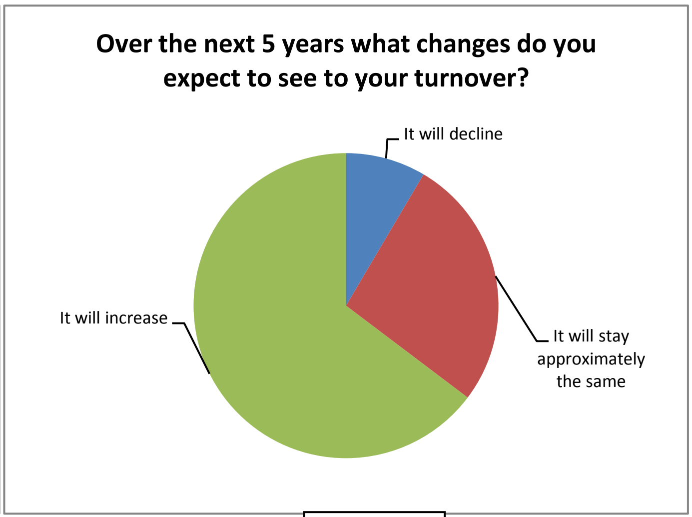

Figure 3

4.2 Looking ahead there appears to be a strong sense of optimism amongst the businesses surveyed with around 65% predicting turnover to increase in the next five years. Only 9% forecast that turnover will decline over this time (Figure 3).

4.3 Despite the apparent sense of confidence amongst businesses and their forecasts for growth, it appears that this will not necessarily translate into job growth in the immediate future; with 62% stating that they do not plan to recruit within the next six months (fewer than 17% stated that they were planning to recruit additional staff within this timeframe). This would suggest that whilst businesses anticipate growth in the months ahead, the workload can be absorbed within their existing workforce in the short term albeit important to note that the timeframes on the questions relating to 'changes to turnover and 'staff recruitment' were different. (Figure 4)

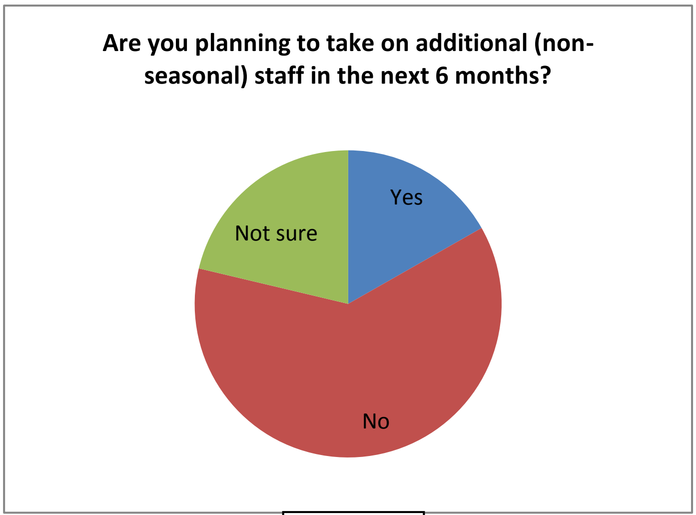

Figure 4

5.0 Training and Skills:

5.1 Businesses were asked which areas of their workforce needed improving with regard to skills. Over 50% of all those responding felt that Marketing, Promotion and Social Media skills are the greatest area of weakness followed by IT Professional Skills and Sales Skills. Literacy and Numeracy skills were not seen as a problem with only 5% of respondents identifying this as an area of need within their workforce, however it must be remembered that a written survey will not encourage responses from individuals with literacy issuesThe growth of social media has been rapid in recent years which may reflect the need for businesses to fully utilise the benefits from this tool. Training sessions run locally by New Forest Business Partnership on this topic have y provided very popular but the results of this survey would suggest that there's a further appetite and need for training and support of this type. (Figure 5)

5.2 Of the other skills shortages identified, there would appear to be an opportunity for locally delivered training if the New Forest economy is to achieve its greatest potential. Whilst training is undoubtedly available through various external bodies, there is an opportunity for organisations such as New Forest Business Partnership to explore ways to assist in accessing this training, particularly for micro-businesses.

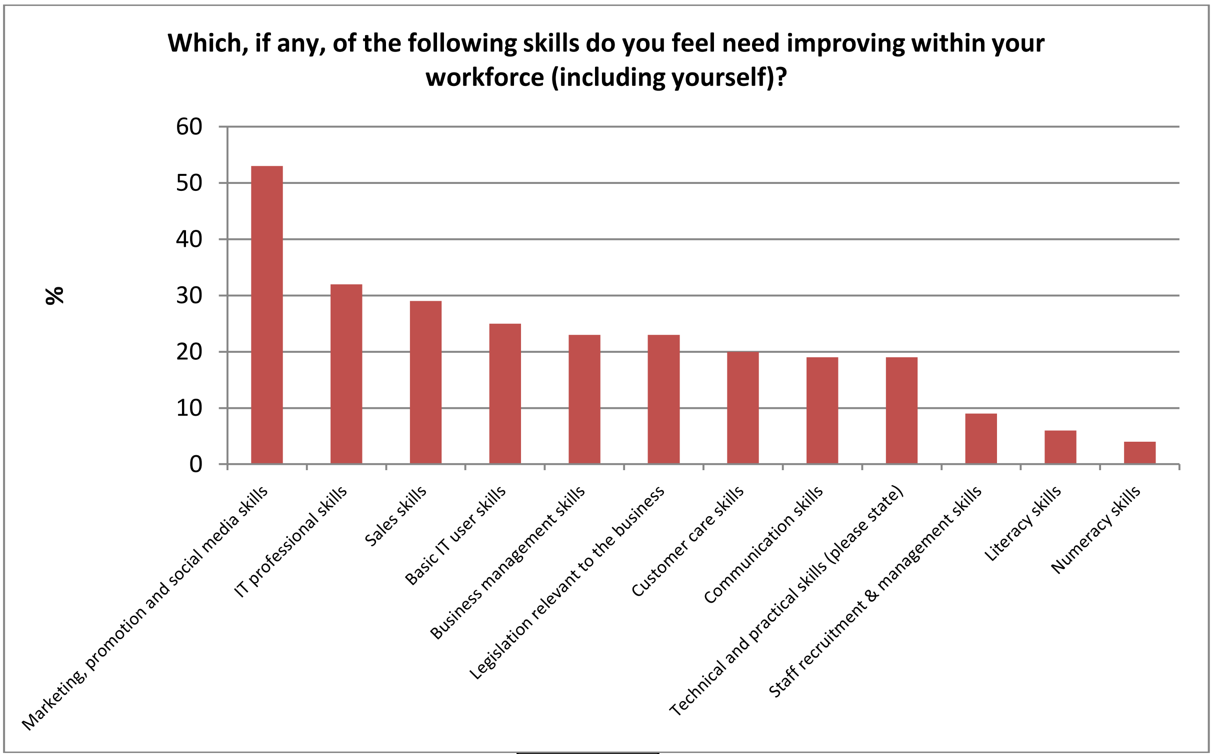

Figure 5

5.3 Just over 50% of respondent businesses are planning on funding training and development within the next 12 months. Whilst this training may take a number of forms, including statutory and/or in house training, it is however encouraging to see businesses investing in their workforce. This presents opportunities for organisations such as New Forest Business Partnership to enhance the value of membership by offering training in these identified areas at a subsidised rate. There is also scope to investigate funding from external bodies to subsidise this training as and where identified (Figure 6).

Figure 6

5.4 Although only 9% of respondents currently employ an apprentice within their business, around 15% are planning to do so. However of concern is the overwhelming majority (62%) who have no plans to recruit an apprentice. Whilst this may be partly owing to the high proportion of micro businesses in this survey and within the area, there is nonetheless a role for local and business organisations to work together to promote the benefits and support available for small businesses to recruit an apprentice. (Figure 7)

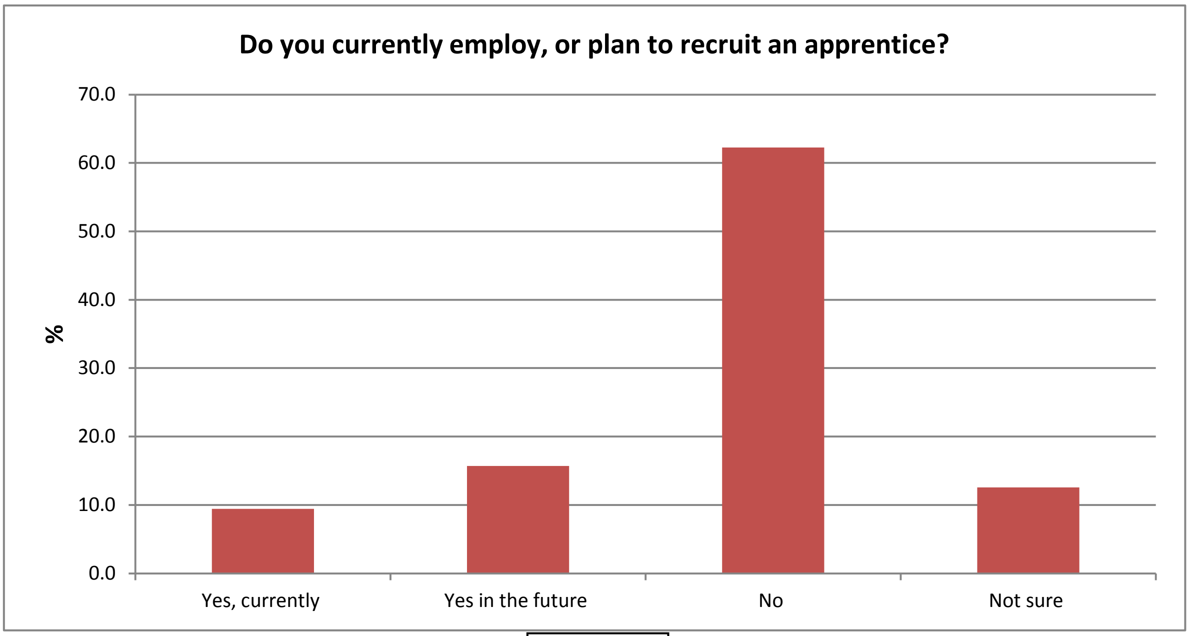

Figure 7

6.0 Sites and Location:

6.1 Encouragingly, only 10% of respondents felt that the quality of their existing site was poor or disadvantaged (Figure 8) with a similarly low number stating that the premises they were occupying were of poor specification (Figure 9). Whilst this shows the majority of businesses are satisfied with their existing premises, it doesn't take into account those who are seeking a move for other reasons e.g. upsizing or downsizing of their business operation.

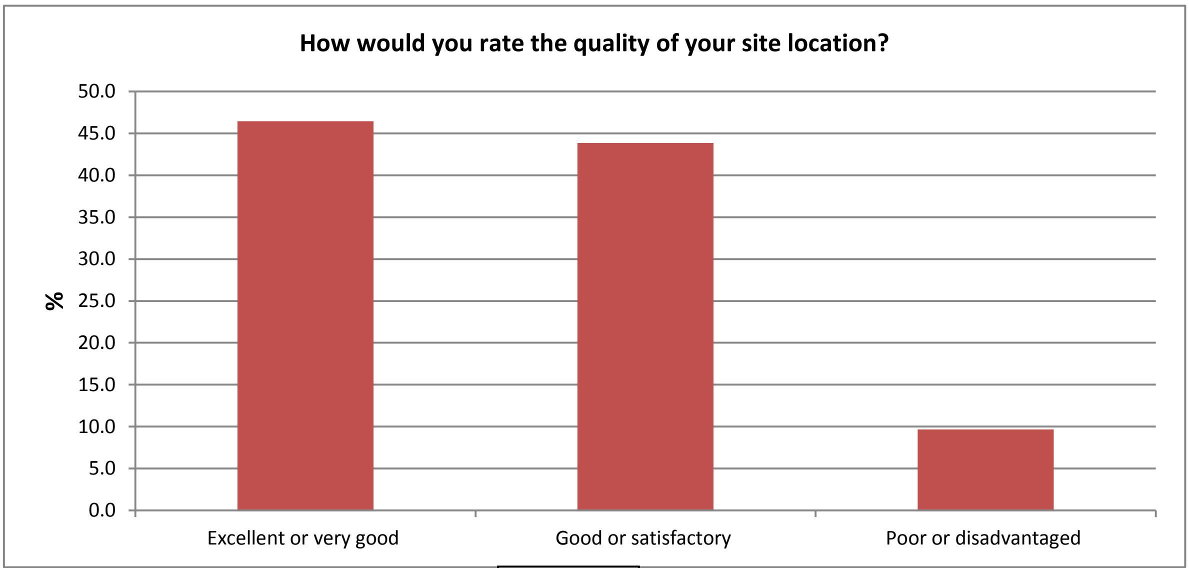

Figure 8

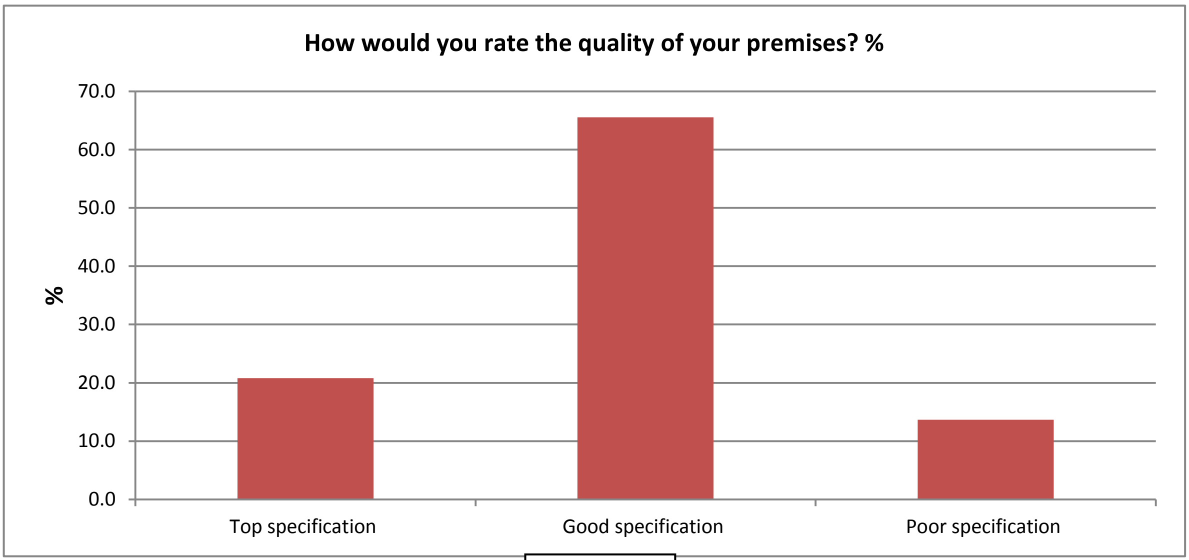

Figure 9

6.2 Over 60% of respondent businesses own the freehold on their premises with 17% being on a very short lease of less than three years which could include easy in – easy out business accommodation. (Figure 10)

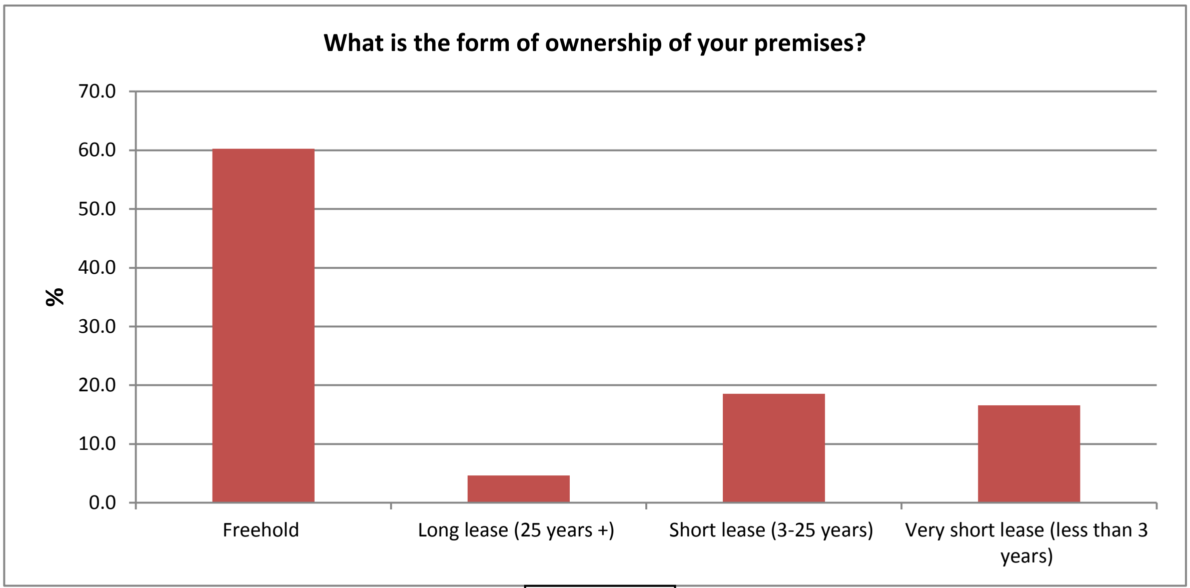

Figure 10

6.3 Around 50% of businesses stated they were home based. This reflects the high proportion of home working businesses within the New Forest[6]. This response may also have some relationship with the high proportion of businesses who stated their premises were freehold (i.e. working from home) and similarly in the number of micro businesses in the survey and area.

6.4 The number of home workers could potentially be higher still if domestic broadband speeds were higher. One third of businesses in the New Forest claim to have lost business owing to insufficient broadband speeds[7]; demonstrating the wider impact on business and travel to work patterns.

[6] 13.8% of New Forest workers work from or at home compared to 11.7% in Hampshire and 10.4% in England (Census 2011)
[7] Brand New Forest Broadband Needs Survey 2013

6.5 35% of all respondents allowed or encouraged their staff to work from home. The reasons cited for this focussed mainly on cost, convenience and efficiency although the high proportion (50%) of home based businesses completing the survey needs to be taken in to account. Of those who didn't promote homeworking it was in most cases owing to the nature of the business where staff are required to be on site e.g. manufacturing or retail businesses. (Figure 11)

Figure 11

6.6 Nearly 50% of all businesses had been located at their existing premises for longer than 10 years. This demonstrates not only the maturity of businesses completing the questionnaire but also their lack of need, willingness or ability to move from their existing location (Figure 12).

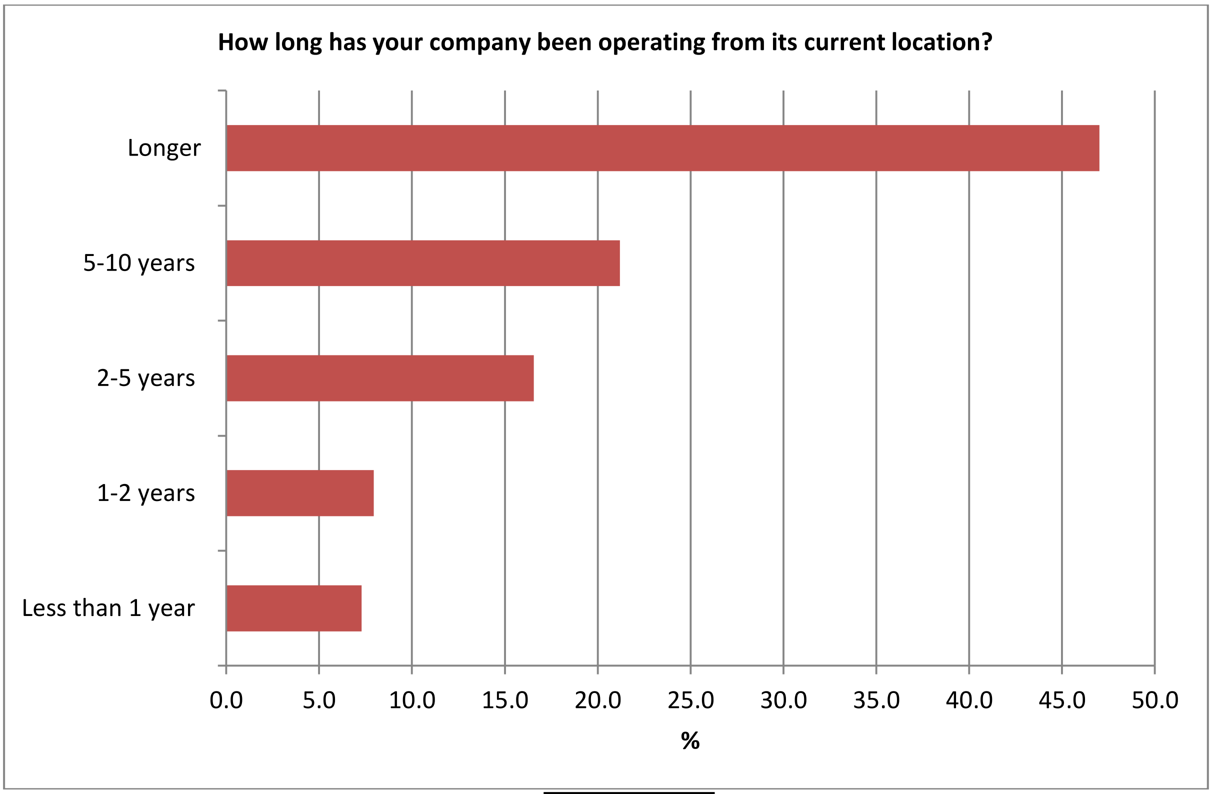

Figure 12

6.7 Despite the apparent satisfaction levels of exist ing premises and locations, 41% of respondents expected their space requirements to change within the next five years. Of these, 78% stated that their space requirement was likely to increase. This would reflect the high levels of business confidence demonstrated earlier in this report with companies needing to expand as the business grows.

6.8 Around one third of those requiring more space felt they could do so on existing land and only 2% were planning to relocate outside of the New Forest. In total, around a quarter of those whose space requirements are expected to change are planning to relocate; 13% wished to locate within the New Forest but were unable to do so. The primary reason for this appears to be the availability of suitable premises at an affordable price. The amount of additional space required varied greatly from $12m^2$ to $26{,}000m^2$ although typically was in the range of $50\text{-}100m^2$.

6.9 Businesses were asked, if looking for new premises, which characteristics would be of importance (respondents were given the option to 'tick all that apply'). 33% cited 'premises with superfast broadband' which, demonstrates the need to be connected to lines capable of transferring high volumes of data which is of great importance to the local economy[8]. 'easy in/easy' out accommodation represented 26% of responses with 'rural business units' accounting for 28%. The requirement for easy in/easy out accommodation may reflect the high numbers of micro businesses which completed this survey. Many who currently work from home require such premises as their businesses grow (Figure 13).

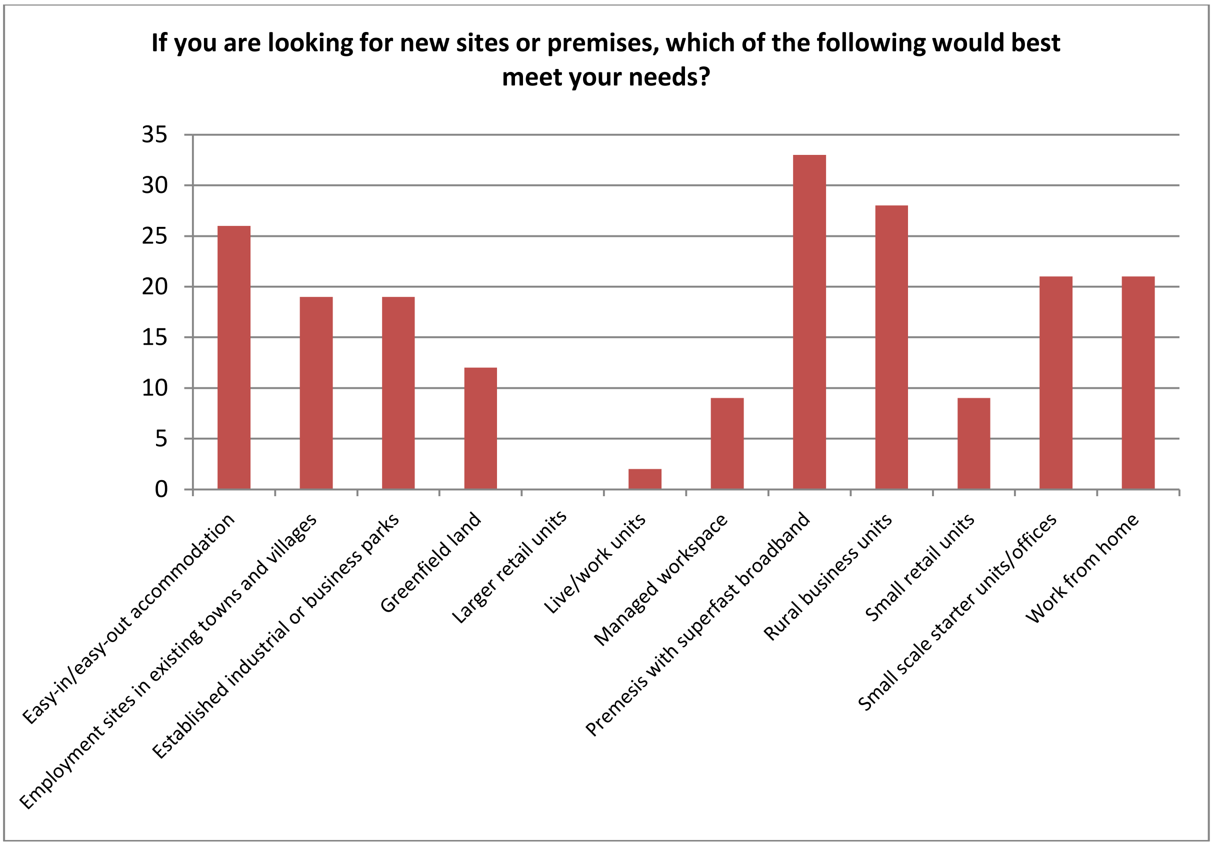

Figure 13

6.10 Almost 50% of respondents seeking new premises wished for them to be located in New Forest coastal towns (Lymington, New Milton, Hordle, Everton and Milford on Sea) with 33% wishing to locate in the Waterside Parishes. Premises located within the National Park would meet the needs of 38% of businesses (Figure 14).

[8] Brand New Forest Broadband Needs Survey 2013

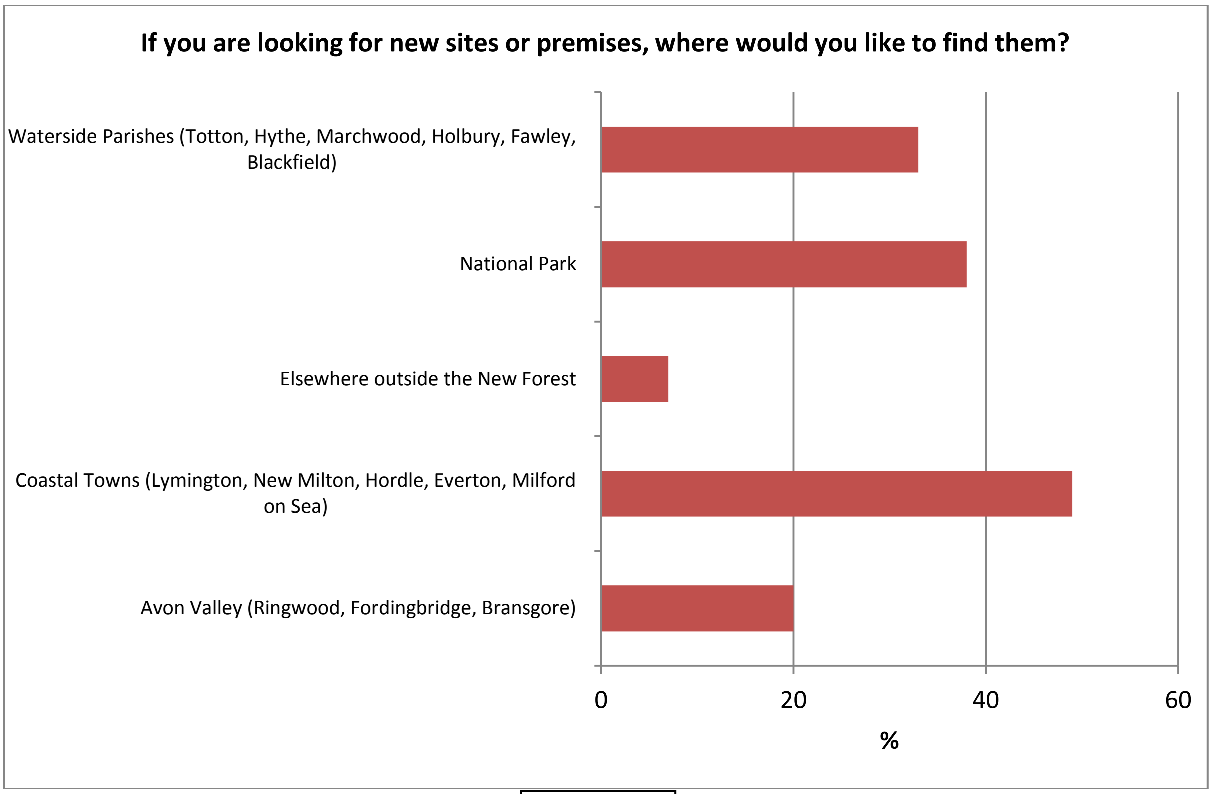

Figure 14

6.11 Those who had unsuccessfully attempted to relocate had been prevented from doing so for a variety of reasons. There did however appear to be three recurring themes in the written responses provided; lack of available premises, lack of affordable premises and restrictions regarding Planning Permission.

7.0 Business Support Needs:

7.1 Business Management training was cited as a business support need by 50% of respondents. Legislation and regulation also featured prominently accounting for 39% of respondents with 23% seeking advice on planning matters. Financial Management and Employment Advice was considered necessary by approximately 25% in each case (Figure 15).

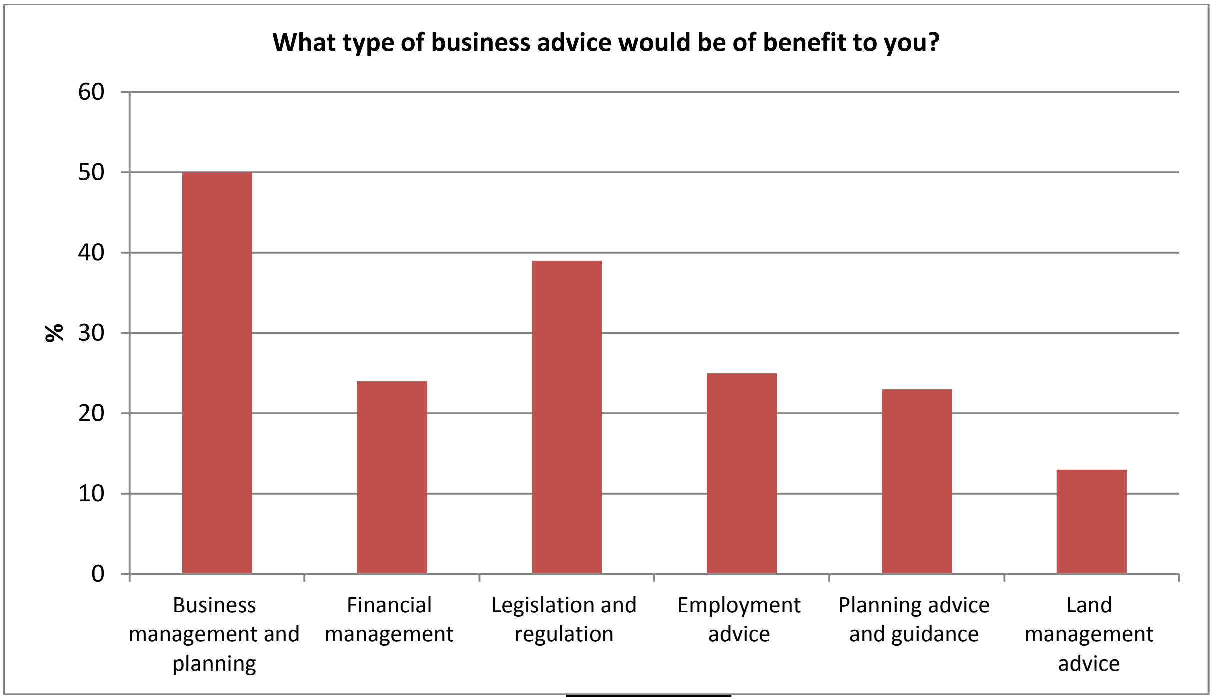

Figure 15

7.2 For 54% of respondents, the preferred method of support and guidance is through online methods. However, it should be noted that this figure is likely to be skewed by the high proportion (99%) of surveys completed online. Attendance at organised training courses was the preferred learning method of 41% of respondents and 38% wanted ‘face to face’ advice and support. This response is of particular interest since the refocusing of Business Link services to online channels only. The reduced time commitment and ease of access of online delivery is clearly seen as a benefit to small businesses although there is still an appetite for face to face support for businesses too. As referred to in 5.2, this presents opportunities for local business organisations to provide this type of support and advice (Figure 16).

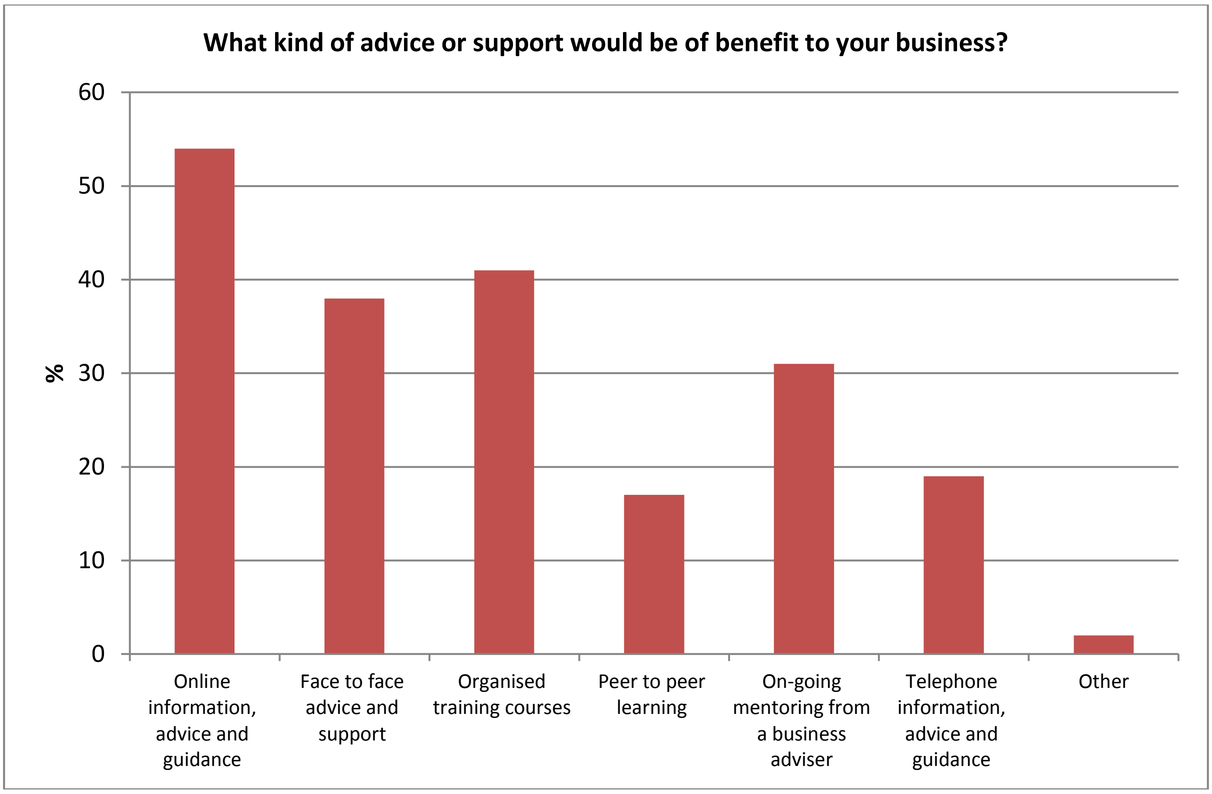

Figure 16

7.3 With regard to the question on grant support and where it should be focussed, a wide spread of responses were received. The top responses were to ‘Develop business through investment in equipment or buildings’ and ‘Development of products and technologies’ each with 46% of businesses identifying them as priorities. Also featuring prominently were ‘Improved business performance through new technologies’ and ‘Improved environmental performance’. 86% of all businesses stated their interest in at least one form of funding demonstrating that there is desire for this form of support irrespective of suitable funding streams being available.

8.0 Attributes and Constraints of Doing Business in the New Forest:

8.1 To conclude the survey, businesses were asked for the three main attributes and constraints of doing business in the New Forest. No guidance / tick boxes were provided for this section so answers have been grouped together depending upon written responses.

8.2 The main benefit was seen as that of the natural environment. This is coupled with many who stated that the high numbers of visitors was the main benefit attracted, of course, by the landscape. Many saw the New Forest’s location as a benefit in another sense given its close proximity and easy access to Southampton and London. The coast was also seen as an asset both in terms of its benefit to the visitor industry but also for marine related businesses.

8.3 In terms of the business constraints, the most profound were a combination of poor or inadequate transport links including the road network, coupled with an insufficient provision of public transport. This was closely followed by a perceived poor or non-existent broadband provision and planning restrictions. Parking fees and red tape also featured as common reasons that businesses felt constrained. With regard to Broadband, a programme is underway to deliver Superfast (24MB) Broadband to 90% of premises in Hampshire by late

2015[9] so whilst this situation is set to improve, it remains a barrier for many businesses, particularly in rural areas.

9.0 Comparisons with the 2005 Business Needs Survey

9.1 Whilst it's important to note that whilst the 2005 Business Needs Survey was targeted specifically at businesses with five or more employees and the 2014 survey went to businesses of all sizes, there are comparisons which can be drawn between the two surveys.

9.2 The 2005 survey took place prior to the economic downturn and therefore business confidence was unsurprisingly higher. This is reflected in a greater proportion of businesses who forecast recruitment of additional staff in the near future; with 45% predicting growth in 2005 compared to just 17% in 2014.

9.3 Whilst internet technologies were in use in 2005, their increasing importance can be seen when comparing the two surveys. Such were the different expectations and requirements in 2005 that over half of respondents saw broadband provision as a positive. In the 2014 survey it was considered the second highest constraint to doing business and the highest requirement for businesses seeking new premises.

9.4 Satisfaction with existing premises and location remains broadly unchanged since the previous survey. There is a slight shift towards demand for rural premises over urban premises.

[9] www.hants.gov.uk/broadband