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 Greater Brighton

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 Greater Brighton

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 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)	Coastal West Sussex	Adur	Arun	Chichester	Worthing
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

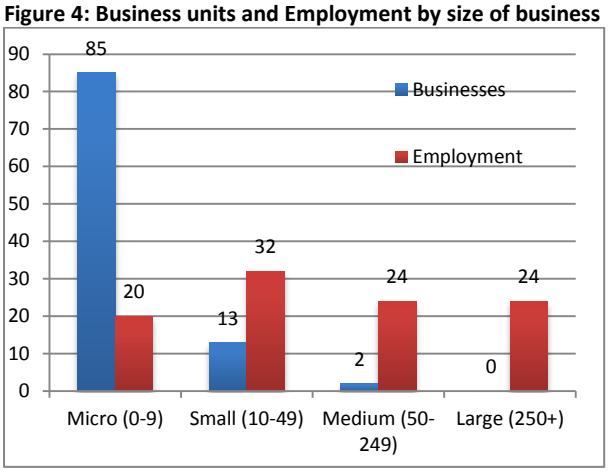
Sources: ONS UK Business Count 2013.

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.

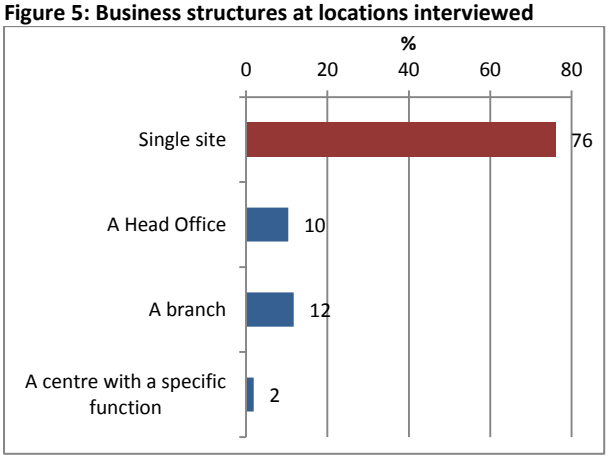
Figure 4: Business units and Employment by size of business



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

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

Figure 5: Business structures at locations interviewed



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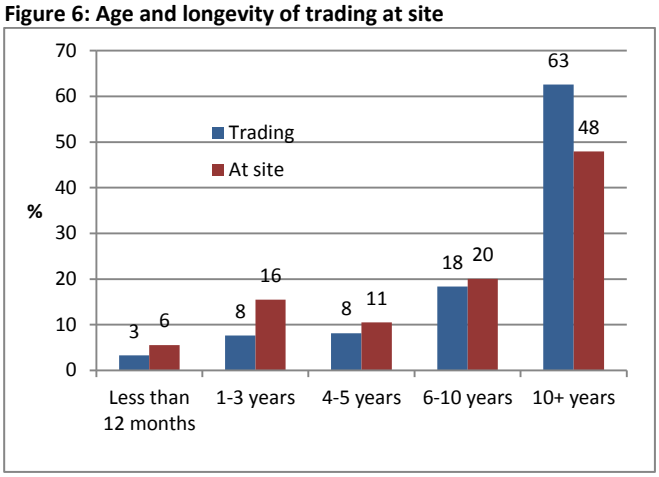
Most businesses were born local and around half (48%) had been trading from their current site for more than 10 years (Figure 6).

Figure 6: Age and longevity of trading at site



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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 Greater Brighton 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

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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

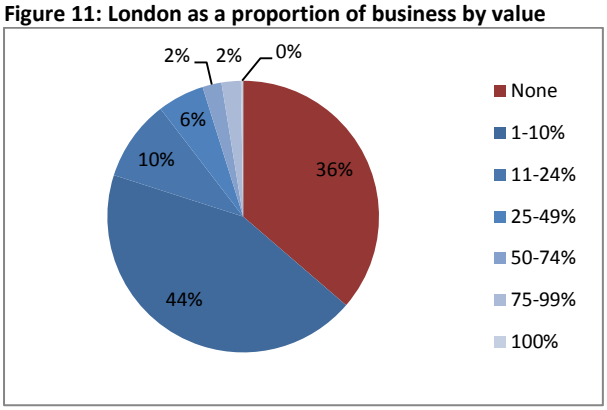
	Main Markets	Main Suppliers	Difference
Local	57	42	14
Within London & the SE	21	9	12
Spread across the UK	17	39	-22
International	5	10	-5

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 Greater Brighton area.

Figure 11: London as a proportion of business by value



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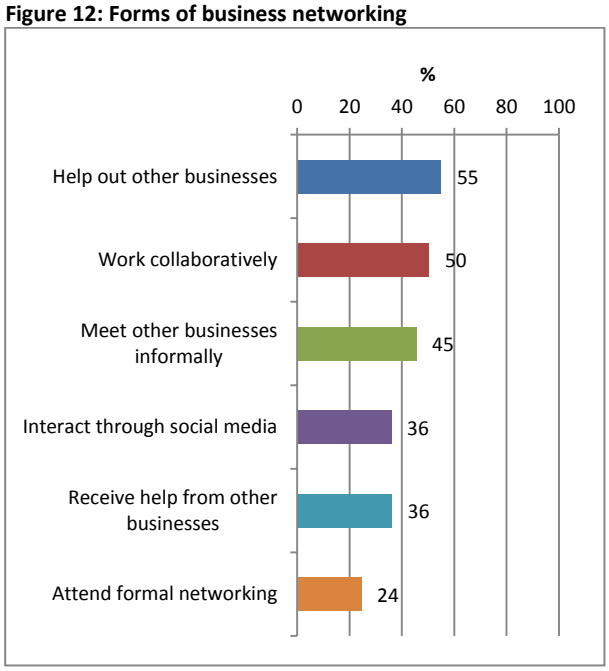
18% of businesses in Coastal West Sussex said they sold some products or services internationally. This was/was not significantly different from Greater Brighton and West Sussex area as a whole (19%).

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



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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

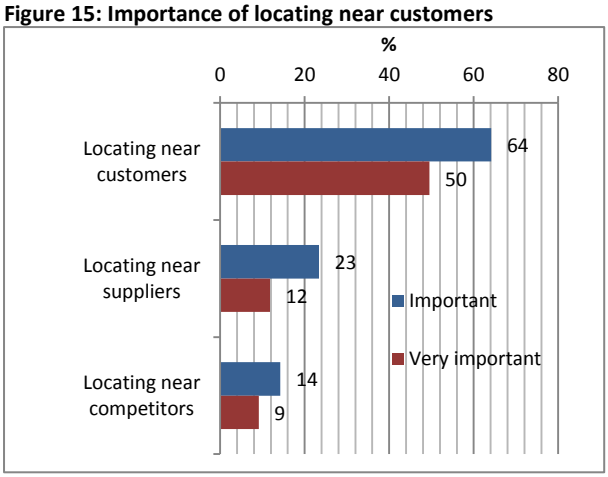
N=383

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



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Only around a quarter of businesses[1] 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 report[2] highlighted that for many the 'natural' geography of the cluster was either regional or national.

[1] businesses that could recall their location decisions.

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