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.

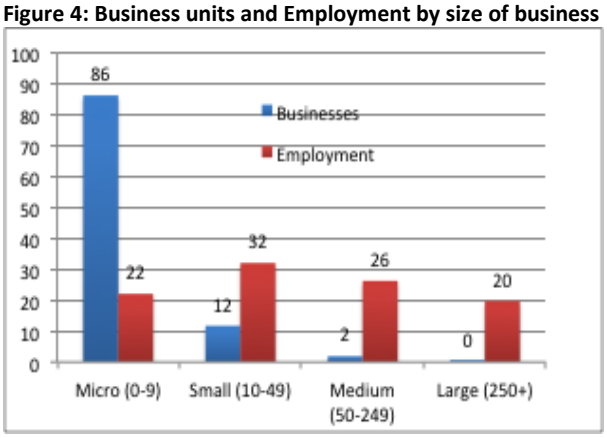
Rural West Sussex has a significant concentration of 'agriculture, forestry & fishing' businesses particularly around the Chichester and, to a lesser extent, Horsham Districts.

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

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%).

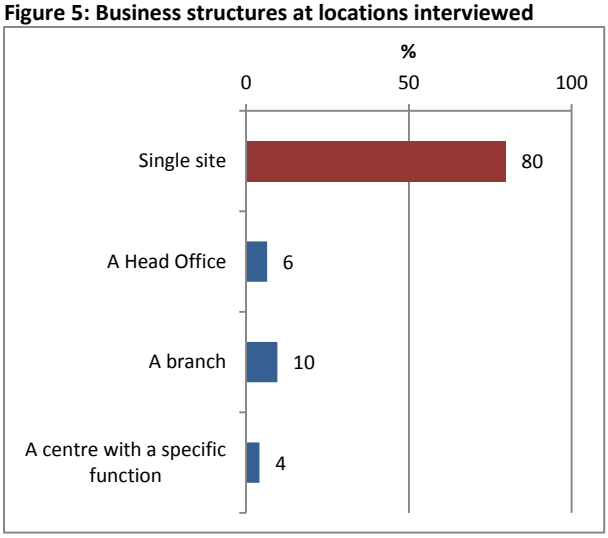
Figure 4: Business units and Employment by size of business



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%).

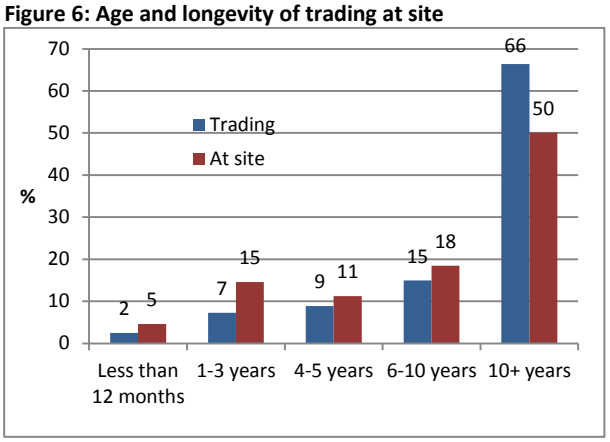
Figure 5: Business structures at locations interviewed



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



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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	45	42	22
Expectations next 12 months	63	62	42
Difference between expectations to experience	+18	+20	+20

N = 391

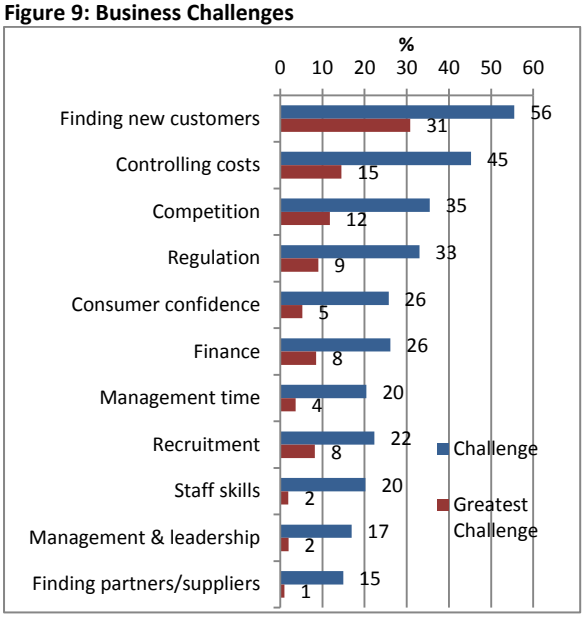
Taking the findings for the survey as a whole we estimate that there are around 2,000 growth businesses of all sizes in the Rural West area. Like the other areas surveyed this is higher than national estimates might suggest.

Figure 8: High Growth businesses

	% of all businesses	Greater Brighton
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

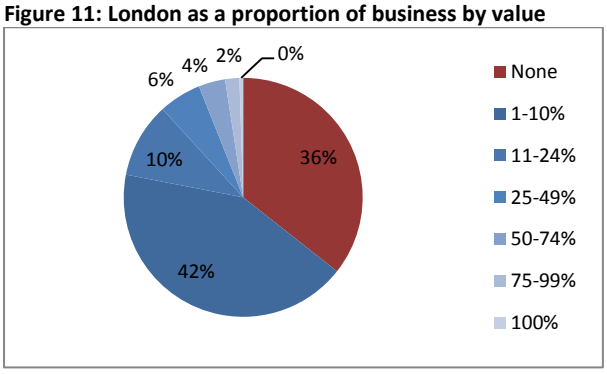
	Main Markets	Main Suppliers	Difference
Local	50	39	11
Within London & the SE	22	16	5
Spread across the UK	18	34	-16
International	10	11	0

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 Greater Brighton area.

Figure 11: London as a proportion of business by value



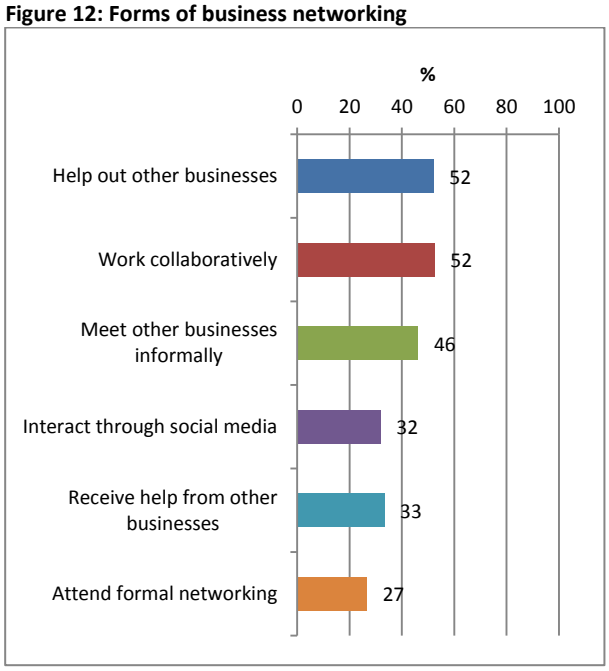
Excludes don't knows

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

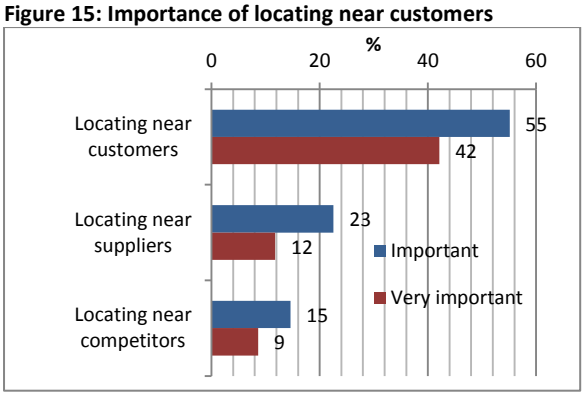
N = 391

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%)[1] 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 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