South Hams District Council

Business Survey 2004
Final Report

MARKETING MEANS
THE RESEARCH PEOPLE

4 Station Yard, Ashburton, Devon, TQ13 7EF
Tel: 01364 654 485 Fax: 01364 654 664
e-mail: graham@marketingmeans.co.uk

Summary

The Economy and Europe department at South Hams District Council needs reliable information from businesses that operate from the South Hams. This gives them an insight to the local economy allowing them to develop appropriate policies and to offer this information to other council departments, agencies, elected members and businesses.

The South Hams Business Survey is one of the ways used by the Economy and Europe department to meet these objectives.

The South Hams Business Survey 2004 was conducted as a self-completing, postal survey. There were 4661 surveys sent out using a database purchased from Dunn and Bradstreet in 2001 and subsequently updated and improved, with a total of 934 replies. Taking into account undelivered surveys the final response rate was 21%.

Headline results

About the Business and Financial Information

- The largest industrial sector in the South Hams, accounting for 21% of all the businesses that responded, was ‘retail and wholesale’. ‘Tourism and leisure’ (15%), ‘services’ (14%) and ‘land based industry and fishing’ (13%) were the other three largest industries.

- Over a third of businesses that responded to the survey (35%) were ‘sole traders’, with a further third (32%) being ‘limited companies’.

- Nearly half of all businesses in the survey (46%) were owned by ‘self’, with a further quarter (27%) owned by ‘family’.

- The majority of businesses (89%) that responded to the survey were not part of a larger group.

- Over half of the businesses (51%) have been established for over 20 years, with a further quarter (24%) being between 11 and 19 years old.

- Just under a third of companies (31%) have a written business plan.

- Just over a third of businesses (35%) say they have a marketing plan.

- The majority of those who answered (82%) indicated that they had not received any help with either their business or marketing plan.

- Over a quarter of respondents (28%) said their company had recently launched a new product or service.

- However, very few of these new products or services (26 in total) have, or will, result in a patent.

- Three-fifths of respondent businesses (61%) said they were a member of at least one forum or business group.

- Just over a quarter of businesses (27%) in the South Hams had a turnover below the VAT threshold of £54,000. A further 9% had a turnover between '£55,000 and £75,000'.
- The most frequent 'turnover band' selected was '£151,000 to £500,000' per year (22%) followed by '£76,000 to £150,000' per year (20%).

- The majority of respondents were relatively optimistic about their turnover, with only 11% thinking it would 'decrease' over the next year. However, only two-fifths (42%) thought turnover would increase, with nearly half (47%) saying they thought it would stay the same.

- The vast majority of respondent businesses (96%) said that less than 25% of their sales were overseas.

- A quarter of businesses (25%) said that direct tourism sales accounted for more than 25% of their sales.

- There were just over a tenth of businesses (11%) in the survey that indicated that over 25% of their sales were to the Tourist Industry.

- The two most popular sources of financial advice, accounting for over two-thirds of all respondent businesses, were the 'bank' (36%) or an 'accountant' (33%).

- Two-thirds of respondents who answered (63%) said the business had a 'bank overdraft' as well as half (50%) that said the business had a 'bank loan'.

- Very few businesses are making use of 'European grants' and 'loans', the 'small firms loan guarantee scheme', and 'start-up funds from trust organisations'.

- There are significant differences between different sectors' turnovers. 'Land based industry' and 'education and charities' are more likely than others to have lower turnovers (below £54,000), whereas 'manufacturing', 'construction' and 'transport, distribution and storage' businesses are more likely to have turnovers of greater than £1m.

- There is a strong relationship between the size, sector, turnover, ownership and legal status of businesses in the South Hams. Generally, 'land based industry & fishing', some 'tourism and leisure' businesses and some 'retail & wholesale' businesses in the district are smaller, family-run enterprises, with lower turnovers than other businesses.

- The basic characteristics of businesses have a large bearing on other attributes and attitudes. 'Smaller' companies appear to be less able or less willing to adopt new technology and put in place policies for the business.

About business workspace and location

- Nearly three-quarters of respondents said that the key reason for locating in the South Hams was that they were ‘already here’, with the second most common reason being ‘quality of life’. Only 10% of respondents indicated it was because of access to customers.

- The single biggest category of workspace is ‘retail shop / restaurant’ (22%) followed by ‘land based / farm’ (15%) and ‘office / workshop at home’ (14%).

- Three-fifths of respondent companies (60%) own their main workspace, with just over a third more (35%) leasing or renting privately. Only 3% of respondents said they rent their workspace from SHDC.

- A third (33%) of workspaces are over 101 years old, with just under a third (30%) being between ‘5 and 25 years old’. Relatively few (5%) are very new.

- Two thirds of respondents (66%) said the workspace was ‘very good’ or ‘generally good’, with a further quarter (24%) saying it was satisfactory.

- Just under a fifth (19%) said they were considering a move.

- Over half of those who answered said they were considering the move because they required ‘more space / expansion’.

- Most of those considering a move would consider staying in the South Hams (80%).

- The majority of those considering moving out of the South Hams (82%) indicated that they would prefer to stay in the District.

- Opinion was divided amongst respondents as to whether there is enough suitable workspace in the South Hams, with a sizable minority (39%) saying they did not think there was.

- There were significant differences between sectors, with ‘tourism and leisure’ businesses and ‘land based industries’ being more likely to say there were enough suitable properties than others such as ‘manufacturing’.

- The majority of those that answered (88%) the question thought that the Council should do more to improve provision of workspace.

About information technology

- Over three-quarters of businesses (79%) said that they have access to the Internet.

- Businesses with turnovers of less than £75,000 are less likely to have Internet access, and those businesses with turnovers over £1m are the most likely to have Internet access.

- The majority of those that answered the question (82%) said they do not have access to the Internet because they 'don't need' it.

- Two-thirds of respondents (67%) said their business' connection to the Internet was through a 'standard telephone line', with a fifth (21%) using 'ADSL'.

- 'Land based industries' that have Internet access are less likely than others to say they have 'ADSL', whereas 'ICT' and 'manufacturing' businesses are much more likely.

- Half of respondent businesses (49%) said they have a website, and half (51%) said they do not have one.

- Over half of those that do not have a website (59%) said it was '…not appropriate…' for their business.

- The three most popular reasons for having Broadband access were all concerned with the speed and performance advantages – 'save time', 'high performance Internet access' and 'high volume data transfer' rather than the economic' benefits that might result from this increased performance.'

- Two-fifths of businesses (41%) have registered an interest in Broadband.

- Just under half (47%) indicating that they thought that IT infrastructure is adequate.

- Businesses with lower turnovers were less likely to consider the infrastructure to be adequate than companies with larger turnovers.

About the environment

- Just over half of businesses in the South Hams (53%) have an environmental policy.

- The most frequent response as to why the business does not have an environmental policy was 'have not considered it' (44%), although the combined response for 'not an important issue for me' (26%) and 'not aware of any benefits' (23%), which may be considered to be related attitudes, was 49%.

- The majority of businesses (89%) did not have any environmental quality standards.

- The most commonly taken steps regarding the environment are: recycling both 'other materials' (64%) and 'office materials' (58%) followed by 'buying local products' (57%).

About employees

- The 934 companies who answered the survey employed 12,349 paid workers (excluding voluntary workers) this year. That is 861 higher than the 11,488 paid workers they employed last year, an increase of 7.5%.

- The majority of employees are full time (66.3%), a fifth (21%) are part time and 6.7% are seasonal. Surprisingly 6.1% of workers are volunteers

- Most businesses (94%) have employed at least one paid employee this year, which is up 3% compared to last year.

- ‘Land based industries’ are more likely than any other sector to employ between 1 and 5 people, although ‘education and charities’ are the most likely to have no employees. ‘Manufacturing’ and ‘ICT’ businesses on the other hand are much more likely to have more than 20 employees.

- Just under two-thirds of businesses have had ‘no change’ in their numbers of employees.

- ‘Land based industry’, ‘health and social services’ and ‘services’ are the sectors least likely to have experienced any changes in their employee numbers. ‘Food and drink processing’, ‘transport and distribution’ and ‘manufacturing’ are the most likely. ‘Manufacturing’ is the sector that has proportionately suffered the most number of losses this year, although the sector has also had a significant number of gains.

- There has been a slight increase in the number of businesses employing both ‘full time’ and ‘part time’ employees this year compared to last year. There have been very few changes in the number of ‘seasonal’ employees or ‘voluntary workers’.

- Respondents were relatively optimistic about employee numbers, with three-quarters (75%) saying they expect them to ‘stay the same’ and a fifth (21%) saying they will ‘increase’.

About salaries and wages

- An estimated average hourly wage was calculated to be £8.83 per hour

- Taking into account the margins for error, the average wage appears to have remained reasonably stable. This is in line with official figures showing a 1.1% increase compared to a 2.2% increase for the UK in the same period (Nomis).

- Over two-thirds (69%) of employees in the survey were paid under £10 per hour and nearly half (45%) were paid under £7 per hour. Just 15% of employees of South Hams businesses earn over £20,000 per annum.

- Over three-quarters of respondents said that they did feel there were upward pressures on wages.

- The majority of those that answered this question (81%) indicated that one of the main pressures on wages were ‘housing costs’.

About skills and training

- Just under a third of businesses (31%) said that they ‘did not recruit’ last year. Of those that did, over half (37% of the total) said that they did experience difficulties in finding staff with suitable skills.

- The two most frequent responses were ‘trade skills’ and ‘professional skills’, followed by ‘customer services’, indicating that the shortage is in people with vocational skills. However, there were a number of businesses that indicated that there was a shortage of people with basic skills such as numeracy and literacy.

- Three-quarters of respondents (76%) do not think the situation regarding recruitment of people with suitable skills will change at all over the following year, with a fifth (20%) thinking it will get worse and only 5% thinking it will get better.

- Over half of businesses (54%) do not have either a training plan or budget.

- The most popular training providers used were ‘professional / trade associations’ (43% of respondents indicated they used these).

- Over half of respondents (59%) fund short practical courses, and many also fund ‘vocational or trade’ courses (43%) and ‘informal courses’ (42%). Very few businesses say they sponsor ‘degrees’ or ‘higher degrees’.

Contents

1.0 Introduction / Background

The Economy and Europe department of SHDC has several functions, two of which are:

- To produce and review the policy for the economic development of the South Hams district
- To act as an information source about economic development and business conditions for other policy makers, internal departments, outside agencies and businesses

To fulfil these functions, the Economy and Europe department needs reliable data from enterprises operating in the district. The South Hams Business Survey is crucial for providing evidence to promote the district's social, economic and regeneration needs and local information for comparison with county, regional and national data.

The Business Survey 2004 builds on information gathered in previous surveys, the most recent being in 2001, to discover local economic trends. The survey was aimed at businesses, employers, sole traders, charities and not for profit organisations that contribute to the local economy. However the term 'business' has been used throughout the form and this report for simplicity.

Research Objectives
To collect conclusive and quantifiable information about the following:

- **How the Business Stands**
  - Status of the business
  - The main purpose of the business
  - Length of establishment
  - Number of employees
- **Employees**
  - Skill levels of employees
  - Access to training
  - Labour pool – constraints to growth
  - Wages
  - Recruitment
- **Business Location**
  - Reasons for locating in the South Hams
  - Drawbacks to location
- **Premises**
  - Current capacity
  - Attitudes to future premises – constraints to growth
- **Attitudes to development**
  - Business plan
  - Access / sources to funding
  - Access to advice
  - Purchasing
  - Marketing plan
- **Technological usage (ICT)**
  - Internet – addressing peripherality
  - Adequacy of provision

2.0 Method & Analysis

The South Hams Business Survey 2004 was conducted as a self-completing, postal survey. It was sent in a white A4 envelope, marked as correspondence from the Council. An A5 reply envelope was included.

A survey by post is appropriate because:

- The large number of businesses to contact prohibits the use of individual contact (by telephone or face-to-face interviews)
- This is not exploratory research and the results need to be conclusive and quantifiable

Sampling / Database
The database used for the survey is the result of several years of local update and improvement on a postcode based database originally purchased from Dunn and Bradstreet. The total number of businesses listed is 4,661. This compares favourably with the 4,082 businesses registered with the Valuation Office Agency at the time of the survey and indicates a good penetration of the districts micro-businesses by the survey.

3.0 Response

A total of 934 surveys were received at the time of writing this report. There were also 158 surveys that were returned by the Post Office as undelivered and 66 that were outside of the South Hams. To calculate response rate the following formula is used:

$$\frac{\text{(100 x Number of questionnaires returned)}}{\text{(Number of people in the sample less deadwood)}}$$

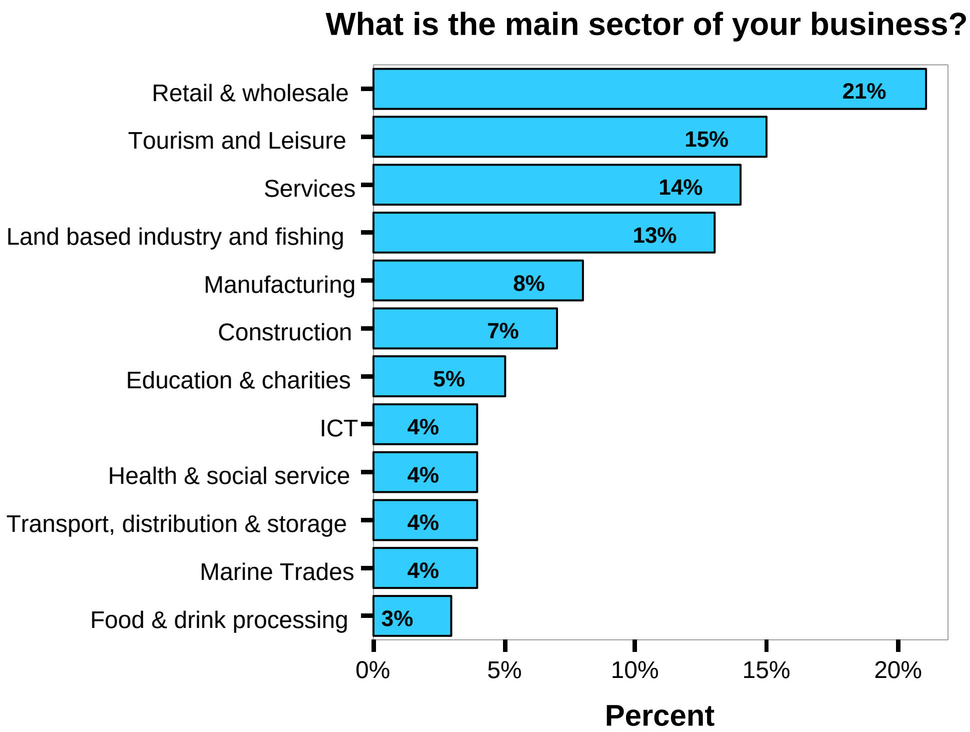
The response rate is, therefore, (100 x 934) / (4661-158-66) = 21%.

4.0 About the Business and Financial Information

4.1 Main sector of business

Businesses were first asked to state which main sector their business occupied, choosing from a list of 12 sectors.

The largest industrial sector, accounting for a fifth (21%) of all the businesses that responded, was 'retail and wholesale' (21%), followed by 'tourism and leisure' (15%), 'services' (14%) and 'land based industry and fishing' (13%). Between them, these four sectors accounted for nearly two-thirds (63%) of businesses that responded to the survey. *(Appendix 1: Table 1)*

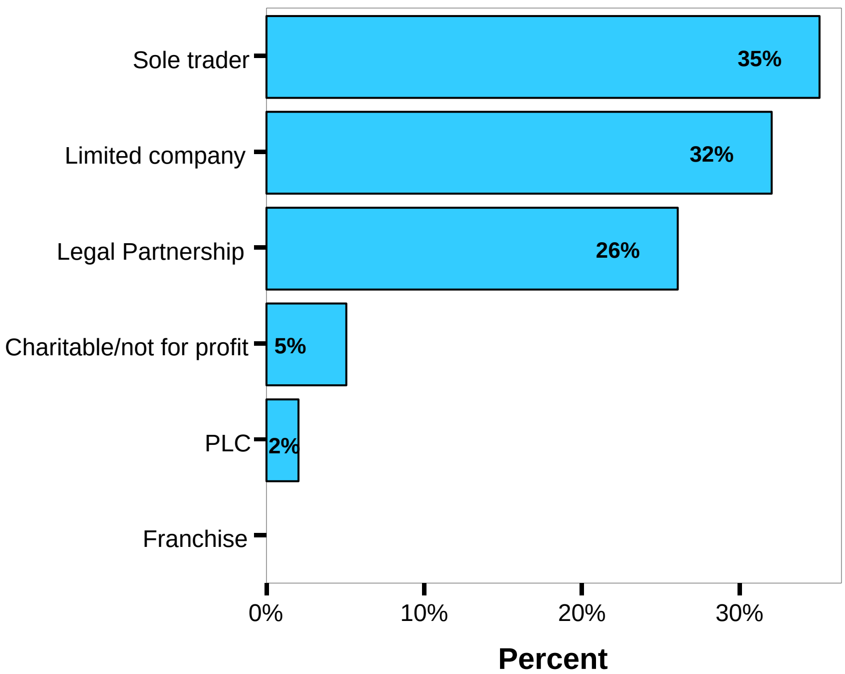


4.2 Legal status of business

The next section asked businesses to say what the business' legal status was.

Over a third of businesses that responded (35%) were 'sole traders', with a further third (32%) being 'limited companies'. However, including the quarter (26%) that were 'legal partnerships', three-fifths (61%) of businesses were owner operated. *(Appendix 1: Table 2)*

What is the legal status of your business?



4.3 Business ownership

Following on from the previous question, respondents were then asked to indicate who owned the company.

Nearly half of all businesses in the survey (46%) were owned by 'self', with a further quarter (27%) owned by 'family'.

Is the business owned by:

		Frequency	Percent	Valid Percent
Valid	**Self**	417	45%	46%
	Family	248	27%	27%
	Unrelated partnership	44	5%	5%
	Shareholders	148	16%	16%
	Trust/publicly funded	50	5%	6%
	Total	907	97%	100%
Missing	**Did not answer**	27	3%	
Total		934	100%	

4.4 Part of a larger group of companies

Again, following on, the next question asked whether the business was part of a larger group of companies.

As would be expected, considering the large number of owner-operated businesses, the majority of businesses (89%) that responded to the survey were not part of a larger group.

Is the business part of a larger group of companies?

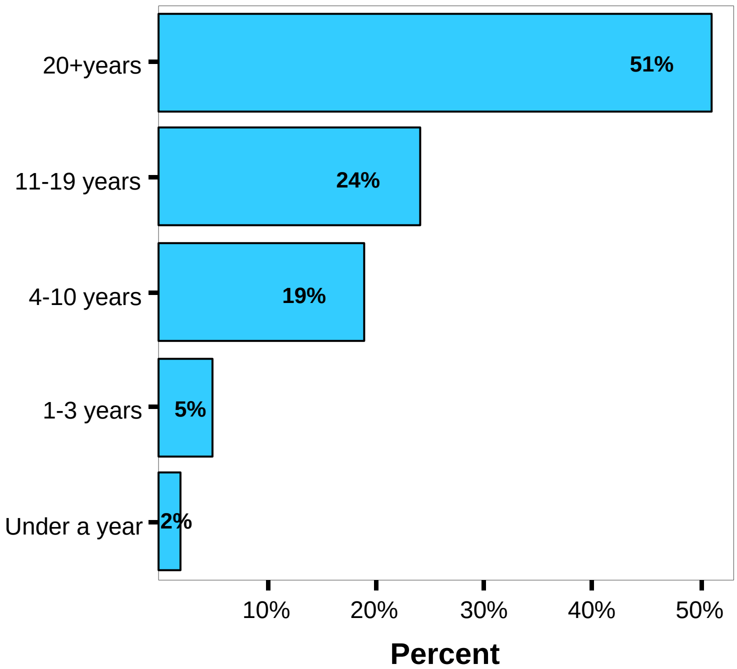
		Frequency	Percent	Valid Percent
Valid	**Yes**	99	11%	11%
	No	815	87%	89%
	Total	914	98%	100%
Missing	**Did not answer**	20	2%	
Total		934	100%	

4.5 Length of time established

The survey then asked how long the business or its predecessors had been established.

Over half of the businesses (51%) have been established for over 20 years, with a further quarter (24%) being between 11 and 19 years old. Only 2% of businesses in the survey were under a year old (start-up businesses). This could be artificially low as start up numbers are difficult to ascertain as they might not be registered. *(Appendix 1: Table 3)*

How long has this business (or its predecessors) been established?



4.6 Written business plan

Respondents were then asked to say whether there was a written business plan and if there was one, when it had last been updated.

Just under a third (31%) of companies have a written business plan. Those that do have a plan appear to value it as a business tool, with nearly half (46%) having updated the plan this year and two fifths (41%) having done so last year.

Do you have a written business plan?

		Frequency	Percent	Valid Percent
Valid	**Yes**	282	30%	31%
	No	639	68%	69%
	Total	921	99%	100%
Missing	**Did not answer**	13	1%	
Total		934	100%	

If yes, when was it last updated?

		Frequency	Percent	Valid Percent
Valid	**This year**	125	13%	46%
	Last year	111	12%	41%
	Cannot remember	24	3%	9%
	Never	11	1%	4%
	Total	271	29%	100%
Missing	**Did not answer**	663	71%	
Total		934	100%	

4.7 Marketing plan

Similarly, respondents were asked to say whether they had a marketing plan.

Just over a third of businesses (35%) say they have a marketing plan - a slightly higher figure than for business plans.

Does your business have a marketing plan?

		Frequency	Percent	Valid Percent
Valid	**Yes**	316	34%	35%
	No	585	63%	65%
	Total	901	96%	100%
Missing	**Did not answer**	33	4%	
Total		934	100%	

4.8 Professional help with plans

Following up from the previous questions, respondents were asked to say whether they had received professional assistance with either plan and indicate the source of the assistance.

The majority of those who answered (82%) indicated that they had not received any help with either their business or marketing plan.

Of the fifth (18%) that had received professional assistance with their plans and there was a wide range in sources of this help. The largest named category was ‘business consultant’ (27%) followed by ‘bank’ (15%) and ‘Business Link’ (15%). A third of respondents actually said they had sought help from an ‘other’ source, which could include family members, friends or trusts such as the Prince’s Trust.

Did you have professional assistance with either plan?

		Frequency	Percent	Valid Percent
Valid	**Yes**	138	15%	18%
	No	615	66%	82%
	Total	753	81%	100%
Missing	**Did not answer**	181	19%	
Total		934	100%	

If yes, who helped you?

		Frequency	Percent	Valid Percent
Valid	**Bank**	18	2%	15%
	Enterprise agency	11	1%	9%
	Business consultant	32	3%	27%
	Business link	18	2%	15%
	Other	38	4%	32%
	Total	117	13%	100%
Missing	**Did not answer**	817	87%	
Total		934	100%	

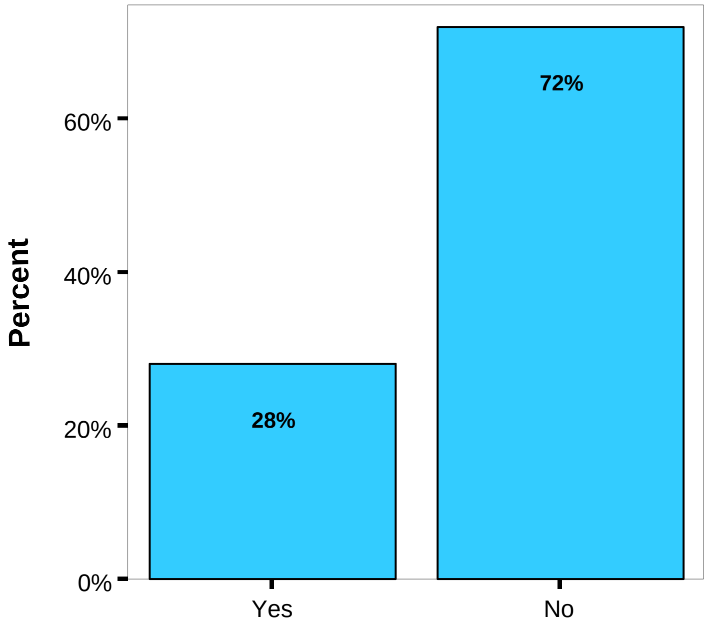
4.9 New product or service

The survey then went on to ask whether the company had recently introduced a new product or service, and if so, whether it would result in a patent.

Over a quarter (28%) of respondents said their company had recently launched a new product or service. *(Appendix 1: Table 4)*

However, very few of these new products or services (26 in total) have, or will, result in a patent.

Has your business recently introduced a new product or service?



If yes, did / will this new product or service result in a patent?

		Frequency	Percent	Valid Percent
Valid	Yes	26	3%	11%
	No	213	23%	89%
	Total	239	26%	100%
Missing	Did not answer	695	74%	
Total		934	100%	

4.10 Membership of forums or business groups

The next questions asked whether the businesses were members of any forums or business groups and to indicate which ones.

Three-fifths of respondent businesses (61%) said they were a member of at least one forum or business group.

The most popular type of membership, (64%) of those that answered, was of a 'trade / professional association'. The single largest membership was to the Federation of Small Businesses, to which a quarter of those that answered (26%) belong.

Do you belong to any forums or business groups?

		Frequency	Percent	Valid Percent
Valid	**Yes**	551	59%	61%
	No	355	38%	39%
	Total	906	97%	100%
Missing	**Did not answer**	28	3%	
Total		934	100%	

Which type of forums / business groups do you belong to?

	#	%
Trade/Professional association	376	64%
Federation of Small Businesses	152	26%
Trade/Sector forums	142	24%
Business Link	110	19%
Networking group	89	15%

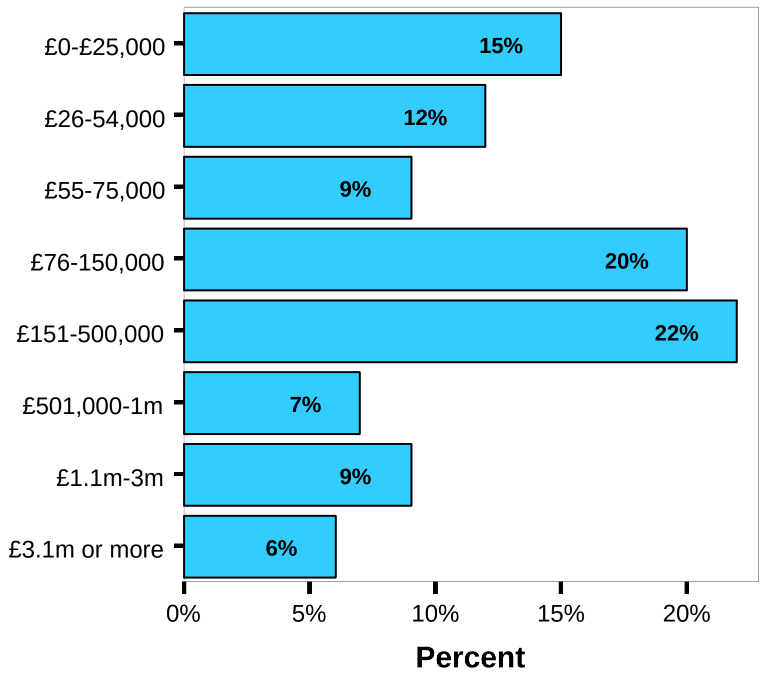
4.11 Turnover

The first question in the Financial Information section asked respondents to say what the business' approximate turnover was last year.

Just over a quarter (27%) of businesses in the South Hams had a turnover below the VAT threshold of £54,000. A further 9% had a turnover between '£55,000 and £75,000'.

The most frequent 'turnover band' selected (22%) was '£151,000 to £500,000' per year followed by '£76,000 to £150,000' per year (20%). There are a significant proportion of businesses with turnovers of less than £25,000 (15%) indicating the importance of SMEs and sole traders to the district economy. *(Appendix 1: Table 5)*

What was the approximate business turnover last year?



4.12 Expected change in turnover

Respondents were then asked whether they thought that their turnover change over the next financial year.

The majority of respondents were relatively optimistic about their turnover, with only 11% thinking it would 'decrease'. However, only two-fifths (42%) thought turnover would increase, with nearly half saying (47%) they thought it would stay the same.

How do you expect this turnover to change in your next financial year?

		Frequency	Percent	Valid Percent
Valid	**Increase**	362	39%	42%
	Stay the same	409	44%	47%
	Decrease	100	11%	11%
	Total	871	93%	100%
Missing	**Did not answer**	63	7%	
Total		934	100%	

4.13 Percentage of sales overseas

The next question asked respondents to say what percentage of their business' sales were overseas.

Of those that answered, the vast majority (96%) said that less than 25% of their sales were overseas. Only 4% of businesses indicated that over a quarter of their sales were overseas. It should be remembered that 'sales' in this context includes electronic export of software and technical support. This may contribute to the 2% indicating that over three-quarters of sales were overseas.

Percent of sales generated overseas

		Frequency	Percent	Valid Percent
Valid	**0% to 25%**	695	74%	96%
	26% to 50%	10	1%	1%
	51% to 75%	7	1%	1%
	76% to 100%	11	1%	2%
	Total	723	77%	100%
Missing	**Did not answer**	211	23%	
Total		934	100%	

4.14 Percentage of sales directly from tourism

Similarly the next question asked businesses to say what percentage of their sales came directly from tourism.

As would be expected, a greater proportion of businesses generate sales directly from tourism than do from overseas. A quarter of businesses (25%) said that direct tourism sales accounted more than 25% of their sales, including 11% who said that over three-quarters of their sales came directly from tourism.

Percentage of sales generated directly by tourism

		Frequency	Percent	Valid Percent
Valid	**0% to 25%**	518	55%	75%
	26% to 50%	62	7%	9%
	51% to 75%	36	4%	5%
	76% to 100%	75	8%	11%
	Total	691	74%	100%
Missing	**Did not answer**	243	26%	
Total		934	100%	

4.15 Percentage of sales indirectly from tourism

The survey went on to ask businesses to say what percentage of their sales came indirectly from tourism - i.e. those that sell goods or services to the tourist industry.

Just over a tenth (11%) of businesses surveyed that indicated that over 25% of their sales were to the tourist Industry. However, only 3% of those that answered the question said that more than half of their sales were.

Percentage of sales generated indirectly from tourism

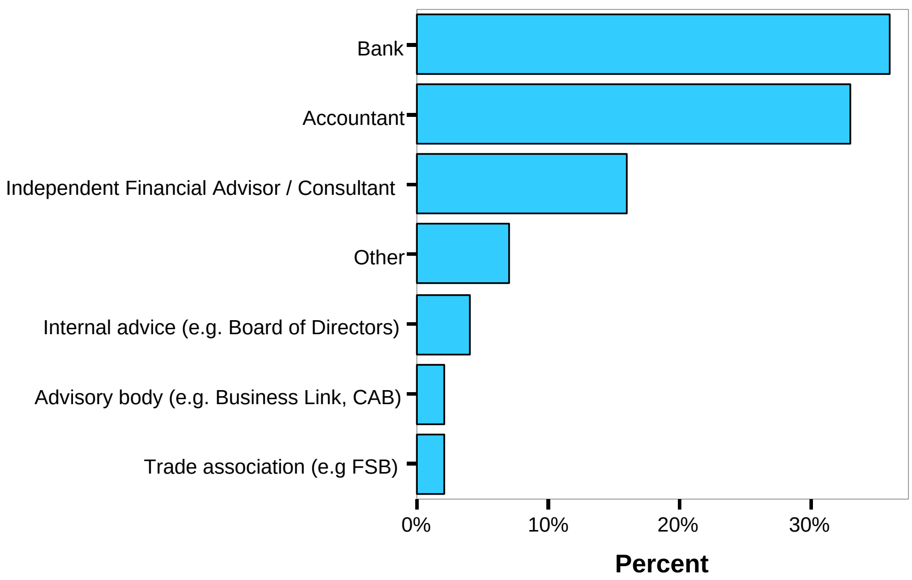
		Frequency	Percent	Valid Percent
Valid	**0% to 25%**	496	53%	89%
	26% to 50%	46	5%	8%
	51% to 75%	5	1%	1%
	76% to 100%	12	1%	2%
	Total	559	60%	100%
Missing	**Did not answer**	375	40%	
Total		934	100%	

4.16 Sources of financial advice

An open question was then asked to determine where respondents were likely to go first when they wanted financial advice. The answers were then categorised for the purposes of analysis.

The two most popular sources of financial advice, accounting for over two-thirds of all respondent businesses, were the ‘bank’ (36%) or an ‘accountant’ (33%). ‘Independent financial advisors’ (16%) were also popular sources of advice, but less so were ‘advisory bodies’ such as Business Link. *(Appendix 1: Table 6)*

As a first choice, where would you go for financial advice?



4.17 Sources of investment

The final question in the Financial Section asked what sources of investment businesses had used in the last 2 years. A list of 12 different sources was given.

Two-thirds of respondents who answered (63%) said the business had a 'bank overdraft' as well as half (50%) that said the business had a 'bank loan'. Credit cards were commonly used, both 'personal' (30%) and 'business' (29%).

Very few businesses are making use of 'European grants' and 'loans', the 'small firms loan guarantee scheme', and 'start-up funds from trust organisations'.

Which sources of investment have you used within the last 2 years?

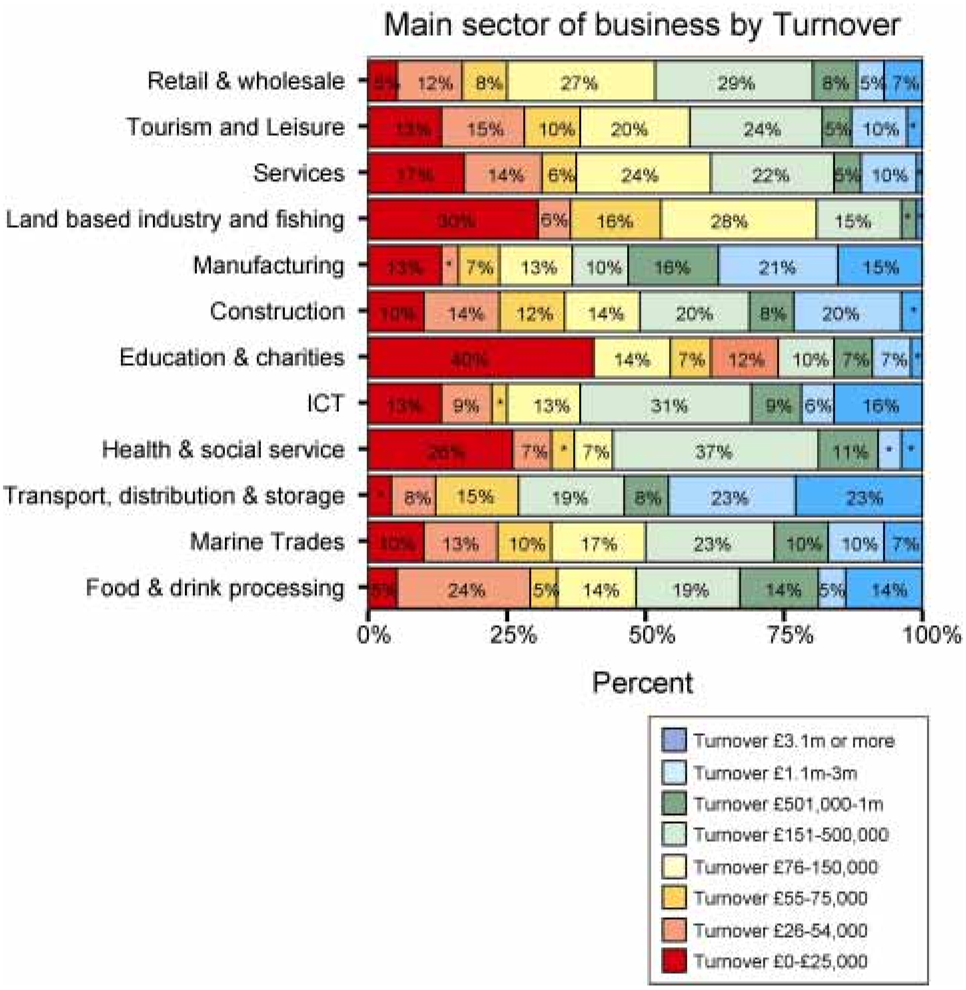
	#	%
Bank overdraft	437	63%
Bank loan	349	50%
Credit cards-personal	212	30%
Credit-cards - business	202	29%
Equity investment or own savings	156	22%
Loan/gifts from family/friends	83	12%
Second mortgage	67	10%
Secondary income	64	9%
European Grant	18	3%
Small firms loan guarantee scheme	13	2%
European loan	8	1%
Start-up funds from trust organisations	3	0%

4.18 Differences and comparisons

Cross-tabulations were done for some of the main indicators of the stability of the business i.e. sector, legal status, ownership, length of establishment and turnover.

Sector, turnover and other attributes of the company are, as may be expected, interrelated.

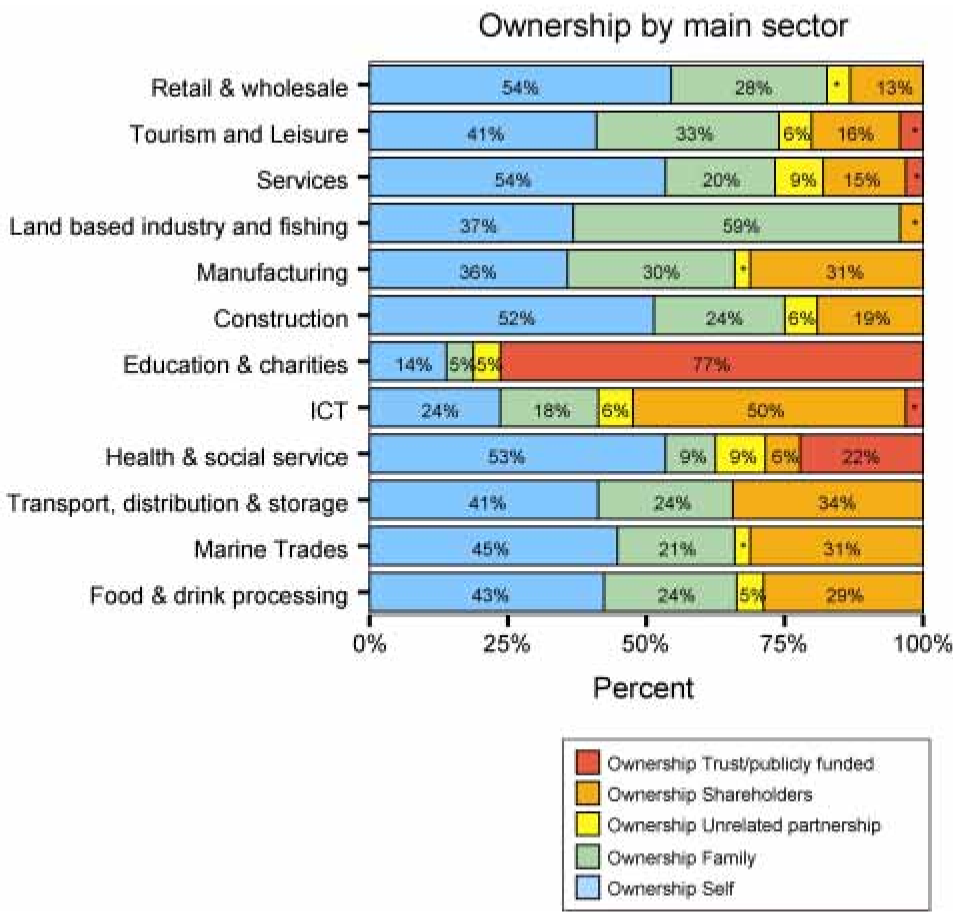
There are for example significant differences between different sector's turnovers. 'Land based industry…' and 'education and charities' are more likely than others to have lower turnovers (below £54,000), whereas 'manufacturing', 'construction' and 'transport, distribution and storage' businesses are more likely to have turnovers of greater than £1m. *(Appendix 1: Table 7)*



Other factors also show differences, for example legal status. 'Sole traders' and 'charitable / not for profit' companies are more likely to have lower turnovers. 'Legal partnerships' tend to have slightly higher turnovers, with 'limited companies' and 'franchises' larger still. Over half of 'PLCs' in the survey say they have a turnover of over £3m. *(Appendix 1: Table 8)*

The same pattern was seen with business ownership. Companies owned by 'self' or 'trust / publicly funded' were more likely to have lower turnovers. 'Family' owned businesses tended to have bigger turnovers and 'unrelated partnerships' bigger still. Companies owned by 'shareholders' were more likely to have turnovers of more than £1m per year. *(Appendix 1: Table 9)*

However, there were also differences based on sector. As may be expected, 'land based industries' tend to be 'sole traders' or 'legal partnerships' and furthermore are much more likely to be owned by a 'family'. 'Education & charities' are predominantly 'charitable / not for profit' organisations 'owned' by 'trust / publicly funded'. At the other end of the scale 'ICT' industries as well as 'manufacturing', 'transport' and 'construction' companies have higher numbers of 'limited companies' than other sectors. *(Appendix 1: Table 10 & 11)*



It should be noted that the category 'transport, distribution & storage' shows a turnover greater than might be expected. This is largely due to the make up of the sector that includes a wide range of businesses, e.g. marine businesses, not indicated in the category title.

It is worthy of note that certain smaller sectors, e.g. Food & Drink (3%), ICT (4%)and marine trades (4%), have a significant proportion of businesses with turnovers greater than £501,000 p.a. As might be expected over half of manufacturing businesses, accounting for 8% of business activity as a sector, have a turnover of over £501,000.

It can be seen from the results of the survey that there is a strong relationship between the size, sector, turnover, ownership and legal status of businesses in the South Hams. Broadly speaking, 'land based industry', some 'tourism and leisure' businesses and some 'retail & wholesale' businesses in the district are smaller, family run enterprises, with lower turnovers than other businesses.

The basic characteristics of businesses have a large bearing on other attributes and attitudes. 'Smaller' companies appear to be less able or less willing to adopt new technology and put in place policies for the business.

5.0 About Business Workspace and Location

The second section of the survey asked questions about the business' main workspace in the South Hams, the reason for the business' location in the District and whether it was likely to remain there. Responses to these questions help provide an idea of the stability of business in the South Hams; the loyalty of businesses to the district; their perception of opportunities for growth within the district; and the Council's role in maintaining and increasing stability, loyalty and opportunities.

5.1 Key reason for locating the business in the South Hams

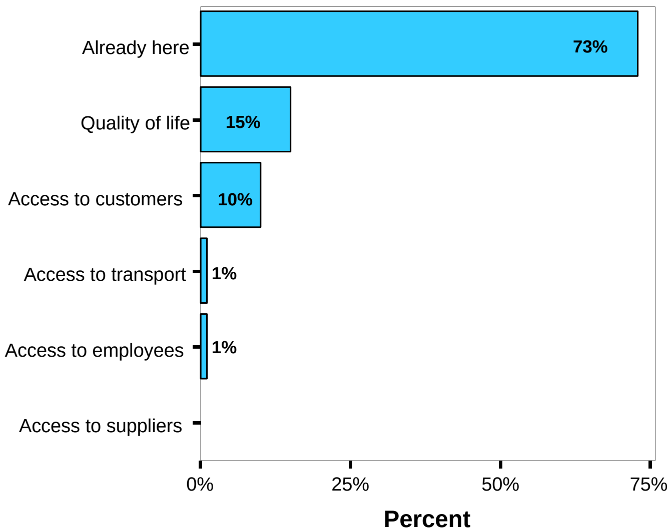
The first question in this section asked businesses to say what their key reason was for locating the business in the South Hams.

Nearly three-quarters of respondents said that the key reason for locating in the South Hams was that they were 'already here', with the second most common reason being 'quality of life'. Only 10% of respondents indicated it was because of access to customers. *(Appendix 1: Table 12)*

There are significant differences by both turnover and sector of the business, although they do not necessarily seem related on this occasion. For example, 'manufacturing', 'food processing' and 'land based industries' are much less likely than other industries to say they are located in the South Hams because of access to customers – this is despite these sectors having very different profiles with regards to turnover. *(Appendix 1: Table 13)*

The 'turnover group' '£501,000 to £1m' are the most likely to have chosen to locate in the South Hams because of access to customers. The least likely are those with the largest turnovers, followed by those with the smallest turnovers. *(Appendix 1: Table 14)*

Please indicate the key reason for choosing to locate your current business in the South Ham



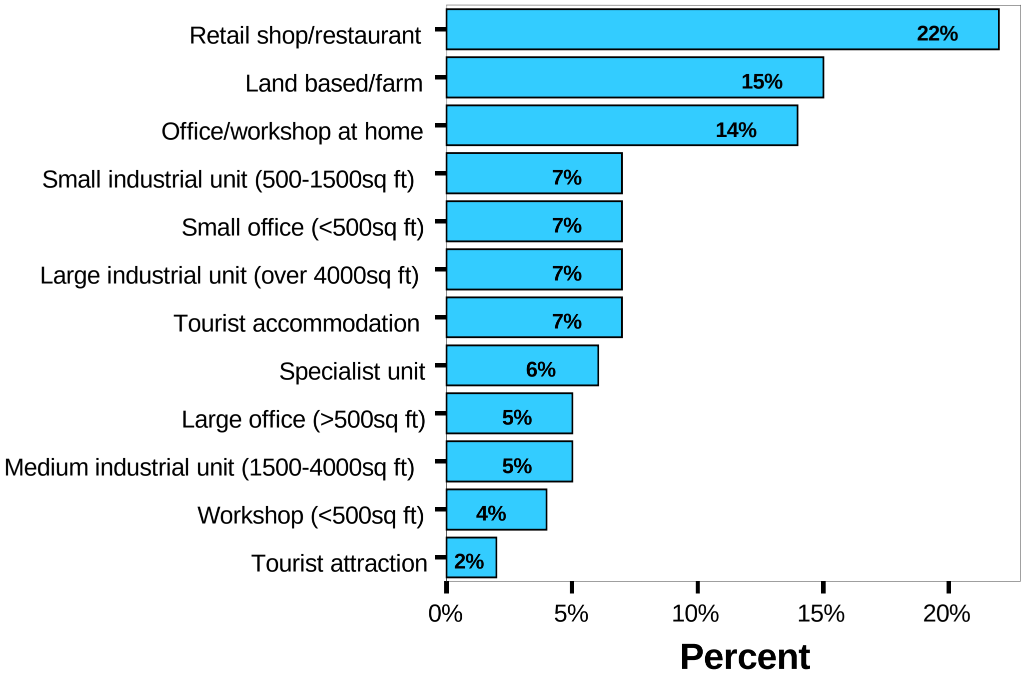
5.2 Type of business unit of the main workspace

The next question asked businesses to say what type of unit their main business workspace is, with a choice of 12 types of workspace to choose from.

The single biggest category of workspace is the high street based 'retail shop / restaurant' (22%). Next largest is 'land based / farm' (15%). The size of the 'office / workshop at home' category (14%) again indicates the importance of SMEs and sole traders to the district economy.

However, 'large' (7%), 'medium' (5%) and 'small industrial units' (7%) combined account for 19% of workspaces, and 'large' (5%) and 'small offices' (7%) similarly account for 12% of workspaces combined. *(Appendix 1: Table 15)*

What type of business unit is your main workspace?



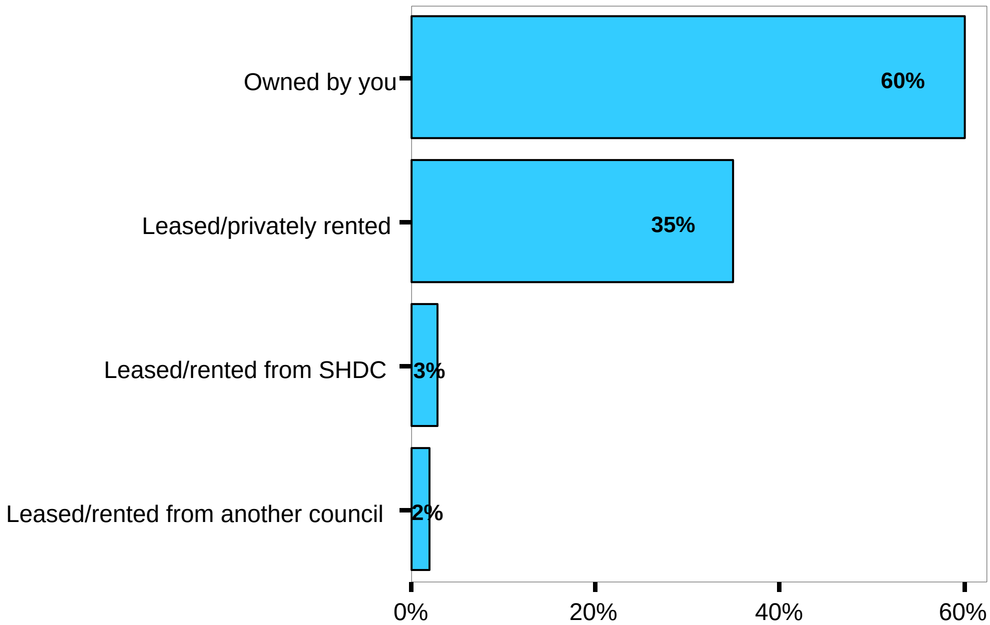
5.3 Ownership of the main workspace

Following on from the previous question, respondents were asked to say who owned the main workspace.

Three-fifths (60%) of respondent companies own their main workspace, with just over a third more (35%) leasing or renting privately. Only 3% of respondents said they rent their workspace from SHDC. *(Appendix 1: Table 16)*

There were some significant differences by sector, with ‘food and drink processing’, ‘marine trades’ and ‘retail and wholesale’ businesses being far more likely to say that they ‘lease / rent privately’ than other businesses. ‘Land based industries’ are the most likely to own their workspace. *(Appendix 1: Table 17)*

Is the current main workspace:



5.4 Age of the main workspace

The questionnaire then asked how old the main workspace was.

A third (33%) of workspaces are over 101 years old, with just under a third (30%) being between '5 and 25 years old'. Relatively few (5%) are very new.

'Tourism and leisure', 'health…' and 'retail…' businesses are the most likely to have workspaces over 101 years old, although 'land based industries' are much more likely than others to say they 'do not know' the age of their workspace. *(Appendix 1: Table 18)*

Approximately, how old is your main workspace?

		Frequency	Percent	Valid Percent
Valid	**Less than 5 years (1999-current)**	46	5%	5%
	5-25 years old (1979-1998	268	29%	30%
	26-50 years old (1954-1977)	123	13%	14%
	51-100 years old (1904-1953)	108	12%	12%
	101 years old or more (pre 1903)	291	31%	33%
	Do not know	56	6%	6%
	Total	892	96%	100%
Missing	**Did not answer**	42	4%	
Total		934	100%	

To provide a degree of context when considering these proportions it should be remembered that the planned life-span of business premises has changed over time. Whereas the oldest premises were likely to have been built to a standard to achieve the greatest life-span, more modern business premises are often built to operate over a 20 year life. Despite this they are often used for longer periods.

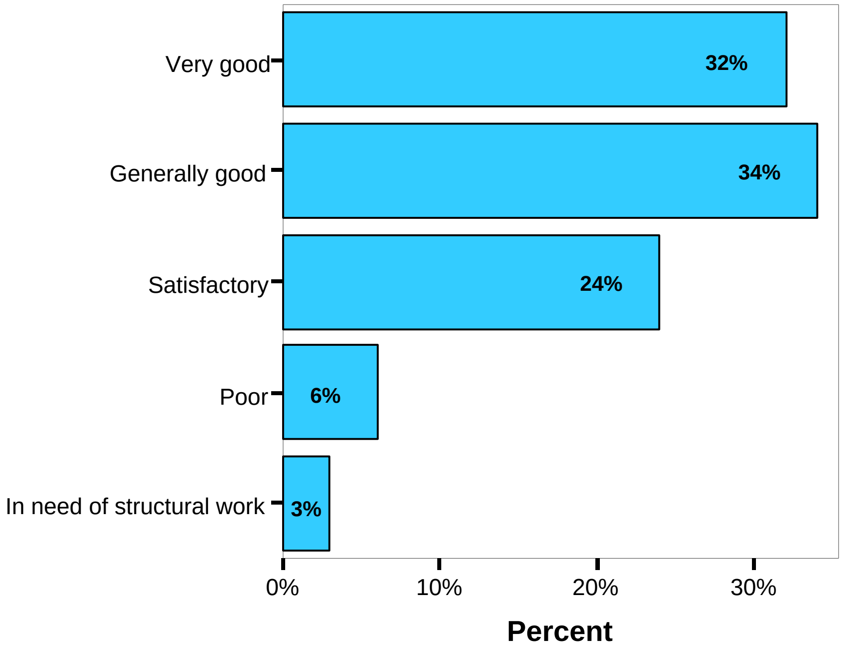
It should also be noted that many businesses operate from older premises that were not built for that purpose but have since been converted..

5.5 Physical condition of the main workspace

Continuing the theme, the questionnaire asked what the physical condition of the main workspace was on a scale from 'very good' to 'in need of structural work'.

Two-thirds of respondents (66%) said the workspace was 'very good' or 'generally good', with a further quarter (24%) saying it was satisfactory. Despite nearly a half of business premises being older than 50 years only 9% of businesses said their workspace was in less than satisfactory condition, with 3% saying it required structural work. *(Appendix 1: Table 19)*

How would you describe the physical condition of your main workspace?



5.6 Considering moving to another workspace

Respondents were then asked to say whether they were considering a move to another workspace in the future.

Just under a fifth (19%) said they were considering moving premises.

Are you considering moving to another workspace in the future?

		Frequency	Percent	Valid Percent
Valid	**Yes**	170	18%	19%
	No	737	79%	81%
	Total	907	97%	100%
Missing	**Did not answer**	27	3%	
Total		934	100%	

5.7 Main reason for considering a move

Those who had said they were considering a move were then asked what their main reason for moving would be.

Over half of those who answered said they were considering the move because they required 'more space / expansion'.

What is the main reason for considering a move?

		Frequency	Percent	Valid Percent
Valid	More space required/expansion	72	8%	53%
	Personal	16	2%	12%
	Cost issues	15	2%	11%
	Better location for customers	13	1%	9%
	Better quality accommodation	10	1%	7%
	Better location for clients	4	0%	3%
	Too much space	3	0%	2%
	Better access to transport routes	2	0%	1%
	Better location for employees	1	0%	1%
	Access to shared services (e.g. reception, secretarial, meeting rooms)	1	0%	1%
	Total	137	15%	100%
Missing	Did not answer	797	85%	
Total		934	100%	

5.8 Locations considered

Those who had said they were considering a move were then asked what locations they were considering moving to.

Most of those considering a move would consider staying in the South Hams (80%). A quarter would consider a move 'within Devon'. Very few respondents indicated they would consider moving beyond Devon.

Please indicate the areas you are considering moving to

	#	%
Within the South Hams	136	80%
Within Devon	42	25%
Elsewhere in the South West	15	9%
Elsewhere in the UK	9	5%
Elsewhere in the EU	5	3%
Elsewhere in the world	5	3%

5.9 Prefer to stay in the South Hams

Finally, those who had said they were considering moving away were then asked whether they would prefer to stay in the South Hams.

The majority of those considering moving out of the South Hams (82%) indicated that they would prefer to stay in the District.

If you are moving out of the South Hams, would you prefer to stay?

		Frequency	Percent	Valid Percent
Valid	**Yes**	40	4%	82%
	No	9	1%	18%
	Total	49	5%	100%
Missing	**Did not answer**	885	95%	
Total		934	100%	

5.10 Provision of suitable workspace in the South Hams

Respondents were asked whether they thought there was enough suitable workspace in the South Hams.

Opinion was divided amongst respondents as to whether there is enough suitable workspace in the South Hams, with a sizable minority (39%) saying they did not think there was.

There were significant differences between sectors, with ‘tourism and leisure’ businesses and ‘land based industries’ being more likely to say there were enough suitable properties than others such as ‘manufacturing’. *(Appendix 1: Table 20)*

Do you feel there is enough suitable workspace in the South Hams?

		#	Percent	Valid Percent
Valid	**Yes**	472	51%	61%
	No	300	32%	39%
	Total	772	83%	100%
Missing	**Did not answer**	162	17%	
Total		934	100%	

5.11 The Council's role in provision of suitable workspace in the South Hams

As a follow up to the previous question, respondents were asked to say whether they believed the Council should do more to improve provision of suitable workspace in the South Hams.

The majority of those that answered (88%) the question thought that the Council should do more to improve provision of workspace.

If no, should the Council do more to improve provision?

		Frequency	Percent	Valid Percent
Valid	**Yes**	255	27%	88%
	No	34	4%	12%
	Total	289	31%	100%
Missing	**Did not answer**	645	69%	
Total		934	100%	

5.12 Other organisations' role in provision of suitable workspace in the South Hams

Those who did not believe that the Council should do more to improve provision were asked what organisations should.

Of the thirty respondents who answered this question, 20 of them (67%) said that the private sector should improve provision of workspace in the South Hams.

If not the Council, who?

		Frequency	Percent	Valid Percent
Valid	**Regional Development Agency**	3	0%	10%
	Private sector businesses	20	2%	67%
	Devon County Council	2	0%	7%
	Other	5	1%	17%
	Total	30	3%	100%
Missing	**Did not answer**	904	97%	
Total		934	100%	

5.13 Main factor in the improvement of workspace provision

The final question in the section asked respondents to say what they believed to be the main factor that would improve workspace provision.

Three aspects are frequently mentioned by respondents as improvements, ‘access to transport routes’ (34%), ‘cost’ (29%) and ‘more specialist premises’ (21%). These three aspects account for 84% of all responses.

What main factor would improve workspace provision?

		Frequency	Percent
Valid	**Access to transport routes**	192	21%
	Cost	168	18%
	More specialist premises	119	13%
	Closeness to business communities	39	4%
	Better maintenance	20	2%
	Access to business support	19	2%
	Shared facilities	15	2%
	Total	572	61%
Missing	**Did not answer**	362	39%
Total		934	100%

6.0 About Information Technology

The next section asked questions regarding businesses access to the Internet, their uses of it and whether they would like to see improvements in the information technology infrastructure in the South Hams.

6.1 Access to the Internet

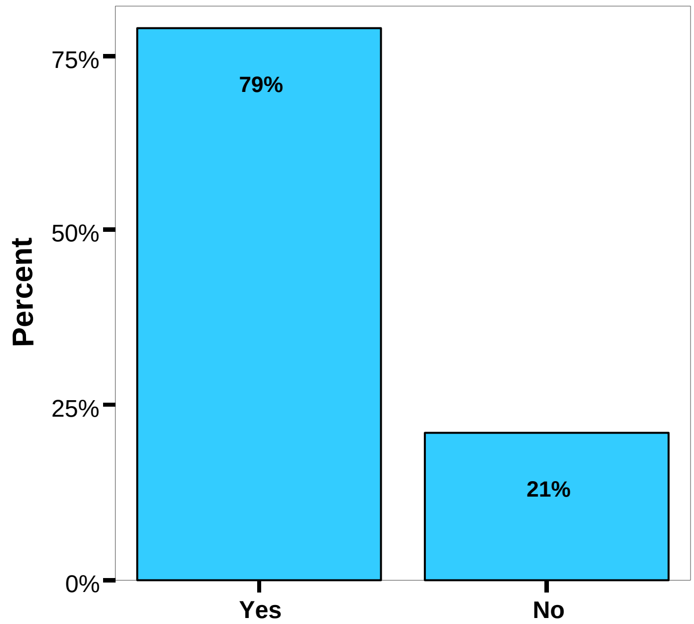
The first question in the information technology section asked whether businesses currently had access to the Internet.

Over three-quarters (79%) of businesses said that they did have access to the Internet. *(Appendix 1: Table 21)*

There are significant differences by both sector and turnover of the business. For example 'retail and wholesale' businesses and 'land based industries' are the least likely to say they have access to the Internet, compared to 'ICT' companies, all of which have access and 'manufacturing' companies, 90% of which do. *(Appendix 1: Table 22)*

Perhaps more significantly, businesses with turnovers of less than £75,000 are less likely to have Internet access, and those businesses with turnovers over £1m are the most likely to have Internet access. *(Appendix 1: Table 23)*

Does your business have access to the Internet?



6.2 Why no Internet access

Those who did not have access to the Internet were asked why they did not.

The majority of those that answered the question (82%) said they do not have access to the Internet because they 'don't need' it.

If not, why not?

		Frequency	Percent	Valid Percent
Valid	**Don't need access**	128	14%	82%
	Don't know how to use the Internet	29	3%	18%
	Total	157	17%	100%
Missing	**Did not answer**	777	83%	
Total		934	100%	

6.3 Connection to the Internet

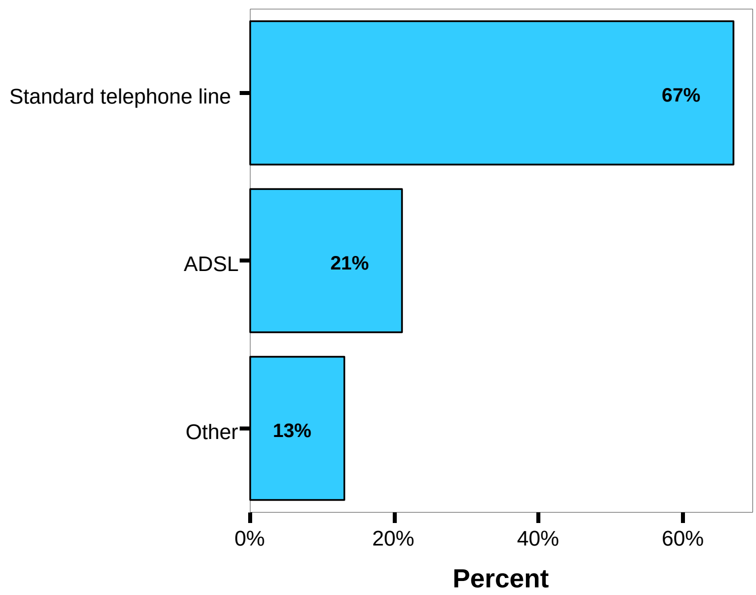
Those who did have access to the Internet were asked what connection the business used to the Internet.

Two-thirds of respondents (67%) said their business' connection to the Internet was through a 'standard telephone line', with a fifth (21%) using 'ADSL'. *(Appendix 1: Table 24)*

Again, there are differences found on both sector and turnover. 'Land based industries' that have Internet access are less likely than others to say they have 'ADSL', whereas 'ICT' and 'manufacturing' businesses are much more likely. *(Appendix 1: Table 25)*

However, like Internet access, the type of connectivity used appears to be largely determined by the size of the company, with those with turnovers in excess of £3m being five times more likely to have 'ADSL' than businesses with a smaller turnover. *(Appendix 1: Table 26)*

Through what connection do you access the Internet?



6.4 Company website

Respondents were then asked to say whether the company has a website.

Half of respondent (49%) businesses said they do have a website, and half (51%) said they do not have one.

Does your business have a website?

		Frequency	Percent	Valid Percent
Valid	**Yes**	448	48%	49%
	No	461	49%	51%
	Total	909	97%	100%
Missing	**Did not answer**	25	3%	
Total		934	100%	

6.5 Reason for not having a website

Those that do not have a website were then asked to say what the main issue was regarding it.

Over half (59%) of those that responded to this question said that they did not have a website because it was "not appropriate". Nearly a fifth (17%) said that it was 'lack of IT experience' that led to them not having a website.

There were no significant differences by either sector or turnover regarding answers to this question.

If no, what is the main issue?

		Frequency	Percent	Valid Percent
Valid	**Not appropriate for my business**	227	24%	59%
	Too expensive	43	5%	11%
	Lack of IT experience	65	7%	17%
	Do not like the internet	53	6%	14%
	Total	388	42%	100%
Missing	**Did not answer**	546	58%	
Total		934	100%	

6.6 Purchases and sales over the Internet

The next question asked respondents to say whether their business made purchases or sales over the Internet.

Just over a third (36%) of businesses use the Internet for making either sales or purchases, the majority of whom are making purchases (29% of the total).

Does your business make purchases or sales over the Internet

		Frequency	Percent	Valid Percent
Valid	**Purchases**	216	23%	29%
	Sales	53	6%	7%
	Neither	475	51%	64%
	Total	744	80%	100%
Missing	**Did not answer**	190	20%	
Total		934	100%	

6.7 Benefits of Broadband

Respondents were then asked to say what they see as the main benefits of Broadband access to the Internet.

The three most popular reasons for having Broadband access were all concerned with the speed and performance advantages – 'save time', 'high performance Internet access' and 'high volume data transfer' rather than the economic' benefits that might result from this increased performance.'

Benefits of Broadband access

	#	%
Save time	468	65%
High performance internet access	417	58%
High volume data transfer	266	37%
Improved customer service	196	27%
Increase productivity	133	19%
Increase Sales	117	16%
Access cost savings	92	13%
Video conferencing	31	4%
Other	26	4%

N.B. respondents could choose more than 1 option, therefore %s are per 'category'

6.8 Registered interest in Broadband

Following on from the previous question, respondents were asked whether they had registered an interest in Broadband with an ISP.

NB: This question was asked before BT announced their drive for 99.6% ADSL coverage through exchange upgrades and the end of the registration process.

Two-fifths of businesses (41%) had registered an interest in Broadband by that time.

Have you registered your interest in Broadband with an Internet Service Provider (ISP)?

		Frequency	Percent	Valid Percent
Valid	**Yes**	339	36%	41%
	No	489	52%	59%
	Total	828	89%	100%
Missing	**Did not answer**	106	11%	
Total		934	100%	

6.9 Opinions regarding IT infrastructure in the South Hams

The final question in the section asked people to say whether they consider the infrastructure for information technology adequate in the South Hams.

Opinion was divided on this question; with just under half (47%) indicating that they thought that IT infrastructure is adequate.

There were no differences found by sector, but there were by turnover. Businesses with lower turnovers were less likely to consider the infrastructure to be adequate than companies with larger turnovers. *(Appendix 1: Table 27)*

Do you consider that the infrastructure for Information Technology is adequate in the South Hams?

		Frequency	Percent	Valid Percent
Valid	**Yes**	309	33%	47%
	No	344	37%	53%
	Total	653	70%	100%
Missing	**Did not answer**	281	30%	
Total		934	100%	

7.0 About the Environment

The next section asked businesses about their attitudes towards environmental issues and any measures they have put into place to tackle environmental issues.

7.1 Environmental policy

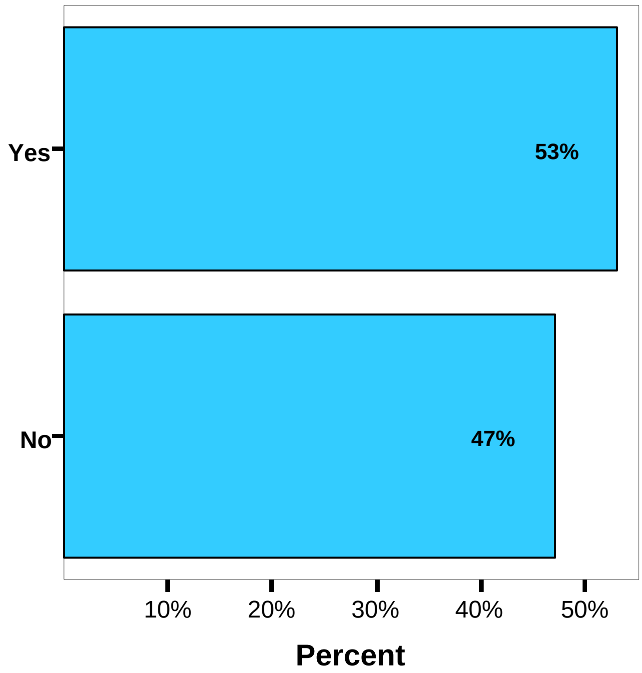
The first question in the environmental section asked whether the business had an environmental policy.

Just over half of businesses in the South Hams (53%) have an environmental policy. *(Appendix 1: Table 28)*

There were differences found both by sector and turnover. 'Land based industries' were much more likely to have an environmental policy than other businesses, with 'services' less likely than others. *(Appendix 1: Table 29)*

Again, companies with larger turnovers were more likely than others to have an environmental policy. *(Appendix 1: Table 30)*

Does your business have an environmental policy?



7.2 Why no environmental policy

Following up the previous question, those without an environmental policy were asked why not.

The most frequent response as to why the business does not have an environmental policy was 'have not considered it' (44%), with a quarter saying it is 'not an important issue for me' (26%) and nearly a quarter saying they were 'not aware of any benefits' (23%).

If no, why is this?

		Frequency	Percent	Valid Percent
Valid	**I need help to do it**	28	3%	8%
	Not an important issue for me	97	10%	26%
	Have not considered it	161	17%	44%
	Not aware of any benefits	84	9%	23%
	Total	370	40%	100%
Missing	**Did not answer**	564	60%	
Total		934	100%	

7.3 Environmental standards

Businesses were then asked to say whether they had an environmental quality standard such as ISO 14001 or ACORN.

The majority of businesses (89%) did not have any environmental quality standards.

There were no significant differences between turnover groups, but there were some differences on sector. 'Transport, distribution and storage' and 'land based industries' were far more likely to have an environmental quality standard than other groups. *(Appendix 1: Table 31)*

Does your business have an environmental quality standard?

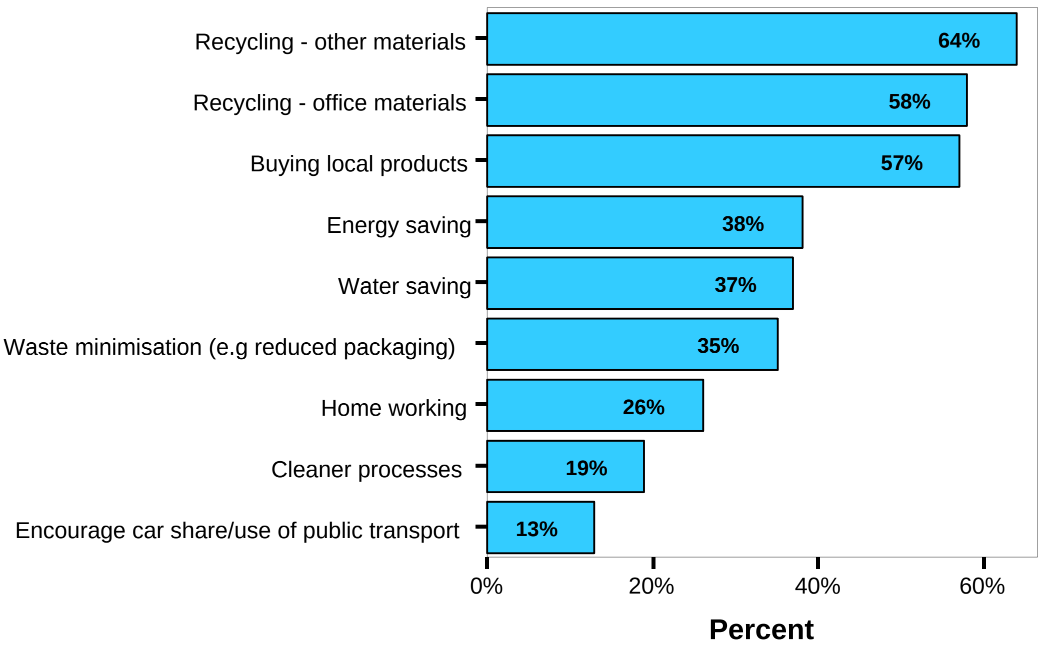
		Frequency	Percent	Valid Percent
Valid	**Yes**	93	10%	11%
	No	717	77%	89%
	Total	810	87%	100%
Missing	**Did not answer**	124	13%	
Total		934	100%	

7.4 Environmental steps taken

The final question in the environmental section asked whether businesses had taken any practical steps regarding the environment.

The most commonly taken steps regarding the environment are: recycling both ‘other materials’ (64%) and ‘office materials’ (58%) followed by ‘buying local products’ (57%). Only 13% of companies said that they ‘encourage car sharing / use of public transport’. *(Appendix 1: Table 32)*

Has your business taken any of the following steps?



8.0 About Employees

The next three sections dealt with aspects of employees of businesses in the South Hams. This section is about levels of employment compared to last year and whether there is expected to be change in the following years.

8.1 Employment levels this year and last year

The first question in this section asked businesses to say how many ‘full time’, ‘part time’, ‘seasonal’ and ‘voluntary workers’ they had this year and how many they had last year.

8.1.1 Total number of paid employees in the survey

The 934 companies who answered the survey employed 12,349 paid workers (excluding voluntary workers) this year. That is 861 higher than the 11,488 paid workers they employed last year, an increase of 7.5%.

8.1.2 Number of staff per business

Most businesses (94%) have employed at least one paid employee this year, which is up 3% compared to last year. Over half of businesses (54%) said they have employed between 1 and 5 employees this year, which is the same as last year.

There are differences between both sector and turnover. ‘Land based industries’ are more likely than any other sector to employ between 1 and 5 people, although ‘education and charities’ are the most likely to have no employees. ‘Manufacturing’ and ‘ICT’ businesses on the other hand are much more likely to have more than 20 employees. *(Appendix 1: Tables 33 & 34)*

Number of paid employees (grouped)

		This Year		Last Year	
		Frequency	**Valid Percent**	**Frequency**	**Valid Percent**
Valid	**None**	53	6%	84	9%
	1 to 5	506	54%	503	54%
	6 to 10	156	17%	149	16%
	11 to 20	94	10%	82	9%
	21 to 50	74	8%	69	7%
	51 to 100	26	3%	26	3%
	101 and over	25	3%	21	2%
	Total	934	100%	934	100%

8.1.3 Changes in number of paid employees per business

Just under two-thirds of businesses have had ‘no change’ in their number of employees. Less (11%) have experienced a decrease in the number of employees than have experienced an increase (27%) and the amount that have experienced a significant increase of over 5 employees (7%) is far greater than those experiencing a significant decrease.

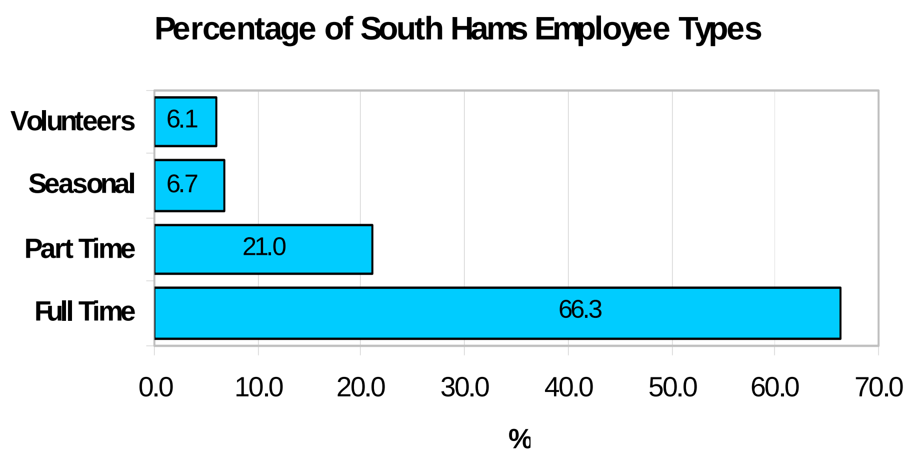
There were significant differences between both sector and turnover. ‘Land based industry’, ‘health and social services’ and ‘services’ are the sectors least likely to have experienced any changes in their employees numbers. ‘Food and drink processing’, ‘transport and distribution’ and ‘manufacturing’ are the most likely. ‘Manufacturing’ is the sector that has proportionately suffered the largest number of losses this year, although the sector has also had a significant number of gains. *(Appendix 1: Table 35 &36)*

Paid Employees Change Grouped

		Frequency	Percent	Valid Percent
Valid	**Reduction of over 16**	5	1%	1%
	Reduction 5 to 15	6	1%	1%
	Reduction 1 to 4	94	10%	10%
	No change	581	62%	62%
	Increase 1 to 4	188	20%	20%
	Increase 5 to 15	45	5%	5%
	Increase 16 and over	15	2%	2%
	Total	934	100%	100%

8.1.4 Employee Type

The following graph shows the relative proportions of employee type within the South Hams. Unsurprisingly the majority of employees are full time. Surprisingly 6.1% of workers are volunteers



8.1.5 Number of types of workers

There have been slight increases in the number of businesses employing both 'full time' and 'part time' employees this year compared to last year. There have been very few changes in the number of 'seasonal' employees or 'voluntary workers'

Number of employees this year

		This Year		Last Year	
		#	%	#	%
F/T employees (grouped)	**None**	20	3%	22	3%
	1 to 5	538	68%	519	68%
	6 to 10	85	11%	85	11%
	11 to 20	63	8%	55	7%
	21 to 50	52	7%	53	7%
	51 to 100	19	2%	16	2%
	101 and over	16	2%	15	2%
P/T employees (grouped)	**None**	45	7%	52	9%
	1 to 5	464	75%	427	74%
	6 to 10	56	9%	47	8%
	11 to 20	33	5%	32	6%
	21 to 50	16	3%	14	2%
	51 to 100	4	1%	3	1%
	101 and over	1	0%	1	0%
Seasonal employees Grouped	**None**	78	33%	76	34%
	1 to 5	127	54%	120	53%
	6 to 10	17	7%	17	8%
	11 to 20	6	3%	5	2%
	21 to 50	5	2%	5	2%
	51 to 100	3	1%	2	1%
	101 and over	0	0%	0	0%
Volunteers (grouped)	**None**	90	60%	89	63%
	1 to 5	38	25%	32	23%
	6 to 10	3	2%	3	2%
	11 to 20	13	9%	14	10%
	21 to 50	4	3%	3	2%
	51 to 100	0	0%	0	0%
	101 and over	2	1%	1	1%

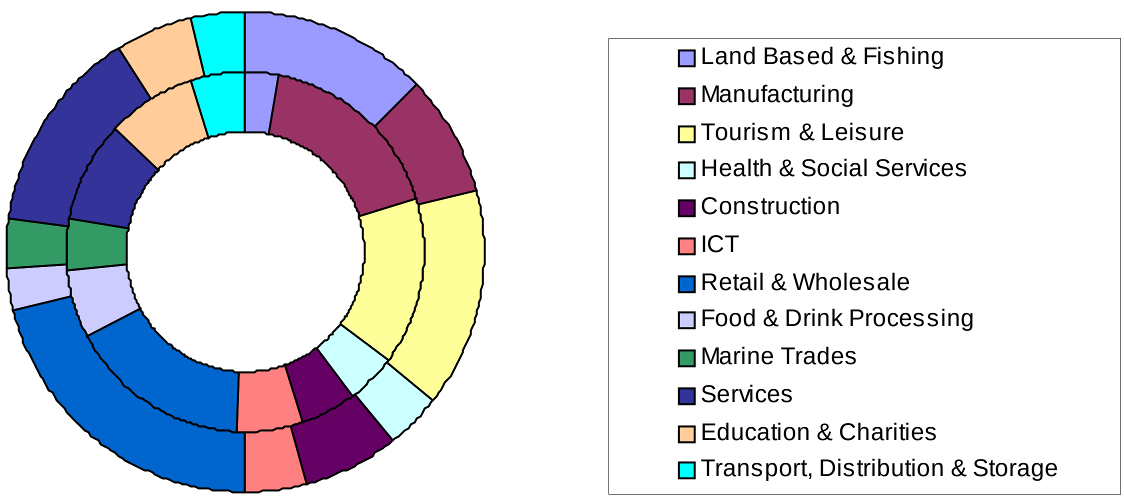
8.2.1 Employees and Business Activity by Business Sector

The following table and graph allow comparison of the number of businesses surveyed by sector and the proportion of the workforce that they employ.

SECTOR	% OF EMPLOYEES	% OF ACTIVITY
Land Based & Fishing	3.1	12.8
Manufacturing	17.1	8
Tourism & Leisure	15.2	14.7
Health & Social Services	4.5	3.8
Construction	4.8	6.6
ICT	6.2	4.0
Retail & Wholesale	16.5	21.2
Food & Drink Processing	6	2.6
Marine Trades	4.7	3.5
Services	8.8	13.9
Education & Charities	8.3	5.3
Transport, Distribution & Storage	4.9	3.5

The greatest disparity between number of businesses and employees is within the 'Land based and Fishing' sector where the proportion of businesses far outweighs the proportion of employment provided by this sector. Clearly many of these businesses employ no staff, very few full time or part time staff, or rely on seasonal workers. 'Retail & Wholesale' and 'Services' show a similar but less marked pattern. Conversely the 'Manufacturing' sector contributes far greater employment to the district for the number of businesses. 'ICT', 'Marine Trades' and 'Education & Charities' show similar trends though interpretation should be made with caution and reference to the type of employees within each sector (see section 9.1.2). For example 'Manufacturing' employees tend to be full-time while there appears to be a significant number of volunteers within the 'Marine Trades' sector.

Sector Employees (Inner) **and Business Activity** (Outer)



8.2 Expected changes in employment levels

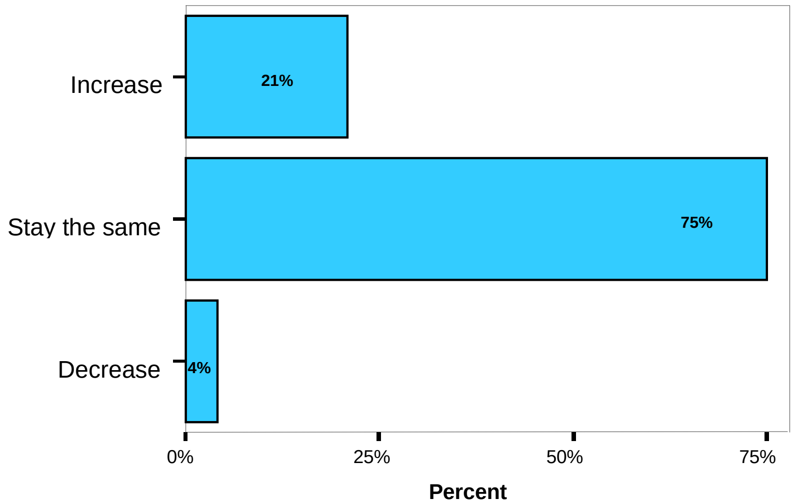
Respondents were then asked to say how they expected employment levels to change over the next year.

Respondents were relatively optimistic about employee numbers, with three-quarters (75%) saying they expect them to ‘stay the same’ and a fifth (21%) saying they will ‘increase’. *(Appendix 1: Table 37)*

There were, again, differences by both sector and turnover. The larger the company’s turnover, the more likely they were to expect an increase in their employee numbers. However, larger companies were only slightly more likely to expect a decrease. *(Appendix 1: Table 38)*

‘Health and social services’, ‘tourism and leisure’ and ‘land based industries’ were the sectors most likely to say they expected employee numbers to stay the same. ‘Manufacturing’ and ‘food and drink processing’ were the two industries most likely to expect decreases, but were also two of the three, along with ‘ICT’ to expect increases. *(Appendix 1: Table 39)*

How do you expect this to change over the next



9.0 About salaries and wages

Following on from the previous section regarding employment levels, this next section looks at wage levels and whether businesses feel there are upward pressures on wages within the South Hams area.

9.1 Wage levels

The first question in this section asked respondents to say how many employees were paid at various wage levels.

The South Hams Business Survey produced salary data for 9,668 of the 12,339 employees of respondent businesses. Over two-thirds (69%) of employees in the survey were paid under £10 per hour and nearly half (45%) were paid under £7 per hour. Just 15% of employees of South Hams businesses earn over £20,000 per annum.

How many employees are paid at the following rates?

	Number	Valid Percent
Up to £4.60 ph / £7,200 pa	1346	14%
£4.61-£7.00 ph / £7,201-£11,000 pa	3041	31%
£7.01-£10.00 ph / £11,001-£15,500 pa	2329	24%
£10.01 - £13.00 ph / £15,501-£20,000 pa	1498	15%
£13.01 - £16.00 ph / £20,001-£25,000 pa	565	6%
£16.01 - £19.00 ph / £25,001-£30,000 pa	422	4%
>£19.01 ph / >£30,001 pa	467	5%
Total	9668	99%

An estimated average hourly wage was calculated to be £8.83 per hour (please see below for method). This appears to be an increase on the 2001 South Hams Employers Survey of £1.20 per hour.

However, the two figures have been calculated using different assumptions. In BS2001, 37 hours per week was used to define full time work. The BS2004 figures have been calculated using the Government's definition of full time work of 30 hours per week. Using that figure to create a comparable figure for the 2001 data, the 2001 'average hourly rate' becomes £9.29 per hour. This is £0.46 higher than the present figure. This is shown in the table below:

Comparison of BS2004 and BS2001 'average salaries'

BS2001 (at 37hrs)	**BS2001 (at 3Ohrs)***	**BS2004 (at 3Ohrs)**
£/hr	£/hr	£/hr
7.63	9.29	8.83

* This additional calculation increases the margin for error. See note below.

NB: Because the figures from surveys are projected from a representative sample, statistical margins of error (+/- 3%) need to be taken into account. Thus the upper 2004 margin and lower 2001 margin overlap at £9 per hour.

Taking into account the margins for error, the average wage appears to have remained reasonably stable. This is in line with official figures. The Nomis 'New Earnings Survey' indicates a similar trend of stable hourly wages rates in the South Hams. Their average hourly wage (gross weekly pay) in the South Hams was virtually unchanged from £9.70 per hour (2002) to £9.80 per hour (2003). This represents a 1.1% increase compared to a 2.2% increase for the UK in the same period.

Method of calculation

To encourage businesses to provide information on the wages they pay they were asked to state wages in bands, rather than give exact figures. The method used to estimate wages from these bands was:

- Stage 1: The average for each band was calculated by adding the upper and lower limits and dividing by 2 (for the bottom category only the top limit was taken and vice versa for the top category)
- Stage 2: The average for each band was multiplied by the percentage of workers within that band to find a 'total' amount of money for each band
- Stage 3: The 'totals' were added together to give a 'grand total' of all the wages paid out in the South Hams by companies who responded to the survey
- Stage 4: the grand total was divided by the total number of workers

The collection of the wage data allows us to see pay levels differences between industry sectors in the South Hams.

9.1.1 Wages by business sector

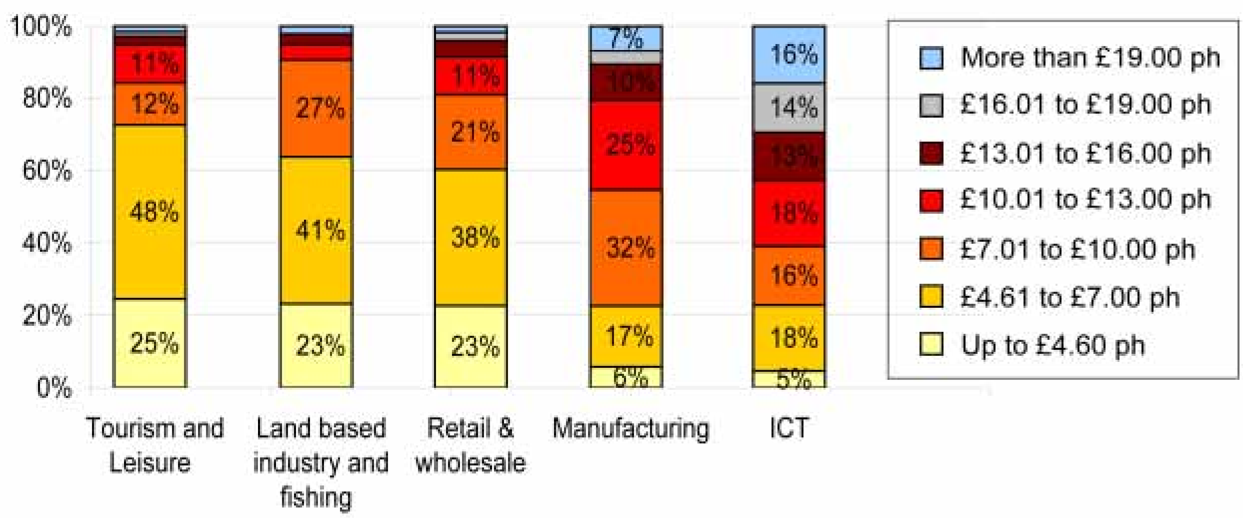
The survey showed that 45% of the district's workforce was paid under £7 per hour. This is explained by the contribution of traditionally low wage sectors to the South Hams economy. These sectors, comprising Tourism & Leisure, Land based & fishing and Retail & Wholesale - constitute 49% of the business activity and employ 35% of the workforce in the South Hams. The low wages paid by businesses in these sectors reflects the skill level they require of their workforce and the high proportion of part time and seasonal jobs.

- 74% of the Tourism & Leisure labour force earn less than £7.00 ph
- 61% of the Land based & fishing labour force earn less than £ 7.00 ph
- 64% of the Retail & Wholesale labour force earn less than £7.00 ph

Conversely:

- 45% of the manufacturing labour force earn more than £ 10.00 ph[1]
- 61 % of the ICT labour force earns more than £ 10.00 ph[1].

Comparison of Wages by Selected Sectors

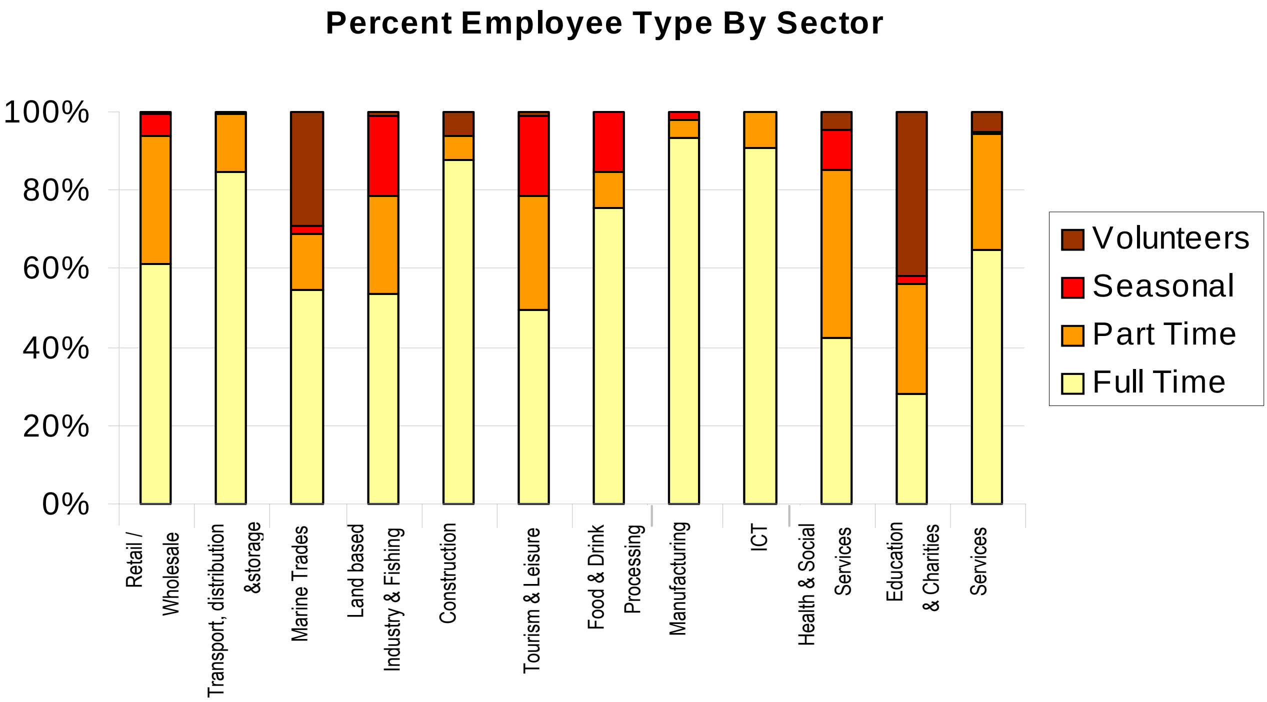


[1] All percentages are approximate as they are derived from 'grouped variables'

9.1.2. Employee Type by business Sector

The traditionally low wage business sectors of Tourism & Leisure, Land based & fishing and Retail & Wholesale constitute 49% of the business activity and employ 35% of the workforce in the South Hams.

Certain industry sectors rely more heavily on part time or seasonal employees or voluntary workers. The graph below shows the relative number of employee types per sector.



Of particular significance to the South Hams economy is the number of seasonal and part-time staff employed by local businesses. Seasonal work is not confined to the leisure and tourism sector - that itself accounts for 15% of employees. However 20.5% of the Tourism and Leisure workforce are seasonal workers compared to 6.7% of the South Hams workforce. Perhaps more surprisingly, Land based Industry and Fishing is significantly reliant on seasonal employees (20.6%) and Food and Drink Processing is third most reliant on seasonal workers (15.5%). (Appendix 1: Table 48)

Part-time staff make up 21% of the South Hams labour force. Those industries least dependant on part-time workers are ICT, Manufacturing, Construction and Food & Drink Processing. Health & Social Services rely most heavily on part time staff (42.9%) while nearly a third of Tourism & leisure, Retail & Wholesale, Education & Charities and Services staff are part time. (Appendix 1: Table 48)

Perhaps unsurprisingly the education and Charities sector depends upon a high proportion of volunteers (41.6%). More surprising is the number of volunteers declared by Marine Trades – nearly a third of their staff (29.2%). (Appendix 1: Table 48)

Manufacturing (93.1%) and ICT (90.9%) sectors employ the greatest number of full time staff. The remainder of their staff are part time with the exception of the 2% of manufacturing workers who are seasonally employed. (Appendix 1: Table 48)

9.2 Upward pressure on wages

Employers were then asked to say whether there were upward pressures on wages in the South Hams.

Over three-quarters of respondents said that they did feel there were upward pressures on wages.

Do you feel that there are upward pressures on wages in the South Hams area?

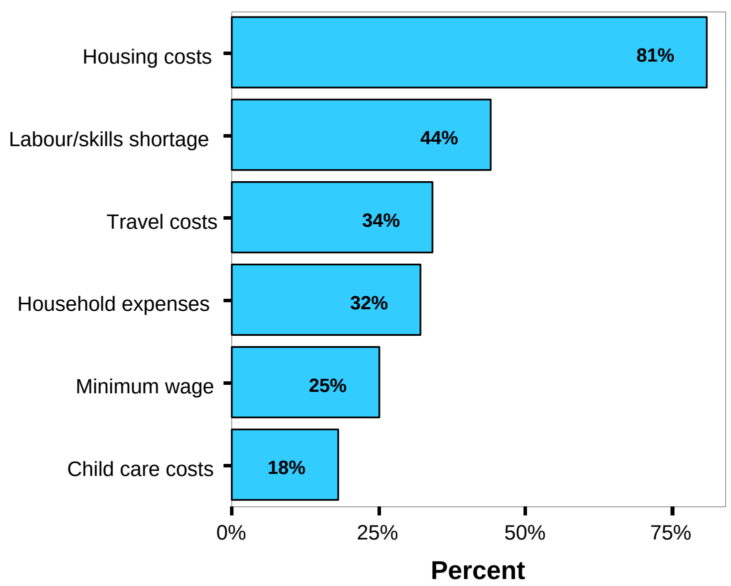
		Frequency	Percent	Valid Percent
Valid	**Yes**	648	69%	78%
	No	180	19%	22%
	Total	828	89%	100%
Missing	**Did not answer**	106	11%	
Total		934	100%	

9.3 Main causes of upward pressure on wages

Those who thought there was upward pressure on wages in the District were asked to say what they thought the main causes were.

The majority of those that answered this question (81%) indicated that one of the main pressures on wages was ‘housing costs’. The next most frequently cited cause of pressure on wages was ‘labour / skills shortage’ (44%). *(Appendix 1: Table 40)*

What do you think is the main cause of upward pressure on wages in the South Hams?



10.0 About Skills and Training

The final section looks at whether businesses are able to find and recruit people with the skills they need and how they go about developing the skills of employees they do have.

10.1 Recruitment difficulties

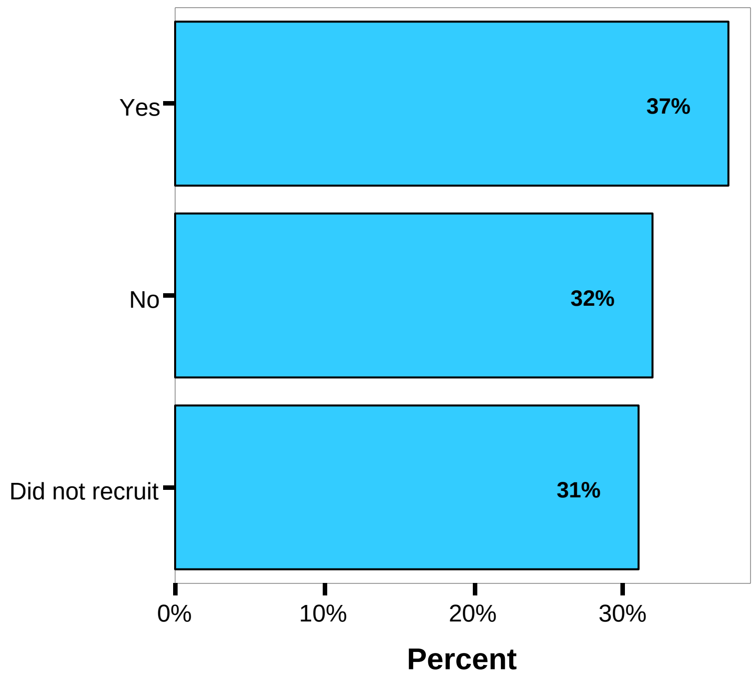
The first question in this section asked businesses to say whether they had had any difficulties in finding staff with suitable skills in the last year.

Just under a third (31%) of businesses said that they 'did not recruit' last year. Of those that did, over half (37% of the total) said that they did experience difficulties in finding staff with suitable skills. *(Appendix 1: Table 41)*

There were differences by sector and turnover. As may be expected, businesses with smaller turnovers were less likely to recruit than those with larger turnovers. However, there was also a pattern also that companies with larger turnovers were more likely to say they experienced difficulties. *(Appendix 1: Table 42)*

There were also differences by sector on the level of recruitment, with 'land based industries' the least likely to have recruited last year and 'tourism and leisure' the most likely. 'Manufacturing' and 'transport and distribution' businesses were far more likely to say they experienced difficulties than other businesses. *(Appendix 1: Table 43)*

Did you experience any difficulties in finding staff with suitable skills in the South Hams last year?



10.2 Skills lacking

Following on from the previous question, those who did have difficulties in finding staff with suitable skills were asked to say which skills were lacking.

The two most frequent responses were 'trade skills' and 'professional skills', followed by 'customer services', indicating that the shortage is in people with vocational skills. However, there were a number of businesses that indicated that there was a shortage of people with basic skills such as numeracy and literacy.

Skills lacking in the South Hams

	#	%
Trade skills	222	61%
Professional skills	108	30%
Customer services	81	22%
Literacy	69	19%
Numeracy	53	14%
Use of computers	45	12%
Management	44	12%
Technical	42	11%
Sales/Marketing	36	10%
IT professionals skills	37	10%
Equipment operation	33	9%
Languages (other than English)	14	4%

N.B. respondents could choose more than 1 option, therefore % given = per 'category'

10.3 Constraint on growth

Those who had problems finding staff with the relevant skills were asked whether they thought this was a constraint on business growth.

About a third (34%) thinks that problems recruiting staff with the right skills is a constraint on business growth.

Is this a constraint on your business growth?

		Frequency	Percent	Valid Percent
Valid	**Yes**	214	23%	34%
	No	410	44%	66%
	Total	624	67%	100%
Missing	**Did not answer**	310	33%	
Total		934	100%	

10.4 Change in the situation over the next year

The final part of the question asked those who experienced problems in recruiting staff with suitable skills how they think the situation will change over the next year.

Three-quarters of respondents (76%) do not think the situation regarding recruitment of people with suitable skills will change at all over the following year, with a fifth (20%) thinking it will get worse and only 5% thinking it will get better.

How do you think the situation will change in the coming year?

		Frequency	Percent	Valid Percent
Valid	**Improve**	29	3%	5%
	Stay the same	483	52%	76%
	Get worse	125	13%	20%
	Total	637	68%	100%
Missing	**Did not answer**	297	32%	
Total		934	100%	

10.5 Training plan and budget

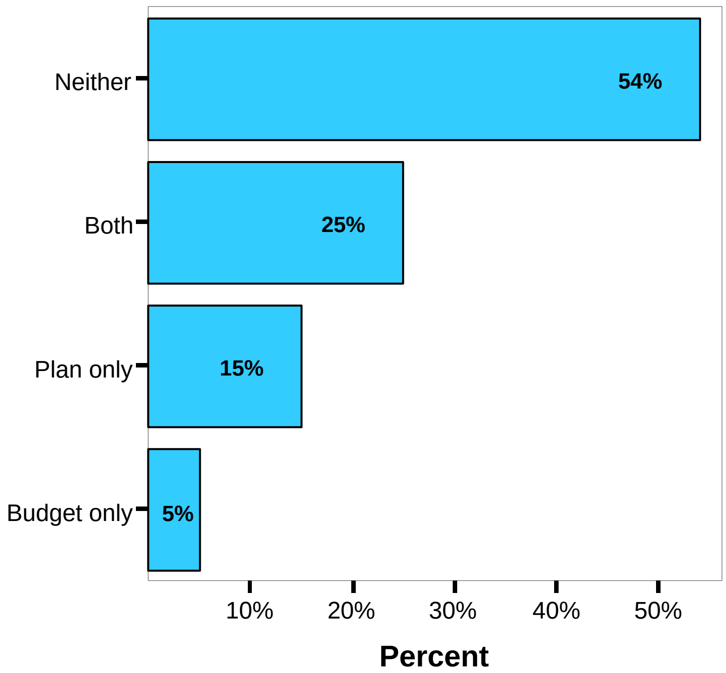
The second set of questions in this section asked about provision of training. The first question asked whether businesses had a training plan and budget.

Over half of businesses (54%) do not have either a training plan or budget. A quarter of businesses (25%) have both a plan and a budget. More businesses have a 'plan only', than a 'budget only'. *(Appendix 1: Table 44)*

There were differences by sector and turnover. Businesses from the 'education and charities', 'ICT' and 'health and social services' sectors are far more likely than others to have both a plan and a budget for training. Again, 'land based industries' are the least likely. *(Appendix 1: Table 45)*

As may have been expected, businesses with turnovers in excess of £1m are more likely to say they have both a training plan and budget, with businesses with turnovers of less than £75000 are more likely to say they have 'neither'. *(Appendix 1: Table 46)*

Do you have a training plan and budget?



10.6 Training providers used

Those that do offer training were asked what level of training they funded.

The most popular training providers used were 'professional / trade associations' (43% of respondents indicated they used these). Most of the other providers of training were used by about a third of respondents apart from 'Internet / distance learning' (12%) and 'local universities' (6%).

Training providers used

	#	%
Professional / trade associations	219	43%
Local colleges	187	37%
Private trainers / consultants	174	34%
Internal trainer	156	31%
Other employees / supervisors	152	30%
Internet / distance learning	62	12%
Local universities	32	6%

10.7 Level of training funded

The final question of the section asked what level of training the business funded.

Over half of respondents (59%) fund short practical courses, and many also fund 'vocational or trade' courses (43%) and 'informal courses' (42%). Very few businesses say they sponsor 'degrees' or 'higher degrees'.

Which training providers do you use?

	Count	Column %
Short / practical courses	306	59%
Vocational or trade (e.g. NVQ)	221	43%
Informal	219	42%
Professional qualifications	147	28%
Degree sponsorship	21	4%
Higher degree sponsorship	7	1%

End