Manchester City Council
Report for Information

Report To: Economy Scrutiny Committee – 14 November 2012

Subject: Update on the Manchester Business Survey

Report of: Interim Head of Regeneration

Summary

This report follows up on the 2011 Manchester Business Survey and provides feedback from the task and finish group of the Work and Skills Board set up to respond to issues raised in the survey. It highlights responses to the main findings of the 2011 Manchester Business Survey and summarises the key findings of the 2012 survey.

Recommendations

Members are requested to note the information in this report.

Wards Affected:

All

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Background documents (available for inspection):

- Manchester Business Survey 2011 - report to Economy, Employment and Skills Overview and Scrutiny Committee, 16 November 2011
- Manchester Business Survey 2011
- Manchester Business Survey 2011 - summary report for businesses
- Manchester Business Survey 2012 - questionnaire

1 Introduction

This report follows up on the 2011 Manchester Business Survey report of November 2011.

It highlights responses to the main findings of the 2011 Manchester Business Survey identified by the Work and Skills Board and Partnership, describes the approach taken to the 2012 business survey and summarises its key findings.

2 Background

2.1 Manchester City Council has commissioned local business surveys in 2004, 2006, 2007, 2009 and 2011. The focus of these surveys has been on business confidence, employment and places issues and, since 2011, on local benefit practices and less so on take up of and satisfaction with Council services. Questions to identify local benefit practices and the characteristics of growth companies were included to help inform employer engagement efforts to link Manchester residents, businesses and communities to economic growth opportunities. This was particularly important in terms of the development of the Growth Hub, as it provided more intelligence to inform the delivery of and targeting of services.

2.2 In 2011, 1,019 businesses took part in a telephone survey commissioned by the Economic Development Unit (EDU) from Vision Twentyone. This was a larger sample than in previous years resulting in statistically reliable data for each of the City's six regeneration areas.

2.3 The Economy, Employment and Skills Overview and Scrutiny Committee received a report about the findings of the 2011 business survey at its meeting of 16th November 2011. (See appendices.)

3 Manchester Business Survey 2011

3.1 The 2011 survey covered a range of topics including business confidence, employment, jobs, recruitment and skills, apprenticeships, environmental sustainability, supporting local communities and residents, location issues, re-locations, drivers and barriers to growth, business practices of growth companies and questions regarding Council service areas such as digital, business continuity and environmental support.

3.2 It was decided to use the 2011 business survey as a further tool for the Council to engage with employers. For the first time, businesses taking part in the survey were given the opportunity to request information about a range of business information and support services and a summary of the survey findings.

3.3 The findings of the business survey were disseminated widely to MCC services and key partner agencies including the Work and Skills Board, the Work and Skills Partnership, the Apprenticeships in Manchester Steering Group, the Council's Enterprise Services Network, Neighbourhood Regeneration Teams, Neighbourhood Services, MIDAS, the Greater Manchester Chamber of Commerce, Manchester Solutions, Jobcentre Plus, proManchester and New Economy.

Employer engagement

3.4 Of the 1,019 businesses surveyed:
- 428 businesses (42%) requested information about 18 different Council and partner services.
- 563 businesses (55%) requested a summary of the survey findings.

3.5 Where businesses had given permission, their email addresses were passed on to relevant MCC departments and other business support services to contact businesses directly. A summary report was provided and, as requested by the Work and Skills Partnership, an overview of what MCC and business support partners were doing or planning to do regarding some of the main issues raised was also included. This information was emailed to businesses and also posted on the Council's website.

Task and finish Group

3.6 The Work and Skills Partnership requested that a task and finish group consisting of key business support stakeholders be established to develop and deliver a number of actions following the presentation of the survey findings at a partnership meeting on 24 October. Actions are grouped in the following categories:

- Skills and Employment
- Apprenticeships
- Business support
- Procurement
- Future business surveys

3.7 Skills and Employment

3.7.1 The survey highlighted changes in employment patterns such as full and part time working, types of occupations and growth and declining sectors. It also showed that 59% of businesses were unlikely to work with schools to help educate young people. Furthermore, 42% of employers said they would not recruit staff that live locally first.

3.7.2 Main actions:

- At the request of Children's Services, a Labour Market Information note was prepared for and presented to the Heads of Secondary Schools. Regular updates are being provided to inform careers advice now being commissioned directly by schools.
- The EDU and Neighbourhood Regeneration Teams (NRTs) are working with employers and supporting schools to create education business links e.g. through Business Working With Wythenshawe (BW3) and the newly launched South Manchester Enterprise Network. Members of the latter include St Mary's Primary School and the Manchester Academy which will strengthen education and business links as well as enable promotion of apprenticeships as a career.

- The EDU has continued to work with JCP in promoting the Employer Suite to engage with employers and support them in recruiting local residents and apprentices. To date, the Suite has delivered 270 employer recruitment campaigns.

3.8 Apprenticeships

3.8.1 Nearly 70% of employers said they would not recruit apprentices.

3.8.2 Main actions:

- The EDU and the National Apprenticeship Service organised three apprenticeship road shows for employers in early 2012 as part of the Apprenticeships in Manchester action plan. Survey respondents that requested information about apprenticeships were invited to these events.
- The findings of the business survey were also used in the 'Join the Apprenticeship Revolution' marketing campaign. In order to increase employer awareness of apprenticeships and the value they can add to business, MCC led on the '300 in 100' campaign in S[ring 2012, during which 309 new apprenticeship opportunities were registered with the National Apprenticeship Service. Whilst the 100 days campaign has ended, the branding and marketing for the Apprenticeship Revolution continues, with a digital campaign, direct marketing to employers, schools and young people.
- The questionnaire for the 2013 survey has been amended to ensure that data is captured in support of the three main apprenticeship performance indicators i.e. apprenticeship starts in age groups 16 – 18, 19 – 24 and 25+.

3.9 Business support

3.9.1 The survey highlighted a range of drivers and barriers to growth, with sales and markets ranking first in both. The survey also compared business practices of growth and non-growth businesses. In terms of environmental footprint (and potential savings), 35% of employers said that they are not planning to cut traffic emissions and 26% would not consider the environmental impact of their buying decisions.

3.9.2 Main actions:

- The Business Growth Hub used survey findings on growth and non-growth businesses as part of staff briefings and to inform service delivery in Manchester.
- The Environmental Business Pledge Team analysed the environmental data of the survey to inform its marketing campaign. The impact of this will be measured through the 2012 survey results.

3.10 Procurement

3.10.1 Approximately 41% of businesses said that they would not consider local suppliers first; 70% of employers said they are not likely to recruit apprentices and 42% would not consider recruiting locally first.

3.10.2 Main action:

- The corporate social responsibility data of the survey was used by the EDU, City Policy and Corporate Procurement to help develop the Local Outcomes Framework that is now being piloted to deliver local benefit outcomes from procurement opportunities. This has included promotion of the Employer Suite and apprenticeships offer to the MCC supply chain.

3.11 Future business surveys

- The EDU met with the Greater Manchester Chamber of Commerce to discuss how future local business surveys could best be aligned with the Quarterly Economic Survey of the British Chambers of Commerce.
- The EDU shared the questionnaire and findings of the business survey with Greater Manchester Authorities, the Business Growth Hub and New Economy and invited partners to consider commissioning a joint survey in 2012.

4. Greater Manchester Business Survey 2012

Manchester City Council, the Business Growth Hub, Bolton and Stockport Councils and New Economy jointly undertook the 2012 business survey.

4.1 Rationale

4.1.1 There were a number of reasons for exploring a joint business survey with Greater Manchester partners. Planning and delivery of regeneration, business support, employment and skills provision is increasingly taking place sub-regionally with local customisation where appropriate. A joint survey would allow a greater number of responses which would make data about issues that partners have in common more robust, improve consistency of data across local areas and also lead to efficiency savings.

4.2 Procurement and methodology

4.2.1 New Economy was asked to manage the procurement process and the contract with the successful tenderer. It was agreed that data sets and reports would be produced for Greater Manchester and each of the survey partners.

4.2.2 In July 2012, BMG Research, Birmingham, was appointed. BMG and partners produced a final draft questionnaire which was piloted with 25 companies by the end of July. The main field work took place from August to September. As with the 2011 Manchester survey, businesses were given the opportunity to request information about service areas and a summary of the findings.

4.2.3 Telephone interviews were conducted with 2,425 businesses across Greater Manchester, broken down as follows:

- Manchester: 950, split proportionally over the 6 regeneration areas
- Bolton: 365
- Stockport: 370
- Rest of GM: 740

Of the 2,425 businesses surveyed, 640 were growth businesses.

4.2.4 The final Greater Manchester and Manchester reports will be published in late November 2012. Listed below are **Greater Manchester findings only** based on the draft Greater Manchester report published in late October. Where possible, the Greater Manchester findings have been compared with the 2011 Manchester findings.

4.3 Greater Manchester findings

4.3.1 Business growth

- 21% of Greater Manchester businesses predicted an increase in staff numbers in the next year; 6% expected a decrease. In 2011, only 16% of Manchester businesses said that staff numbers would increase and 8% that they would decrease.
- The anticipated employment increase was the same across production and service sector businesses: 21%. The highest increase was expected in the accommodation/food sector with 31%. In the 2011 Manchester survey, the finance sector (32%) predicted the most growth.
- The main difference between the drivers and barriers to growth in 2012 and 2011 was in workforce and skills.

Workforce and Skills	2011 Manchester	2012 GREATER MANCHESTER
Driver for growth	14%	48%
Barrier to growth	8%	19%

4.3.2 Local area

- In terms of satisfaction with the local area, the following aspects were the most positively and negatively rated:

Satisfaction with local area (across GM)	
Very satisfied – satisfied	**Very dissatisfied - dissatisfied**
Access to suppliers (64%)	Business rate costs (34%)
Road transport (57%)	Availability of parking (31%)
Access to customers (56%)	Crime and anti-social behaviour (29%)
Public transport (54%)	Image of the area (26%)
Access to labour market (49%)	Availability of affordable premises (22%)

- Availability of parking was the most polarising issue with 47% rating it (very) positively and 31% (very negatively).
- The proportion of Greater Manchester businesses considering re-locating is 15%. (This was 10% for Manchester in 2011.) The majority of businesses stated that the main reasons were cost (28%) and size of premises (26%).
- In terms of environmental sustainability the Greater Manchester 2012 figures were on the whole slightly better than for Manchester in 2011.

Environment	2011 Manchester	2012 GREATER MANCHESTER
Actively reduces waste	81%	84%
Actively improves energy efficiency	76%	81%
Considers impact of buying decisions	66%	63%
Actively reduces work-related car emissions	58%	60%

- The same seems to apply to local benefit although the options in 2011 and 2012 were worded slightly differently. Local recruitment and apprenticeships are covered in section 4.3.7 below.

Local benefit	2011 Manchester	2012 GREATER MANCHESTER
Promotes local trading	58%	55%
Supports local community groups	31%	37%
Supports local schools	29%	33%
Helps local residents back into work	21%	24%

4.3.3 Business support

- Almost 75% of businesses had used some form of support or advice in the last 12 months and 70% said that they would in the future.
- Of the 10% of businesses that had difficulty in accessing information, advice and support, 74% said they did not know where to go to get the right advice.
- The top three areas for which companies were likely to seek advice and support were sales and marketing (27%), finance (21%), skills and training (18%). Accountants and solicitors were by far the most used source of advice and support (60%).
- 16% of businesses said they used their Local Authority and 21% expected to do so in future.

4.3.4 International trade and connectivity

- 20% of businesses deal with international markets; 63% had export and 50% import links, with Europe accounting for almost 50% of all international trade activity.
- Manufacturing is the most internationally orientated sector (43%) followed by information/communication (34%).
- Of the 24% of businesses that said they used Manchester Airport for business travel, 19% said that London was the most popular destination, followed by Germany (9%) and China (7%).

4.3.5 Innovation

- 79% of businesses had engaged in innovation activities in the last 3 years, the main activities being investment in new machinery/equipment (63%).
- 45% said they had undertaken development and improvement training and 53% said they would do so in future.
- Larger businesses and those in the information/communication and professional/scientific sectors were most likely to innovate.

4.3.6 Use of the internet

- 79% of businesses are connected to the internet via a broadband connection; 5% said they did not connect to the internet at all.

4.3.7 Recruitment and skills

- 56% of businesses did not have a training plan or budget
- 40% said they did not provide any training, of which 45% are small businesses mainly in the wholesale/retail and information/communication sectors.
- 38% did not employ any graduates; of the businesses that did, graduate employment averaged 30%.
- In terms of apprenticeships, the table below shows how the 2011 Manchester figures compare with the 2012 Greater Manchester figures.

Apprenticeships	2011 Manchester	2012 GREATER MANCHESTER
Currently employ	17%	10%
Likely to employ in future	14%	33%
Unlikely to employ in future	69%	57%

- Word of mouth is the most commonly used method to recruit staff (42%), followed by recruitment firms/websites (26%) and Jobcentre Plus (24%).
- 62% actively promoted vacancies within the local area in which the business was located.
- 12% of employers had vacancies at the time of the survey, of which 61% said vacancies were mainly full-time and 37% mainly part time.
- Sectors with the highest rates of employers with vacancies were finance/real estate and accommodation/food services; 48% of businesses employing 50+ employees said that they had vacancies.
- Of the employers with vacancies, 46% found them hard to fill.

4.4 Next steps

To develop an action plan to:
- Share findings with Neighbourhood Regeneration Teams and the Council's Enterprise Services Network and provide separate datasets where possible to allow for targeted interventions.
- Present findings to the Work and Skills Board and Partnership and a range of internal and external stakeholders.
- Respond to information requests from businesses that took part in the survey.
- Communicate the results of the survey as part of MCC's business communications strategy and consider a joint dissemination event with other survey stakeholders.
- Further develop the 2012 approach with other GM stakeholders in preparation for the 2013 survey.

5. Conclusion

The 2012 Greater Manchester Business Survey report and Manchester edition of the report will highlight findings across a range of topics including employment, recruitment and skills, apprenticeships, corporate social responsibility, location issues and drivers and barriers to growth.

Once available, the Manchester report will be circulated to Members. As in 2011, an action plan will be developed and implemented using the findings of the survey to inform service delivery and to target employer engagement activity to maximise opportunities for Manchester businesses and residents.

There will be a particular focus on supporting growth with the Business Growth Hub being a key mechanism to support a targeted approach.