New Deal for Communities National Evaluation

Survey of Businesses

Research Study Conducted for
Sheffield Hallam University and
Neighbourhood Renewal Unit

May 2005

Contents

Executive Summary

Background and Methodology

MORI surveyed 2,000 businesses in and around 19 New Deal for Communities (NDC) partnerships across the country between January and March 2005. The purpose of the survey was to examine the impact of NDC partnerships on local businesses and to find out the perceptions of businesses towards the NDC area and the local workforce.

Two different samples were used in this survey and they are reported on separately.

The '**cross-sectional'** sample is based on 1,623 interviews carried out with a random selection of businesses inside all of the 19 NDC partnership areas. This sample was sourced from Experian, a commercial supplier of business databases, who matched the businesses to postcode definitions of each NDC area. As the cross-sectional sample is a representative spread of businesses within the NDC area, it will include both those who have and have not received communications and/or direct help from the NDC partnerships. Cross-sectional data is weighted to the known local business profile and proportionately by area.

The '**engaged'** sample is based on 423 interviews carried out with businesses drawn from databases supplied by eight NDC partnerships (including just under half who are based outside the strict boundary of their NDC area). The databases were compiled by partnerships and include businesses ranging from those who have had regular contact with the partnership or who have received direct help, to those who have had very limited contact with the partnership (eg the NDC may have mailed a leaflet to the business), or databases that were set up simply as a directory of businesses in the local area, as part of the general service the partnership provides.

General attitudes to the area

The majority of businesses are satisfied with their local area as a place to run a business (69% cross-sectional, 65% engaged), with a fifth in both samples *very* satisfied. These are similar to the reported levels of satisfaction with the area as a place to live among NDC residents.

Opinion is split over whether the area has improved over the last 12 months as a place to run a business, with around a third saying it hasn't changed much, though on balance businesses are more positive than negative. As we might expect, businesses in the engaged sample (that is, those supplied by NDC partnerships themselves as businesses they tend to have been involved with) are more positive than those in the cross-sectional sample: 43% of engaged businesses say the area has improved, while 21% say it has got worse, compared with 32% better and 26% worse among the cross-sectional sample. Businesses are more optimistic about the next 12 months, with around half thinking the area will get better in the future (again engaged businesses are slightly more positive, 55% thinking their area will improve compared with 46% of the cross-sectional sample).

Recruitment and local employment conditions

Twenty percent of cross-sectional businesses and 26% of engaged businesses say that their business has increased its number of employees in the last year, with the majority (66% and 60%) reporting no change. Local NDC residents make up less than half the workforce in 44% of cross-sectional businesses and 56% of engaged businesses (although it should be remembered that some engaged businesses are based outside the NDC area), and around a quarter of all businesses (26% cross-sectional, 23% engaged) say they are certain or very likely to recruit employees from the local NDC area in the next 12 months[1].

Engaged and cross-sectional businesses hold similar views about the quality of the local workforce. Just under half of businesses think the local NDC workforce lacks the necessary experience (47% cross-sectional, 49% engaged), and appropriate qualifications and training (44% and 46%). However, while only a quarter (26% and 26%) think the workforce is highly motivated, only a fifth go so far as to describe them as unreliable (23% and 23%). Around another quarter (29% and 25%) think the local workforce lacks necessary language skills.

Quality of life and fear of crime

The three main quality of life issues for businesses are litter and rubbish in the streets (a serious problem for 40% of the cross-sectional sample and 37% of the engaged sample), vandalism, graffiti and other deliberate damage to property (39% of firms from both samples say this is a serious problem), and teenagers hanging around on the streets (37% cross-sectional and 31% engaged say serious problem). These three issues are also priorities for local residents, although businesses do appear to be more concerned about litter and rubbish and vandalism and graffiti. Attacks and harassment on customers and staff is a serious problem for 15% of cross-sectional businesses and 12% of engaged firms. Eight per cent of cross-sectional and 13% of engaged businesses think poor public transport is a major issue in their area – which is in line with figures from the residents survey (8%).

Most businesses are worried about crime affecting their company; 31% of the cross-sectional sample and 34% of the engaged sample say they are *very* worried about having their business broken into and something stolen (compared with 25% of residents who are very worried about their home being broken into). A quarter of businesses from both samples say they are *very* worried about vehicle crime affecting a company car (25%).

[1] Among businesses who think they will increase employment over the next 12 months, 45% (cross-sectional) and 69% (engaged) say they are certain or very likely to recruit from the NDC area

Attitudes towards the NDC Partnership

Most businesses have at least heard of their local NDC partnership; 64% of the cross-sectional sample, rising as we would expect to 74% of the engaged sample (among residents interviewed in the household survey, 79% had heard of their local NDC partnership). Awareness appears to be broad but shallow, at least among the cross-sectional sample, of whom 36% say they know a great deal or a fair amount about their NDC partnership, compared with 52% of engaged businesses.

Businesses who have heard of the NDC partnership tend to have done so through direct publicity or contact with the partnerships (three in ten businesses who say they have heard of their local NDC say they found out about them from direct publicity, and 17% of the cross-sectional sample/23% of engaged businesses say it was from direct contact with the NDC itself). A further quarter of cross-sectional businesses and one in five engaged say they first heard of the NDC in the local press (27% and 20%).

There may be scope for improving awareness by communicating through business-specific channels. Currently, very few businesses in the local area say they heard about the NDC from another business or were made aware of the partnership through a business forum.

Overall, businesses[2] (particularly in the cross-sectional sample) are much more positive about the impact their NDC partnership has had on the local area generally than the impact it has had on their specific business (though very few say it has had a negative impact). Fifty-eight percent of cross-sectional businesses believe the NDC partnership has had a very or fairly positive impact on the local area, compared with 28% who say it has had a positive impact on their own business. This is slightly better than the 51% of residents who feel that the NDC partnership has improved the local area[3]. Engaged businesses are more favourable, with 68% rating the impact on the local area positively, and almost half (49%) saying the NDC has had a positive impact on their own business. Reasons for being positive about the impact of the NDC on the local area include better employment opportunities, as well as improved liveability (cleanliness and safety) and social issues such as community cohesion and more interaction between local groups. Lack of communication and consultation from the NDC partnership is one of the main reasons why businesses are negative about its impact, as well as lack of funding or even projects having a damaging impact on local businesses.

These figures are clearly likely to reflect the different proportions of businesses who have received help from the local NDC partnership. Engaged businesses are over twice as likely to say that they have received help from their partnership than those in the cross-sectional sample (43% vs 18%[4]). In the cross-sectional sample, help seems to have been directed at newer businesses (24% of those who have been trading in the area for less than three years say they have received help). Those who have received help are very positive about it; three-quarters

[2] Those who know at least a little about the NDC partnership
[3] Though note that the question in the residents survey is not exactly the same here.
[4] Again these figures are based on all those who know at least a little about the NDC partnership.

(77%) of cross-sectional businesses who have received some help from the NDC say that the partnership has had a beneficial impact on their company. The type of help received is usually based around infrastructure and equipment (mentioned by just under half of businesses in both sample who received help), while a quarter have benefited from grants and assistance for business start-ups, and around one in ten mention training, networking and employment assistance.

Again, lack of awareness about the help available, and confusion over how to apply for assistance, partly explain why some businesses have not received any help, suggesting that better communications could lead to more benefits for local businesses. Around a quarter say that they do not need any help, though 11% claim that the assistance available is not relevant to their business needs.

The main type of help that businesses want to receive from their NDC partnership mirrors the type of help already provided: 25% of the cross-sectional sample and 30% of the engaged sample say help with infrastructure/equipment would be useful (e.g. grants for security improvements such as CCTV, business equipment/machinery, better business signs and environmental improvements including better parking advice). Other requests mentioned by around one in ten include improvements in crime and policing (eg greater police presence, more safety measures for staff and customers), training grants and courses, and business start-ups (especially for the engaged sample at 14%).

Business characteristics

Businesses in NDC areas tend to be small: six in ten employ between 1-5 staff, and over half have a turnover of less than £250,000. Businesses in the engaged sample tend to have a slightly lower turnover than those in the cross-sectional sample; 37% of the engaged sample have an annual turnover of less than £100,000, compared with 25% of the cross-sectional sample.

Around a quarter of businesses have traded at their current site for less than 3 years (25% cross-sectional, 29% engaged), while over a third have been based there for over 10 years (35% and 36% respectively). Most businesses are in the retail, business services or manufacturing/production/construction sectors.

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1. Introduction

1.1 Background and Objectives

This report contains the findings of a survey among businesses in and around 19 New Deal for Communities (NDC) areas across the country, conducted by the MORI Social Research Institute on behalf of Sheffield Hallam University and Neighbourhood Renewal Unit. The objectives for the business element of the NDC evaluation were twofold:

- To provide an assessment of the impact of NDC on local businesses, including those who have been directly affected by the activities of the local NDC partnerships;
- To gain an understanding of perceptions of the NDC area and residents among local businesses, including the employability of local people.

This survey is part of a much wider evaluation of the NDC initiative, including interviews with local residents, and direct beneficiaries of NDC projects.

1.2 Methodology

The 19 NDC partnerships were selected by the Evaluation Team at Sheffield Hallam as those who have had most dealings with businesses in their area, broadly spread across regions.

Region	**Partnership**
London	Brent
	Haringey
	Hackney
	Fulham
	Lewisham
South	Brighton
	Bristol
Midlands	Coventry
	Nottingham
	Sandwell
	Wolverhampton
Yorkshire	Bradford
	Doncaster
	Kingston upon Hull
	Sheffield
North West	Liverpool
	Manchester
North East	Hartlepool
	Sunderland

Two different samples were used in this survey, and they are reported on separately. The **cross-sectional** sample is based on 1,623 interviews carried out with a random selection of businesses inside all of the 19 NDC partnership areas. This sample was sourced from Experian, a commercial supplier of business databases, matching the businesses to postcode definitions of each area. In addition, the **engaged sample** is based on 423 interviews carried out with businesses drawn from databases supplied by eight NDC partnerships[5] (including just under half who are based outside the strict boundary of their NDC area). These differences between the two samples need to be borne in mind when interpreting the results[6].

Interviews were carried out by Computer Assisted Telephone Interviewing (CATI), by MORI Telephone Surveys (MTS), between 19 January – 18 March 2005.

The cross-sectional sample is weighted by the total number of businesses in each area, by the number of employees in each business and by sector, according to the overall profile. The engaged sample is unweighted as there are no reliable profile data available.

For more information on the weighting strategy please see the section on weighting in the appendices. A separate technical report is also available which provide more details about the methodology.

1.3 Report Layout

The report is split into eight separate sections:

- Executive Summary
- Introduction
- General attitudes to the area
- Recruitment and local employment conditions
- Quality of life
- Attitudes to the NDC partnership
- Business characteristics
- Appendix

[5] Bristol, Coventry, Hackney, Hartlepool, Manchester, Nottingham, Sandwell, Sheffield

[6] In order for the cross-sectional sample to be fully representative of businesses in the areas, 46 businesses are included in both the cross-sectional and engaged samples.

1.4 Presentation and Interpretation of the Data

It should be noted that a sample, not the entire population of businesses in the area has been interviewed. This means that all the results are subject to sampling tolerances, and that not all differences are statistically significant. As a rule of thumb, results based on all interviews are accurate to ±3 percentage points for the cross-sectional sample, and ±5 percentage points for the engaged sample (margins of error for sub-groups will be higher). A guide to statistical reliability is appended.

An asterisk (*) represents a value below 0.5%, but above zero. Where responses do not add up to 100%, this may be due to computer rounding or multiple responses. The term "net", which is used in the tables, is the balance when a negative finding has been subtracted from the positive.

It is also worth emphasising that the survey deals with businesses' perceptions rather than facts; in particular, these perceptions may not accurately reflect the level of services actually being delivered.

Throughout the report sub-group differences are reported on the cross-sectional sample only.

1.5 Publication of the Data

As with all our studies, these findings are subject to MORI's standard Terms & Conditions of Contract. Any press release or publication of the findings of this survey requires the advance approval of MORI. Such approval will only be refused on the grounds of inaccuracy or misrepresentation.

1.6 Acknowledgements

MORI would like to thank Paul Lawless at Sheffield Hallam and Kirby Swales at ODPM for all their help in running this project. Special thanks are also due to the 19 NDC partnerships, who provided a great deal of detail about their relationships with businesses in their areas, and of course to the 2,000 business people who took part in the survey.

2. General Attitudes to Area

2.1 Satisfaction with area

The majority of businesses are satisfied with the local area as a place to run a business. Seven in ten from the cross-sectional sample say they are satisfied compared with just under a quarter who are dissatisfied (69% and 23% respectively). However, breaking this down further shows that most of these businesses are *fairly* (51%) as opposed to *very* (18%) satisfied.

Slightly fewer engaged businesses are positive about their local area as a place to run a business, but the balance of opinion is that the area is a good place to operate. Two-thirds say they are satisfied with the area while around a quarter are dissatisfied (65% and 26% respectively).

Comparing general satisfaction levels with the NDC area between businesses and residents (residents' data taken from the main household survey) shows that generally both groups are equally positive about the local area. (Residents: 66% satisfied and 24% dissatisfied). As we would expect, residents across the country as a whole are generally more positive about their area as a place to live (England residents: 86% satisfaction).

Q5 How satisfied or dissatisfied are you with this area as a place to operate or run a business / live?

	Businesses (cross-sectional)	**Businesses (engaged)**	**Residents (NDC)***	**Residents (National) ****
Base: All respondents	*(1,623)*	*(423)*		
	%	%	%	%
Very satisfied	18	19	21	49
Fairly satisfied	51	45	45	37
Neither satisfied nor dissatisfied	8	9	10	5
Fairly dissatisfied	11	15	13	6
Very dissatisfied	12	11	11	3
Don't know	*	1	*	N/A
Satisfied	**69**	**65**	**66**	**86**
Dissatisfied	**23**	**26**	**24**	**9**
Net Satisfaction (±%)	+46	+39	+42	+77

Source: MORI

*NDC residents' figures taken from 2004 NDC Household Survey

**National residents' figures taken from Survey of English Housing 2002/03

Looking at the cross-sectional sample, businesses who feel that the NDC has had a positive impact on the area are more likely than average to be satisfied with the area as a place to run a business (75% satisfied). Those who are newer to the area are also more satisfied than businesses that have been there for a longer period (under 3 years, 75% satisfied compared with 11 or more years, 62% satisfied).

Businesses located in the North East are generally more satisfied with the local area than average (78% satisfied), while those in the North West are less happy (61%). There are few differences between sectors although firms providing business-related services are generally more likely to be satisfied with the area (76% satisfied). Larger businesses are also more likely to be positive. Three quarters (74%) of businesses with over five employees are satisfied with the local area, compared with only two in three (66%) smaller businesses – those with five or fewer staff.

Further details of the different sub-groups are shown in the table below.

Businesses satisfaction with area – Sub-groups

	Satisfied	Dissatisfied	Net satisfaction
Base: All cross-sectional respondents (1,623)	%	%	±%
Total	69	23	+46
Number of employees			
1-5	66	25	+41
6-10	74	19	+54
11+	74	19	+55
Sector			
Manufacture/production/constr--uction	67	24	+42
Retail	67	56	+42
Hotels	69	22	+46
Business services	76	18	+59
Public services	73	20	+53
Other	65	24	+41
Region			
South	71	18	+53
London	67	23	+44
Midlands	65	28	+37
Yorkshire	69	22	+47
North East	78	16	+62
North West	61	31	+30
Length of time in area			
Less than 3 years	75	16	+58
3-5 years	71	20	+51
6-10 years	72	20	+52
11 years or more	62	31	+31

continued…

Businesses satisfaction with area – Sub-groups (…continued)

	Satisfied	Dissatisfied	Net satisfaction
	%	%	±%
Annual turnover			
Under £100k	64	26	+38
£100k-£499k	64	28	+36
£500k +	73	19	+54
Awareness of NDC			
Great deal/fair amount	67	25	+41
Not very much	68	25	+43
Heard of but knew nothing	75	19	+56
Never heard of	70	21	+49
Impact of NDC			
Positive	75	19	+56
Negative	58	35	+23
Help from NDC			
Yes	68	24	+45
No	67	26	+41

Source: MORI

2.2 Changes in area over last year

On balance more businesses generally feel their local area has improved over the last year than feel it has got worse. Comparing the cross-sectional sample with the engaged businesses shows that engaged firms – those that have had contact with their local NDC partnership – are more likely to be positive about improvements to the area. Amongst cross-sectional businesses, a third says things have got better while a quarter feel that it is now worse to run a business in the area than 12 months ago (32% and 26% respectively). However, over two-fifths of engaged businesses say that improvements in the area have made it better to run a business, while only a fifth say conditions are now worse (43% and 21% respectively).

Q6	**On the whole, do you think that over the past 12 months the local area has got better or worse as a place to operate or run a business?**	
	Businesses (cross-sectional)	**Businesses (engaged)**
Base: All respondents	*(1,623)* %	*(423)* %
Area is much better	8	17
Area is slightly better	24	26
Area not changed much	36	32
Areas got slightly worse	13	12
Area got much worse	13	9
Less than 12 months in area	2	1
Don't know	3	3
Better	**32**	**43**
Worse	**26**	**21**
Net Better (±)	**+6**	**+22**

Source: MORI

Looking at variations between the sub-groups in the cross-sectional sample it is clear that businesses that are more familiar with their NDC are more likely to say that improvements have been made in the area. This is particularly pronounced amongst those who have received help from their local partnership with 49% saying that the area has got better and just 13% saying things have got worse.

As with general satisfaction levels businesses in the North East are most likely to be positive (41% say the area has got better). Larger businesses – those with more than 10 staff – are also more positive about recent improvements, with four in ten (39%) saying the area has improved. In terms of sector, hotels/leisure (37% worse) and retailers (34% worse) are most likely to say that the area has deteriorated over the last 12 months.

The main reasons for saying the area is better focus on improvements to the general appearance of the area (cross-sectional 25%; engaged 24%), as well as general improvements to the local infrastructure (cross-sectional 21%; engaged 26%). Improved communication through local business networks is also cited as an important factor (cross-sectional 10%; engaged 14%) as well as a perception that levels of crime have been reduced.

Of those who say the area has become worse, issues cited as causing problems include the perception that general crime levels are worse in the area (cross-sectional 20% and engaged 18% worse). Parking provisions are also an issue for some of the cross-sectional sample; one fifth cites it as a reason for saying the area has deteriorated (19%). Engaged businesses who say the area has got worse mention a deterioration in the quality of local infrastructure (20%).

2.3 Changes in area over next year

Businesses are generally positive about prospects for their local area over the coming year. There is a feeling that the area will get better rather than worse over the next 12 months. As with other attitudes towards the local area this feeling is stronger amongst the engaged businesses, with 55% of the engaged sample saying that they expect the area to improve and just 10% saying that it will get worse for businesses to operate. This compares with the cross-sectional sample who are also broadly positive with 46% saying there will be improvements and 15% who say the area will get worse.

Q8 On the whole, do you think that over the next 12 months the local area will get better or worse as a place to operate or run a business?

	Businesses (cross-sectional)	Businesses (engaged)
Base: All respondents	*(1,623)* %	*(423)* %
Area will get much better	14	18
Area will get slightly better	33	36
Area won't change much	26	22
Area will get slightly worse	9	7
Area will get much worse	7	4
Don't know	12	13
Better	46	55
Worse	15	10
Net better (±)	+31	+44

Source: MORI

Again, looking at some of the groups within the cross-sectional sample it is those who have closer contact with or greater knowledge of the local partnership who are more positive about the prospects for the area over the next year. Nearly three in five of those who have received help from the NDC say that things will improve (56%). Newer businesses to the area are also more positive about the future (52% of those trading for less than three years expect improvement).

Businesses located in the South and London regions are less positive about prospects for future improvement (34% and 37% respectively say it will get better). This compares with 54% of businesses in North West and 53% in North East regions. There are no notable variations by sector.

3. Recruitment and local employment conditions

3.1 Employment levels for the last year

Most businesses say that employment levels at their firm have remained about the same over the last year, with neither an increase nor decrease in staff numbers over this period (cross-sectional 66%; engaged 60%). Looking at those businesses that have seen some change, around twice as many are growing than are decreasing (cross-sectional 20% increase compared with 11% decrease; and engaged 26% increase versus 11% decrease).

Q13 Including both full and part-time employees, over the past 12 months, has employment at this establishment increased, decreased or stayed the same? Is that a great deal or a little?

	Businesses (cross-sectional)	**Businesses (engaged)**
Base: All respondents	*(1,623)* %	*(423)* %
Increased a great deal	6	6
Increased a little	14	20
Stayed the same	66	60
Decreased a little	7	8
Decreased a great deal	4	3
Been here less than 12 months	1	1
Don't know	1	2
Refused	*	0
Increased	20	26
Decreased	11	11
Net Increased (±)	+9	+15

Source: MORI

Amongst cross-sectional businesses those that have had help from the NDC are particularly likely to be growing; 31% of those who have received assistance say that they have recruited more people over the last 12 months. In addition, larger companies, both in terms of number of employees and turnover, are also more likely to have grown in staffing numbers over this period (39% and 34% respectively).

Feelings are, on balance, positive about short-term prospects for recruitment. More feel that they will grow in employee numbers over the coming year than those who do not; 35% of the cross-sectional sample say numbers will increase compared with 5% who feel they will decrease. This rises to 40% of engaged businesses saying they will see an increase in numbers (4% decrease). A large proportion from both samples think numbers of employees will not change (cross-sectional 56%; and engaged 49%).

Larger companies and those that have received help from their NDC are more likely than average to feel that they will continue to grow in staff size. In terms of sector, companies providing business services were most likely to increase in size over the last year and will continue to grow in the next year; 41% say their workforce will increase with just four per cent saying it will decrease. In contrast retailers are least likely to say they will increase staffing; 24% say employment will increase and six per cent say it will decrease.

3.2 Recruiting from the NDC area

Currently one third of businesses in the cross-sectional sample are staffed entirely by NDC area residents, with over two-fifths of firms being made up of at least 75% of NDC residents (44%). Around a quarter have no NDC residents working for them at all (23%).

As would be expected, figures are slightly lower for the engaged sample due to the location of some of the businesses outside the NDC area. A quarter are staffed entirely by NDC residents, with a third being predominantly made up of people from the NDC area.

Q12 Approximately what proportion of all employees live within the local area/NDC?*

	Businesses (cross-sectional)	**Businesses (engaged)**
Base: All respondents	*(1,623)* %	*(423)* %
None	23	28
1-9%	7	13
10-24%	7	9
25-49%	7	6
50%	6	7
51-74%	4	2
75-99%	11	8
100%	33	25
Don't know	3	2
Refused	*	*

Source: MORI

*Businesses outside the NDC area asked about 'the NDC area'

Looking at the cross-sectional sample in more detail, smaller companies are particularly likely to employ all NDC resident workforces, with around half of those with a low annual turnover – less than £100,000 per year – employing all their staff from NDC areas, decreasing to just one in seven of larger firms – those with turnover in excess of £500,000 (14%).

Businesses in London partnerships are least likely to have a staff made up of local NDC residents compared with other areas (19%), perhaps unsurprisingly given their larger catchment area. In contrast, the hotel/leisure and retail industries are more likely to employ staff entirely from the local NDC area (46% and 41% respectively). Firms providing business services are, however, less likely to recruit from the local workforce; 32% say they employ no-one from the NDC area.

Opinion is divided on the likelihood of recruiting from NDC areas over the next year. Just under half say they would be likely to recruit from the area, with slightly fewer saying that this would be unlikely (cross-sectional, 48% likely and 42% unlikely; engaged, 48% and 40%). Only six per cent of cross-sectional and four per cent of the engaged sample say they would be certain to recruit new employees from the local NDC area in the coming 12 months. There is evidence to suggest that engaged businesses located within the partnership area are more positive than those located outside about the prospect of employing NDC residents.[7]

Businesses located in Yorkshire are more positive than average about the likelihood of employing local NDC residents (55% likely). In addition, the hotel/leisure industry – which is already most likely to recruit NDC residents – is also likely to continue this trend in the near future (57%).

Q15 How likely or unlikely are you to recruit employees from the local area* in the next 12 months?

	Businesses (cross-sectional)	Businesses (engaged)
Base: All respondents	*(1,623)*	*(423)*
	%	%
Certain to	6	4
Very likely	20	19
Fairly likely	22	25
Fairly unlikely	14	13
Very unlikely	17	16
Certain not to	12	11
Don't know	10	12
Certain to/Likely	**48**	**48**
Certain not to/Unlikely	**42**	**40**
Net Likely	**+5**	**+8**

Source: MORI

*Businesses outside the NDC area asked about 'the NDC area'

[7] Among businesses who think they will increase employment over the next 12 months, 75% (cross-sectional) and 73% (engaged) say they are likely to recruit from the NDC area

3.3 Attitudes to local workforce

On balance, businesses from both samples feel that the local workforce lacks the relevant experience or skills to enable them to do the job properly. Around half say that local people would not have the correct experience for a position in their company (cross sectional 47%; engaged 49%), with around a quarter disagreeing with this (cross-sectional 28%; and engaged 25%). Over two-fifths feel that local residents are either under-qualified or lack the necessary training to take up a role at their firm (cross-sectional 44%; engaged 46%).

Tied to the feeling that skill levels and experience are insufficient amongst local residents is the view that motivation levels are unlikely to be high. Businesses in both samples are generally not positive about motivation amongst the local workforce, with one quarter (26%) saying they believe motivation to be high amongst NDC residents and nearly twice as many saying they do not feel this to be the case (cross-sectional 45% and engaged 46%).

Potential language barriers are seen as an issue by around a quarter of employers and similar proportions question the reliability of local workers.

Looking at differences between some of the sub-groups, there are no clear common patterns emerging. However, in terms of sector, the hotel/leisure industry is more likely than average to say that the local NDC workforce is unreliable (31% agree). Retailers are most likely to disagree with this statement (49%).

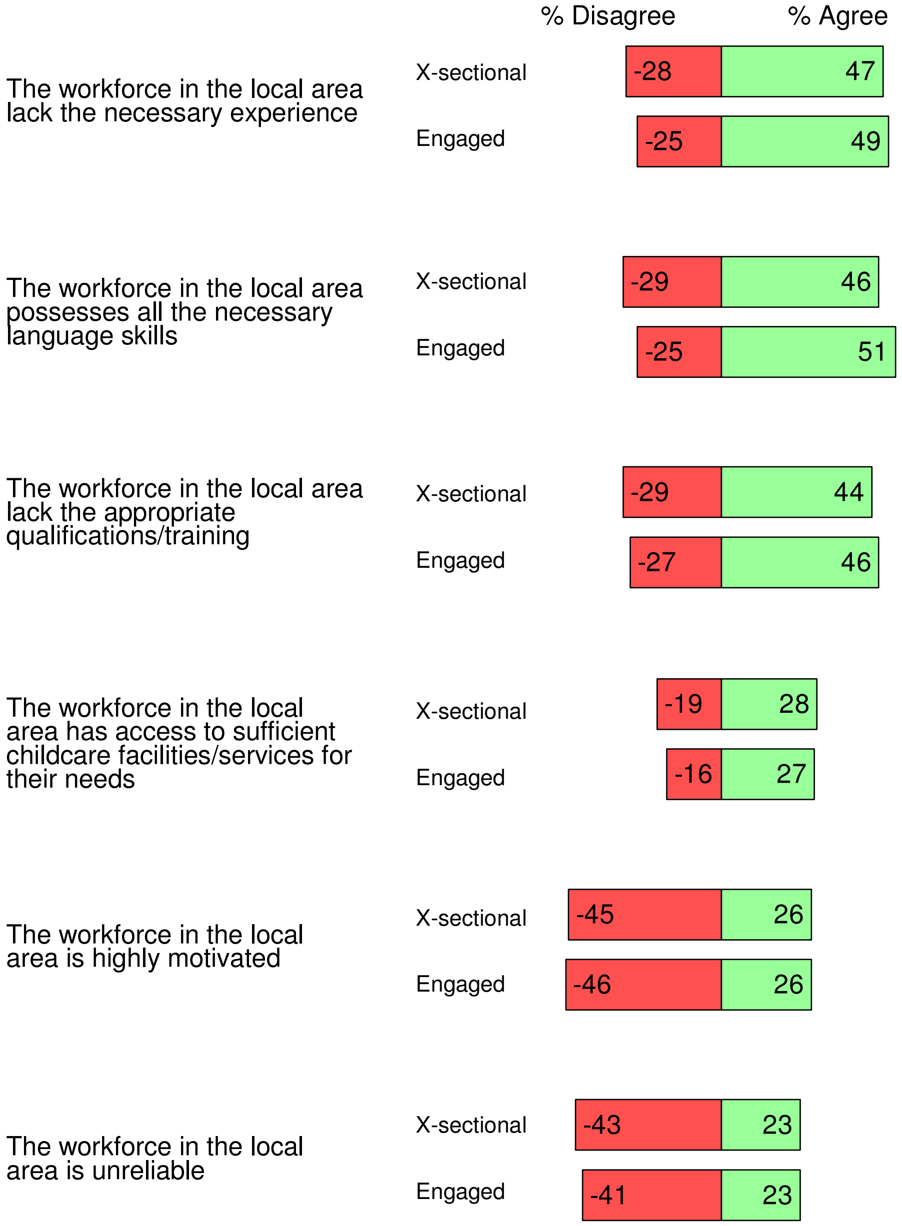
London-based firms are most likely to think that qualifications or training are an issue; 56% agree that the NDC/local workforce lack appropriate qualifications/training.

Lack of experience amongst local NDC residents is a particular concern for businesses in manufacturing, construction or production, with 55% saying local people lack the necessary experience.

Language skills are most likely to be an issue for those providing public services; 43% disagree with the statement that 'language skills are adequate'.

Attitudes to the local workforce

Q17 I am now going to read out a number of statements about recruiting people from the ….local area. Please tell me to what extent you agree or disagree with each.*



Base: All respondents (1,623 x-sectional, 423 engaged)
*Businesses outside the NDC area asked about 'the NDC area'

Source: MORI

4. Quality of Life

4.1 Problems in the area

Cleanliness and the general state of repair of the local area cause most problems for businesses. **Vandalism, graffiti and damage to property**, as well as **litter and rubbish** are most commonly cited as issues for concern with around three-quarters saying that both of these are problems.

Problems with **teenagers hanging around** are also a concern for many companies. Seven in ten from the cross-sectional sample say this is an issue (69%) as do six in ten from the engaged sample (58%).

Around two in five businesses say that **harassment or attacks on customers** are a problem locally (42% cross-sectional; 36% engaged). **Poor public transport** is the least cited problem, however it is still mentioned as a concern by a fifth of companies from the cross-sectional sample (22%) and a similar proportion from the engaged sample (24%).

Residents across all NDC areas identify similar problems, with these top three issues all ranking as the biggest problems locally.[8]

Looking at differences between businesses by sector, the hotel/leisure industry tends to be most worried about quality of life issues. Geographically, the North West and London have more concerns about local problems than most other areas.

Hotels/leisure are most concerned about public transport with 14% saying it is a *serious* problem compared with 8% overall.

Vandalism, graffiti and other deliberate damage to property is particularly problematic for businesses in the North West and London (46% and 52% respectively say it is a *serious* problem compared with 39% overall). Hotels/leisure are also more likely than average to cite vandalism as a *serious* problem (47%).

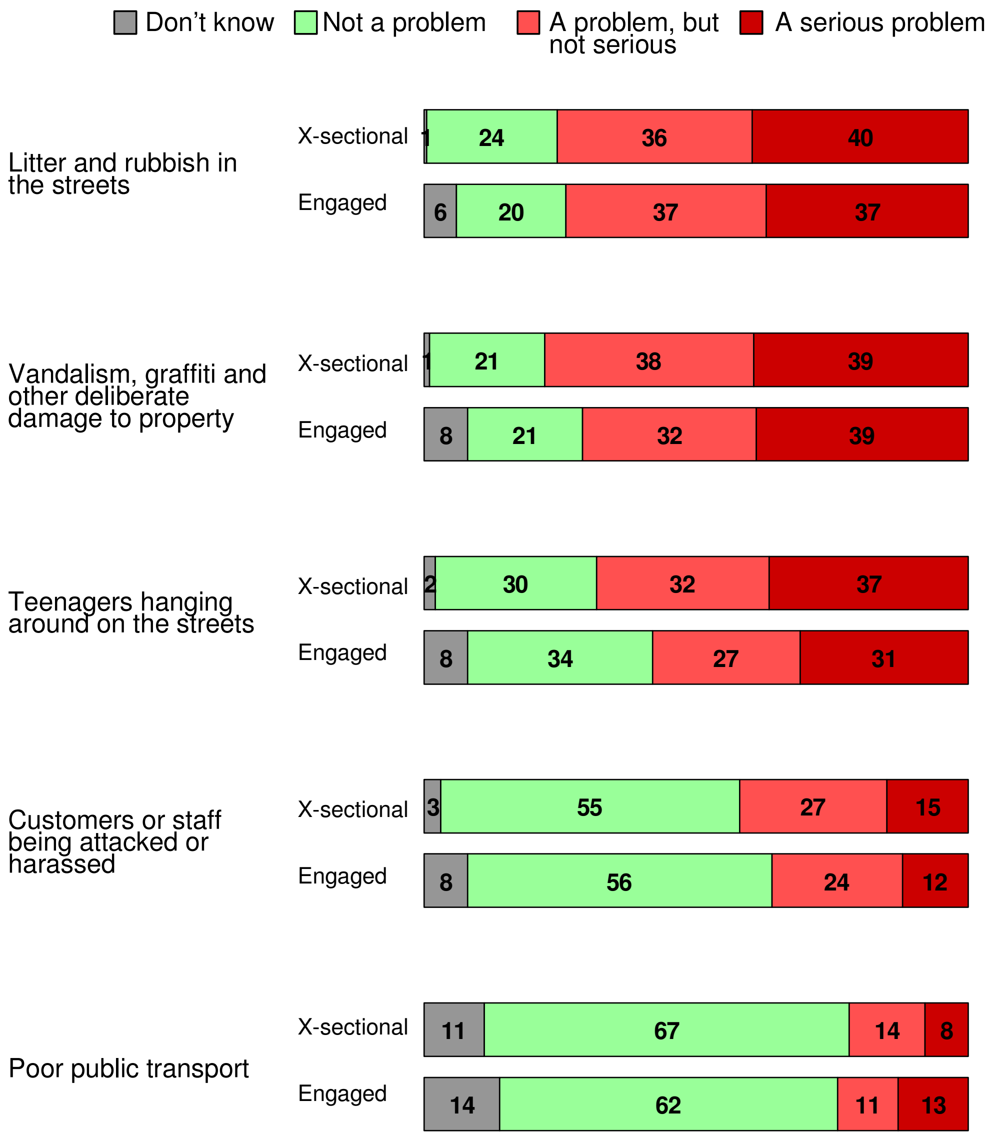
London-based firms have more problems than most with customers or staff being harassed or attacked; 24% say this is a *serious* problem compared with 15% overall. In contrast, 68% of businesses in the North East say they have no problems with this.

Teenagers hanging around is cited as a particular problem by businesses in the North West; 47% say this is a *serious* problem compared with 37% overall. The hotel/leisure sector also says this is a *serious* problem locally (53%).

[8] Residents' findings taken from 2004 NDC Household Survey

Quality of life in the local area

Q19 I am going to read out a list of things that can cause problems for businesses in their area. I would like you to tell me whether each is a problem in this area?



Base: All respondents inside the NDC area (1,623 x-sectional; 221 engaged)

Source: MORI

On balance businesses from both samples feel that these issues have not really changed much over the year. There is some evidence of improvement, with engaged firms slightly more likely to say that things have got better rather than worse on all issues. According to the engaged sample problems with litter and rubbish have improved, although this is a fairly modest increase (32% better). Public transport has also improved slightly according to engaged firms (18% better versus 6% worse). Cross-sectional businesses are less positive. While they mostly say that these issues have stayed about the same they feel that problems with teenagers have actually got worse (23% worse).

Q20 And thinking about… has the situation got better or worse in the previous 12 months or has it stayed about the same?

	Better	Stayed the same	Worse	Net Better
Base: All respondents in NDC area rating… as a problem	*%*	*%*	*%*	(±) %
Litter and rubbish				
Cross-sectional (1,617)	20	54	20	0
Engaged (208)	32	44	19	+13
Poor public transport				
Cross-sectional (1,440)	14	67	6	+7
Engaged (190)	18	65	6	+12
Vandalism, graffiti and other deliberate damage to property				
Cross-sectional (1,605)	16	59	19	-3
Engaged (204)	23	54	17	+6
Customers or staff being attacked or harassed				
Cross-sectional (1,581)	10	67	11	0
Engaged (203)	14	61	8	+5
Teenagers hanging around				
Cross-sectional (1,594)	11	59	23	-12
Engaged (203)	21	52	16	+5

Source: MORI

4.2 Concern about crime

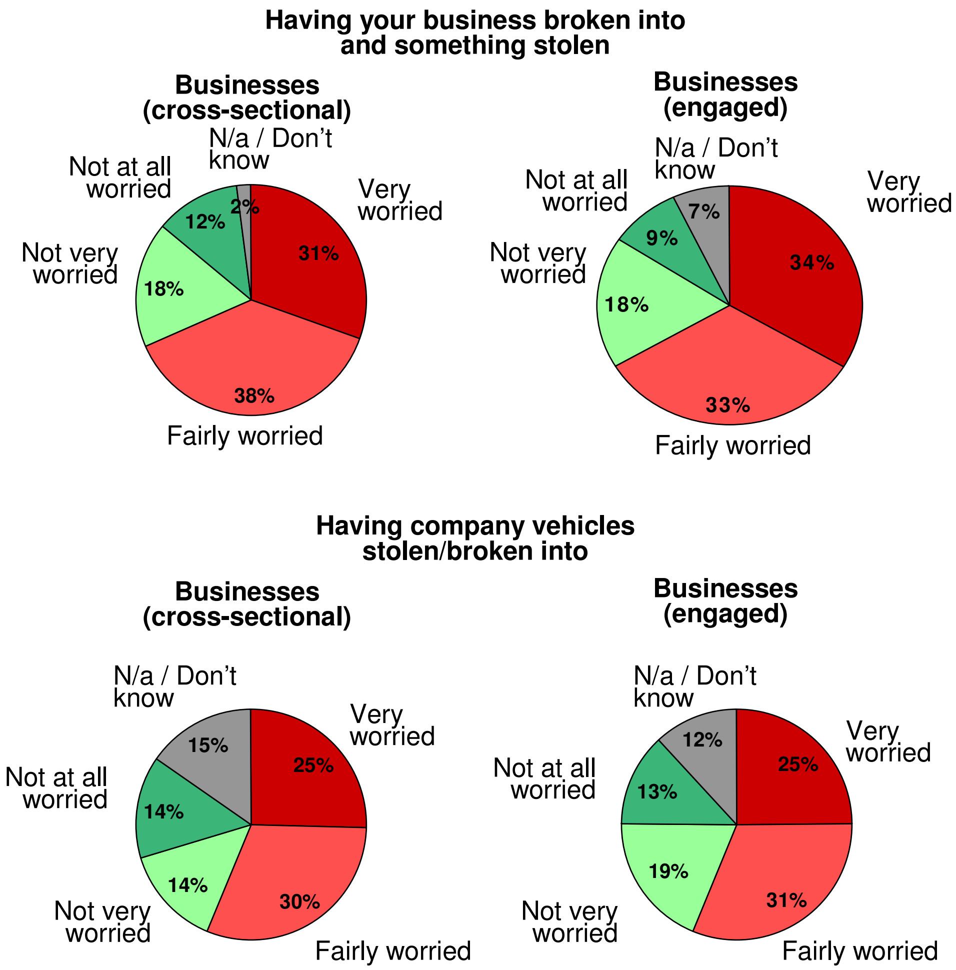
Businesses from both samples have some concerns about the potential for crime against their business. Two-thirds say they are worried about being **burgled** (68% cross-sectional, 67% engaged), while slightly fewer say that having **company vehicles stolen or broken into** is a concern (56%).

Comparing these findings with data from the NDC Household Survey, shows that businesses are more concerned than residents about potential burglary. Just over half of residents are worried about their home being broken into (55%).

Looking at cross-sectional businesses we see again that those who are dissatisfied with the area generally are more likely to be negative on these issues, with more saying they are worried about each. Businesses based in the Midlands are most concerned about being broken into with those in the North East less concerned (79% and 60% worried respectively).

Fear of crime

Q21 Most of us worry at some time other about being the victim of a crime. How worried are you about the following happening to you?



Base: All respondents inside the NDC area (1,623 x-sectional; 221 engaged)

Source: MORI

Businesses in both samples generally say that things have stayed about the same over the last year, as with other liveability issues. Again. engaged businesses are more positive than those in the cross-sectional sample, saying that some moderate improvements have been made in terms of business and vehicle break-ins.

Q22 *Still thinking about… do you think the situation in the local area has got better or worse in the previous 12 months or has it stayed about the same?*

	Better	Stayed the same	Worse	Net Better
Base: All respondents rating concern about…	*%*	*%*	*%*	*(±) %*
Having business broken into and something stolen				
Cross-sectional (1,596)	14	61	18	-4
Engaged (206)	29	49	14	+15
Having company vehicles stolen/broken into				
Cross-sectional (1,405)	10	65	16	-6
Engaged (195)	22	53	10	+12

Source: MORI

5. Attitudes to NDC Partnership

5.1 Awareness of NDC partnership

One third of the cross-sectional sample say they know at least a fair amount about their local partnership (36%) with two-thirds saying they have heard something about it but do not know what they do (64%).

As we would expect awareness is higher amongst the engaged sample. Three-quarters have heard of their local NDC and over half say they know a fair amount or great deal about it (74% and 52% respectively).

Awareness of the local NDC is slightly higher amongst residents. Four in five NDC residents across the country say they have heard of their local NDC (79%).[9]

Amongst the cross-sectional sample smaller businesses (with annual turnover of less than £100,000) are particularly likely to have heard of their local partnership (71%). Geographically, awareness is lowest in London with half of London-based businesses saying they've never heard of their local NDC partnership, compared with 36% across all areas. Awareness is highest in the North West (75% have heard of their local NDC). In terms of sector, retail businesses are least aware of their NDC (41% never heard of NDC), with firms in public services most likely to have heard of the NDC (82%).

Q23 Before this interview how much, if anything, had you heard about the … New Deal for Communities partnership?

	Businesses (cross-sectional)	Businesses (engaged)
Base: All respondents	*(1,623)* %	*(423)* %

[9] Residents' data taken from 2004 NDC Household Survey. Please note, question asked differently: "Have you heard of the … New Deal for Communities? Yes/No"

A great deal	15	30
A fair amount	21	22
Not very much	15	15
Heard of but know nothing	13	7
Never heard of	36	26
Don't know	*	*
A great deal/fair amount	**36**	**52**
Heard anything	**64**	**74**

Source: MORI

Direct publicity or contact with partnerships is the most cited method of communication. Three in ten businesses who say they have heard of their local NDC say they find out about them from direct publicity. One in six on the cross-sectional sample, rising to a quarter of engaged businesses say it was from direct contact with the NDC itself (17% and 23% respectively). A further quarter cross-sectional businesses and one in five engaged say they first heard of the NDC in the local press (27% and 20%).

Q24 How did you hear about the … New Deal for Communities partnership?

	Businesses (cross-sectional)	Businesses (engaged)
Base: All respondents who have heard of the NDC partnership	*(1,052)* %	*(312)* %

NDC publicity	30	31
Local press	27	20
Direct contact with NDC partnership	17	23
From a friend/colleague or family member	14	13
Publicity from another organisation	6	6
From another business	5	6
From customers	3	2
Local TV/radio	3	2
National press	2	3
Through a business forum	2	4
From Police/Community wardens	1	0
Publicity from Business Link	1	2
Leaflets/flyers	1	0
Information via the post	1	1
National TV/radio	*	1
Other	6	6
Don't know	4	2

Source: MORI

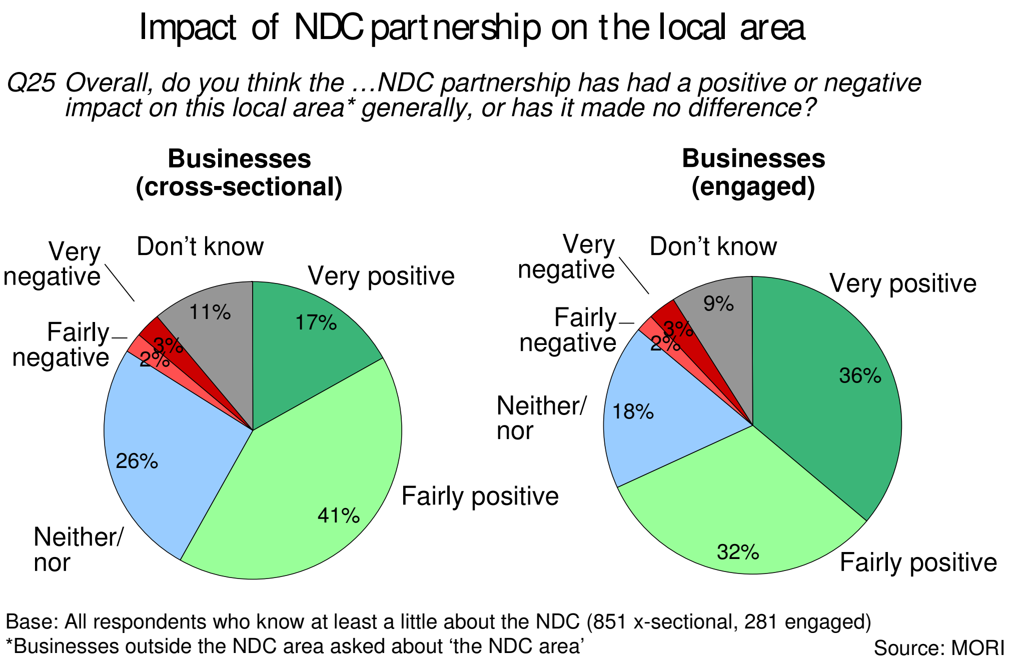
There may be scope for improving communications through business-specific channels. Currently, very few businesses on either sample say they heard about the NDC from another business or were made aware of the partnership through a business forum.

5.2 Impact of NDC partnership – on Area

Views are positive in terms of the effect that partnerships have had on their local areas. Overall, three in five businesses from the cross-sectional sample say that the NDC has had a positive impact on local conditions (58%), with just five per cent saying the impact has been negative. Businesses from the engaged sample are even more likely to be positive with two-thirds saying that the NDC has had a good impact on the area (68%).

In line with this and as is often the case with service provision, familiarity is related to favourability, with businesses from the cross-sectional sample who say they know *at least a fair amount* about their local partnership more likely to say that the NDC has had a positive impact on the area than those who know *not very much* (65% positive compared with 39% respectively). In addition, those who have received help from the NDC are also positive about the local impact of their partnership (75% positive). There are no variations between businesses from different parts of the country or from different sectors.

Looking at findings from the Household survey, businesses appear to be slightly more positive than residents about the impact of the NDC on the local area. Around half of residents across the 39 NDC areas say they feel the NDC has improved the area either a fair amount or a great deal (51%).[10]



Reasons given by those who say the NDC has had a positive impact, whilst being general, also pick out some specific improvements that have occurred in their area. One quarter of cross-sectional businesses say the general regeneration of the local area has been a positive thing (23%), while 10% say that the NDC has

[10] Residents' data taken from 2004 NDC Household Survey. Please note, question asked differently: "How much if at all do you think the activities of … NDC have improved this area as a place to live? Great deal/fair amount/not very much/not at all"

improved employment opportunities for residents. There is also an emphasis on the increased cleanliness of the area as well as improvements in general community cohesion and interaction between local groups (both 9%). Businesses who say the NDC has had a negative impact most often cite a lack of communication as the key reason.

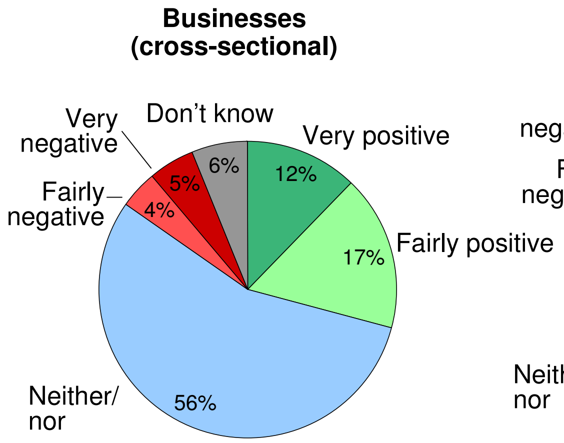
5.3 Impact of NDC partnership – on Business

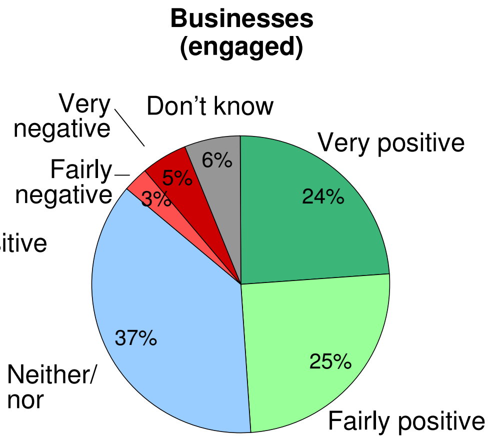
Respondents are generally less positive about the impact of NDCs on their own business. Three in ten in the cross-sectional sample say there has been a positive impact on their business as a result of the NDC partnership, while one in ten say it has been negative (28% and 9% respectively). These figures rise to 49% of engaged businesses saying a positive impact and just eight per cent saying it has been negative. A significant proportion of the cross-sectional sample are undecided, with over half saying that the NDC partnership has had neither a good nor bad effect (56%).

In terms of the cross-sectional sample, as with views towards the impact of the NDC on the local area, the more that is known about the partnership, the more likely respondents are to be favourable about the influence on their business. Three-quarters of firms that have had some form of help from their NDC say that it has positively benefited the company (77%). London-based businesses who know a little about their local partnership are more likely than those based in other parts of the country to say that the NDC has had a great impact on their business (22% say they have been *very* positively affected compared with 12% overall). In contrast, the North West is most likely to be *very* negative (13% and 10% respectively). In terms of sector, hotels/leisure are most likely to say the NDC has had a positive impact on their business (39% positive).

Impact of NDC partnership on businesses

Q27 And overall, do you think the …NDC partnership has had a positive or negative impact on your business, or has it made no difference?

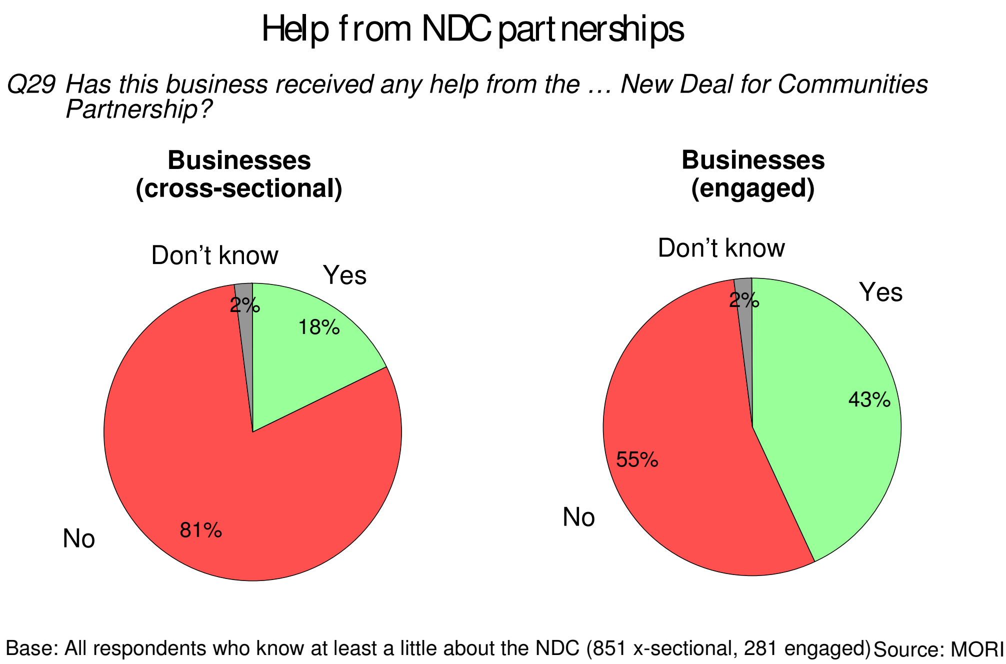




Base: All respondents who know at least a little about the NDC (851 x-sectional, 281 engaged) Source: MORI

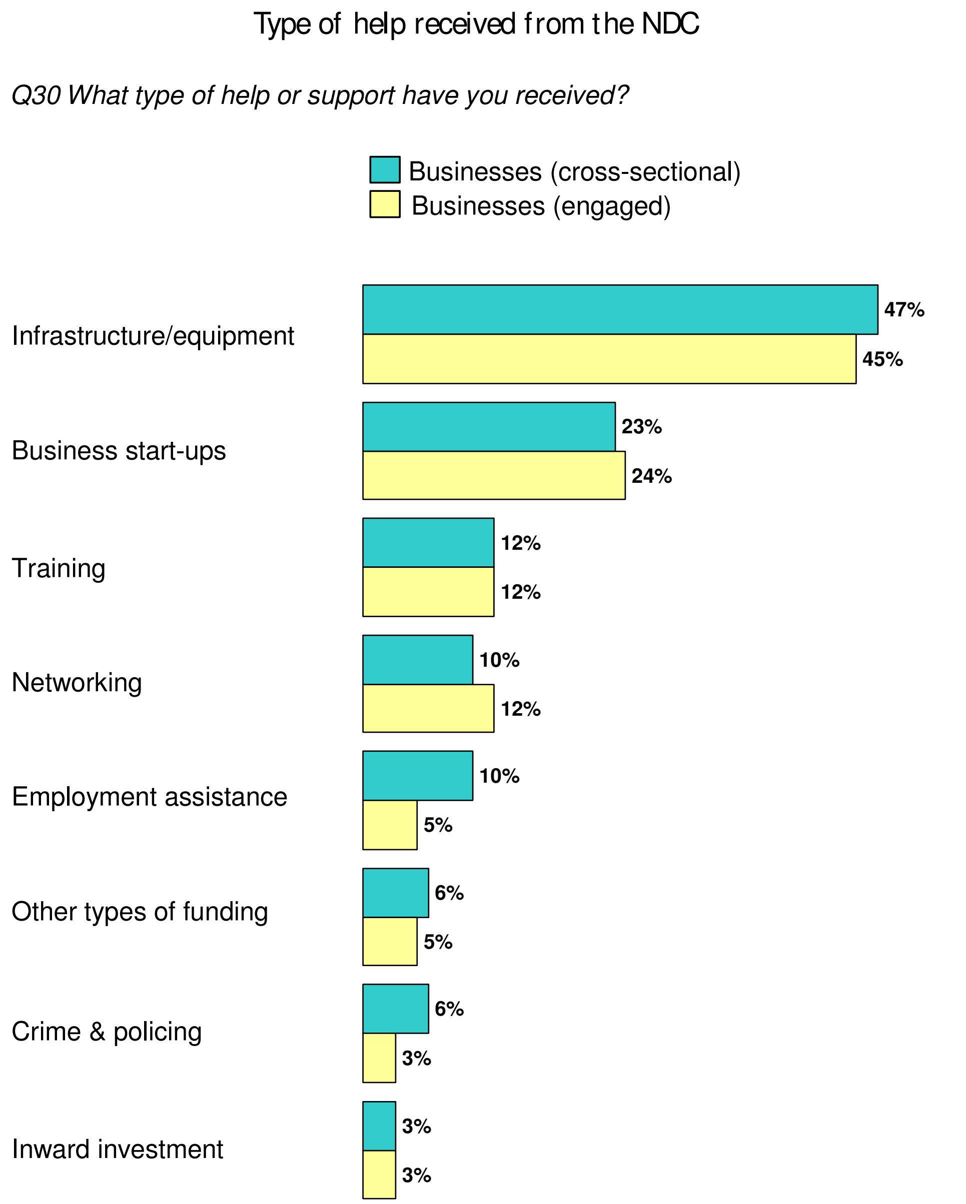
5.4 Help received from NDC partnership

Around a fifth of businesses in the cross-sectional sample who know something about their local partnership have been helped by the NDC (18%). As we would expect, businesses from the engaged sample are more likely to have received help, although it is notable that over half (55%) do not feel they have had any help.



Looking at the cross-sectional sample, newer businesses to the area are most likely to have received help, suggesting that partnerships are providing help and assistance to new start-ups in the local area; 24% of businesses that have been trading in the area for less than three years have received help. There are no other differences between the main sub-groups.

In line with this, the most common types of support received by businesses from both samples are help with infrastructure and business start-ups (cross-sectional 47% and 23%; and engaged 45% and 24%). A further 12% have benefited from help with training.



Base: All respondents who have received help from the NDC (160 x-sectional, 112 engaged)

Source: MORI

Reasons given (by cross-sectional businesses) for not receiving help, centre around a lack of awareness of what assistance is available and how to go about applying for it (30% because of a lack of knowledge about NDC, 8% because they are unsure about how to contact them). A quarter of businesses say it is because they have no need of any help, and 11% because the help available is not relevant to their needs.

Engaged businesses who have not received help generally feel that the types of assistance available are either not relevant to their business or just not needed. There is also some confusion about what is available and how to get help, again suggesting that improved communications and branding of the NDC actually may help.

6. Business characteristics

6.1 Length of time in area

Businesses within NDC areas are fairly well established; over half from the cross-sectional sample have traded at the same site for more than six years (54%). One in ten are new to the area having traded there for less than a year. A similar picture can be seen for the 'engaged' businesses – those who have had contact with or been helped by a partnership.

Q4 How long has this business been trading at this site/establishment?

	Businesses (cross-sectional)	**Businesses (engaged)**
Base: All respondents	*(1,623)* %	*(423)* %
Less than 1 year	10	12
1-2 years	15	17
3-5 years	21	20
6-10 years	19	14
11 to 20 years	15	17
Over 20 years	20	19
Don't know	1	1

Source: MORI

6.2 Number of staff

On average businesses in these areas are likely to be fairly small in terms of the number of employees.[11] Across all of the NDC areas surveyed around four in five have 10 or fewer employees (79%). Only one in ten have more than 20 staff in total. Again figures are very similar for the engaged sample.

Q10/11 Total number of staff employed at this establishment/site

	Businesses (cross-sectional)	**Businesses (engaged)**
Base: All respondents	*(1,623)* %	*(423)* %
1-5	62	62
6-10	17	17
11-20	11	11
21-30	4	3
31-50	3	4
51-100	2	2
More than 100	1	1
Don't know	*	*

Source: MORI

[11] It is difficult to obtain exact comparisons from the national sources but based on DTI data from 1999, it seems NDC businesses are on average a similar size or even slightly larger than those in the country as a whole; for example, 95% of enterprises nationally have fewer than 10 employees.

6.3 Sector

In both cross-sectional and engaged samples the three main sectors are retail, business services and manufacturing/production/construction, with these last two covering a wide range of different types of business. Hotels/catering/leisure and public service firms are also significant employers.

In terms of regional differences the Midlands and the South are both more likely than average to have manufacturing, production or construction firms (29% and 26% respectively). Yorkshire, the North East and North West have more retail firms than average (30%, 28% and 28% respectively). London is most likely to have business service companies and the South is more likely than most to have public service businesses (30% and 16% respectively).

Manufacturing/production/construction (23%) and retail firms (29%) are most likely to have been established in the area for the longest (been at current site for longer than 11 years). Furthermore a quarter of all firms with a turnover of more than £500,000 are manufacturers, with a similar proportion from the business services sector (both 25%).

Q37 Sector

	Businesses (cross-sectional)	Businesses (engaged)
Base: All respondents	*(1,623)* %	*(423)* %
Manufacturing/Production/Construction		
Automotive	3	4
Construction	3	3
Metal manufacturing	2	4
Mechanical engineering	2	2
Textiles and clothing	2	2
Building products	1	1
Electrical engineering	1	2
Pharmaceuticals	*	*
Chemical	*	*
Timber and paper	*	1
Agriculture/fisheries	*	*
Manufacturing (unspecified)	*	1
Other manufacturing	3	5
Retail		
Retail	22	21
Electronics and computing	1	1
Distribution	1	1
Fast Moving Consumer Goods	*	-
Wholesale	*	*
Hotels		
Hotels, catering and leisure	10	9

(continued…)

Q37 Sector (…continued)

	Businesses (cross-sectional)	Businesses (engaged)
Base: All respondents	*(1,623)* %	*(423)* %
Business services		
Professional services	8	6
Financial services	3	1
Printing and publishing	3	3
Transport	2	2
Real Estate	2	1
Telecommunications	1	1
Travel and tourism	1	-
Media	1	*
Other commercial services	2	1
Public services		
Healthcare/medical/nursing homes	5	3
Education/training	3	3
Other		
Aerospace and defence	*	*
Charity	*	*
Other service	10	11
Other	9	9

Source: MORI

6.4 Annual Turnover

As with the figures for number of employees, most businesses are quite small in terms of annual turnover. The majority of businesses across the areas turn over less than £250,000 per year (cross-sectional 57%; engaged 63%). A quarter of cross-sectional and one fifth of engaged businesses have an annual turnover of between £250,000 and £1 million. A further one sixth turn over more than £1 million (cross-sectional and engaged both 17%).[12]

Q40 What is the approximate annual turnover of this establishment/site?

	Businesses (cross-sectional)	**Businesses (engaged)**
Base: All respondents	*(1,623)* %	*(423)* %
Less than £25,000	13	22
£25,000-£49,000	13	14
£50,000-£99,000	13	13
£100,000 - £249,999	18	14
£250,000 - £499,999	13	12
£500,000 - £999,999	13	8
£1m - £4.9m	13	12
£5m or over	4	5

Source: MORI

Note: figures re-based to exclude 'don't know' and 'refused' categories

[12] Figures re-based to exclude 'don't know' and 'refused' categories

Appendices

A1. Weighting Details

Two samples have been used for this survey – an engaged sample (supplied from the partnerships themselves) and a cross-sectional sample (supplied by Experian). While profile data is available for the cross-sectional sample, the engaged results have not been weighted as there is no usable data to determine the overall population profile. We have applied two types of weights to the cross-sectional sample: area weights and profile weights.

A1.1 Area weighting

We considered three possible approaches for the cross-sectional sample:

- not to weight at all;
- to weight each area equally (i.e., so that each area was weighted to one-nineteenth, or 5.3%, of the total); or
- to weight according to the proportion of businesses in each area (i.e. taking into account the fact that some NDC partnerships cover many more businesses than others).

In fact, there are very few significant differences between these approaches; the weighted figures generally fall one or two points either side of the unweighted figures, although there are greater differences in a small number of questions. On balance, though, the results suggest that weighting to the proportion of businesses in each area is the best approach.

Weighting each area equally has a dramatic effect on the effective sample size, reducing it from 1,623 to 939. It means applying large weights to the very large and very small areas we surveyed: the sample from Kingston upon Hull is multiplied tenfold, from 0.5% to 5.3%, while areas like Hartlepool and Doncaster are halved. It also seems wrong to give these two very different areas the same importance in the overall sample.

Weighting proportionately, however, has a much smaller impact on the effective base size, as to some extent our original sample design already took the relative sizes of the areas into account. In only two areas was the profile of the achieved sample more than three percentages points different to the target weights: Doncaster was weighted from 11% to 23%, and Shoreditch was weighted from 7% to 13%. Weighting proportionately is also easy to understand and to justify (as it reflects the relative business population sizes in the different areas), and seems most appropriate if the survey is to be repeated; any follow-up can be weighted in the same way to ensure that we are comparing like with like. The table below shows the area weights that were applied as part of this experiment.

AREA WEIGHTING

NDC partnership	Achieved %	Equal %	Proportionate %
Bradford	6	5.3	3.7
Brent	2	5.3	2.0
Brighton	2	5.3	2.9
Bristol	6	5.3	3.4
Coventry	2	5.3	1.0
Doncaster	11	5.3	22.6
Fulham	5	5.3	3.1
Haringey	4	5.3	3.6
Hartlepool	10	5.3	9.5
Hull	0.5	5.3	0.3
Lewisham	2	5.3	2.2
Liverpool	5	5.3	3.0
Manchester	5	5.3	3.4
Nottingham	5	5.3	3.8
Sandwell	7	5.3	4.7
Sheffield	6	5.3	3.3
Shoreditch	7	5.3	12.8
Sunderland	9	5.3	7.2
Wolverhampton	6	5.3	7.6
Effective sample size	1,623 (total)	939	1,338

A1.2 Profile weighting

In addition to area weights, profile data on sector/SIC code and number of employees was also available for the cross-sectional sample. While the achieved sample was actually relatively close to the correct profile, it did slightly under-represent small businesses. The exact weights applied are given in the table below.

PROFILE WEIGHTING

No. employees	Unweighted %	Weighted %
1-5	56	62
6-10	21	17
11+	24	21
Sector		
Manufacturing/construction/production	20	20
Retail	27	24
Hotels	12	10
Business services	23	23
Education, health and social care and other public services	5	11
Other services	12	12

The combined impact of both these sets of weights (proportional area weights and profile weights) has been to reduce the effective sample size of the cross-sectional sample from 1,623 to 1,195 (with a minimal effect on the margin of error for the aggregate results, from ±2.4% to ±2.8%).