Liverpool Business Survey - Foundations for Growth 2008/09 Report

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SQWconsulting

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Foundations for Growth (2008/09)

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Section 1: Introduction and Executive Summary

Introduction

In 2008/09 GfK NOP Social Research, alongside SQW Consulting (SQW), were commissioned for the second time by Liverpool Vision, to undertake a city-wide survey of businesses called Foundations for Growth. The Foundations for Growth (FFG) research has evolved into a comprehensive tracking survey, measuring levels of satisfaction with Liverpool as place in which to do business, the general health and optimism of private sector employers (including the key drivers and barriers to economic growth and productivity) and medium term and longer term property requirements of firms across the city. In 2008/09 the survey also sought to explore the preparedness for, and impact of, the global economic downturn and the so-called 'credit crunch'. This report explores data for 2008/09, 2007/08 and 2006. The latter was a survey of businesses in the City Centre only and therefore comparisons with this point in time are only made in the sections of the report relating to the Area Level Analyses.

As in previous years, Beta Model supplied the sample and population data for businesses based in Liverpool. Of all the contacts that were deemed appropriate for the scope of the survey, (private/commercial sector) an overall target of 850 interviews was achieved. The majority of the interviews for 2008/09 were conducted during December 2008 - a small number of additional interviews were undertaken in January 2009.

Quotas were introduced for different geographical areas within Liverpool to ensure that there was the minimum number of respondents required to enable robust analysis at each Neighbourhood Management Area (NMA) level (372 in the Centre and 502 across each of the other areas). To ensure that the responses were representative of the actual business base the data was weighted to reflect the size and sector profile of businesses in Liverpool. A separate technical report which is available from Liverpool Vision, provides a more detailed commentary of the weighting process. The most senior manager at each site answered the questions in this survey. No referrals were allowed to head offices as the survey was designed to capture a 'local' view.

Terms of reference and content of the report

This report first of all reviews the data at an all Liverpool level (section 2), section 3 will then analyse the data by area and section 4 reviews the findings by sector. In all cases, where relevant, the data is compared to 2007/08 findings. In all cases, whether analysis by variables in 2008/09 or a comparison with 2007/08 we only report statistically significant findings. This is clearly stated. In terms of the geographical areas we often compare the Centre to the Rest of the City. The Rest of the City combines data from all areas in Liverpool excluding the Centre and includes Alt Valley, Eastern Link, North Liverpool, South Central and South Liverpool (which are also shown in the charts as separate categories). The sector categories are; Business Services, Finance, Hotels and Restaurants, Manufacturing, Other Services, Retail and Wholesale and Construction and Transport. There is a separate technical report which details the specification of all these variables.

Conclusions

Business outlook is good: Overall, the results from the FFG 2008/09 research are extremely positive and this augurs well for continued economic growth and wealth generation in Liverpool. With improvements in the Liverpool's overall BSI score year on year and significantly more businesses rating Liverpool as an excellent or good place to do business year on year, economic recovery clearly remains on a positive trajectory.

Clear priorities are identified: The key priorities identified by firms in the 2007/08 and 2008/09 research were broadly consistent and these related to the quality of commercial premises and safety in the city. 2008/09 also identifies transport and accessibility as a priority area for attention. Targeted remedial action and improvement in these areas will arguably have the most impact in driving-up overall satisfaction levels for Liverpool.

Review outreach and support services: The results reveal more challenges to the local economy. It is slightly concerning to the research team that only 30% of businesses appear to be fully prepared for the economic recession and around 1 in 4 firms see themselves as being robust and less vulnerable to the economic downturn. This is a key message for business support providers and policy partners in Liverpool. Added to this, the fact that just 22% of respondents to the survey had had contact with Business Link and fewer than half of the firms had effectively networked in the last 12 months demonstrates that there is scope for greater outreach and penetration by support organisations within the City's business base and that awareness of these support mechanisms amongst businesses can be improved. Arguably more work needs to be done to ensure that these companies have a greater awareness of the broad menu of support services available to them, how and where they can access such services, and crucially, the difference it can make to their profitability and growth potential.

Market and promote the impact of current investment in the City: Half of the businesses in the Centre felt that new flagship developments such as Liverpool One, the Echo Arena and Convention Centre, roads and street improvements and new commercial office developments would have a positive impact on their business (22% thought the impact would be significant). The continuing marketing and promotion of these developments - both internally and externally - is crucial to ensure that the City capitalises on recent public and private sector investment with the attraction of new firms to the area and the retention of existing companies. There are also significant opportunities to capitalise on the new visitors and customers that these developments are bringing to the City.

Review the supply of business premises: Quality of premises emerged as a priority issue in the BSI scores and satisfaction with premises is significantly lower amongst firms in the Centre. Around one quarter of respondents stated that they were looking to change premises in the next 5 years and almost half of these stated that they did not know where to access tailored relocation assistance. Policy makers must help businesses realise their aspirations by providing the conditions for growth. It is essential that growing businesses are able to move into new premises that match their needs, providing the flexibility and quality that modern dynamic businesses demand.

Retain employers in the local economy: Whilst many employers flagged that they want to upscale, only three in ten stated that a new location was being considered. Clearly, it is imperative that Liverpool Vision, the City Council and other partner agencies operating across Liverpool work together to ensure that firms are encouraged to stay, expand and re-invest in Liverpool.

Look for factors to promote inward investment: The positive story that employers have told with regard to their satisfaction with local skills levels can also be used by policy-makers to help to attract further investment and jobs into the City. Satisfaction with skills is incredibly important given the priority that businesses place on this aspect of their strategic operations through the BSI score.

Business Satisfaction Index

The Foundations for Growth research includes the generation of a Business Satisfaction Index (BSI). The BSI is a calculation which takes into account importance and satisfaction with a broad range of indicators. A final score of satisfaction is generated taking into account the relative importance of each component (further detail is provided in the technical report).

In the 2007/08 report, at an all Liverpool level, the research team suggested that with a score of 6.61 there was room for further improvement across the City. This has indeed been the case and in 2008/09 a score of 6.92 was achieved, which is significantly higher than the previous year. Results from three surveys are available for the Centre of the City (a survey was carried out in this geography in 2006 also). Trends over time reveal that the BSI has remained relatively stable over the three year period since the inception of the FFG research. There was a slight decrease in the score in 2007/08 compared to 2006 (6.51 compared to 6.8) which has since recovered to a score of 6.78 in 2008/09. There has been a slight increase in the score for the Centre from 6.51 in 2007/08 to 6.78 in 2008/09 but in both years the scores fell below the all Liverpool average. For the Rest of the City, in both years, the score has stood above average.

There are eight component parts to the index: cleanliness; safety in the city; cost of premises; quality of premises; transport and accessibility; skills of the workforce; local authority services; and support and training for businesses. Examining the factors that contribute to the overall score reveals that for the third year running the quality and skills of the workforce is by far the most important aspect of the BSI for employers in Liverpool; it is also once again rated highest in terms of satisfaction levels. Indeed the score has increased slightly from 9.15 in 2007/08 to 9.24 in 2008/09.

With the exceptions of ‘business and training support’ and ‘local authority services’ all component factors of the Business Satisfaction Index received an importance score of 7.5 out of 10 or over. With satisfaction scores relatively low (compared to importance scores) across the board, the findings from the survey suggest that continued action and investment is required to further increase the competitiveness of the city. The 2007/08 FFG report called for a joined-up and strategic approach to raising satisfaction levels and the 2008/09 data reinforce this message.

In 2008/09 the greatest potential for raising the overall BSI score lies with quality of premises, safety in the city and transport and accessibility. These issues are currently ranked high in importance but relatively low in terms of satisfaction amongst the business community, therefore increasing satisfaction for these aspects will have most impact in increasing overall satisfaction. Two of these three ‘review’ areas were also highlighted back in 2007/08, safety in the city and quality of premises, thus indicating that these issues may be longstanding priorities for action in Liverpool. It is interesting to note that, due to a relative decrease in importance as opposed to an increase in satisfaction, cleanliness is no longer the priority it was in 2007/08.

Once again variations in the overall BSI scores by geography, zone, and sector suggest that the experiences and needs of businesses are broadly similar across Liverpool. Having said this, there are issues within each sub-set that policymakers may want to review further. The report highlights scores within the Index that are above or below the overall average. In particular:

• The **service industry** scored well with Hotels and Restaurants and Retail and Wholesale producing higher scores than the overall Liverpool BSI (other sectors were at the same level or lower).
• ***Centre***: This area has given a below average BSI score in both years of the survey. In BSI work they were less satisfied with cleanliness than other parts of the city. In other parts of the survey businesses in the Centre were less satisfied with their premises and less likely to rate staff a 10 out of 10 for skills compared to those in the Rest of the City. Access to support is higher, in 2008/09 businesses in the Centre were significantly more likely to network than those in other areas and more likely to know how to access training and development opportunities.
• ***Alt Valley***: On the BSI Index, this area has declined slightly since 2007/08 with a below average BSI score in 2008/09. Those factors scoring lower than average were safety in the city, cost of premises and quality of premises. Mean scores for satisfaction with premises were amongst the lowest in the city.
• ***Eastern Link***: This area was above the average BSI score in both years, the factor scoring lower than average was cost of premises. Along with North Liverpool this area was least prepared for handling a recession. Businesses in this area were most pessimistic about 5 year growth.
• ***North Liverpool***: This area was below the average BSI score in both years, particular components of the score scoring relatively low were transport links/accessibility, skills of the workforce and business/training support. This was one of the areas least likely to be equipped to handle a recession. Despite this significantly more employers in 2008/09 in this area believed they would grow in the next 5 years compared to 2007/08. The highest incidence of businesses expecting to change premises in the next 5 years was found in this area. North Liverpool showed the highest contact rate with Business Link.
• ***South Central*****:** This area was above the average BSI score in both years and no components of the score were much lower than average. Businesses in South Central were least likely to have contact with the Business Link and/or network with other businesses.
• ***South Liverpool*****:** On the BSI scores this area was above average in 2008/09 showing improvement on 2007/08. Mean scores for satisfaction with premises were amongst the lowest in the city.

Impact of recession

In 2008/09 the FFG survey explored the potential impact of the economic downturn on Liverpool’s business base in terms of its preparedness and the perception of how robust businesses felt they were.

The survey results suggest that further advice, support and guidance is required for firms during this difficult economic climate. Only 30% of firms stated that they strongly agreed that they were clear on how to handle the impacts of the current economic recession.

The survey found that whilst 26% said they were very robust, another 57% of respondents only rated themselves as being fairly robust and 16% indicated that they were not very or not at all robust. These two findings coupled together, preparedness for recession and the perception of vulnerability through these turbulent times, indicate a major challenge for business support organisations in Liverpool as they seek to ensure that the maximum number of firms are able to survive the recession. During a recession, it is paramount that business are fully prepared and crucially, that they are aware of what support is available to them, this must be kept in mind with regards to continuing policy response to the recession.

In terms of the impact of the recession, whilst a majority of businesses still expect to see some growth in the next 5 years (40% agreed strongly and 39% agreed slightly that would grow to some extent in the next 5 years), a small but significant minority are going to scale down any planned investment in Liverpool in the short term (11% agreed strongly and 26% agreed slightly). Although longer term optimism is not uncommon in business surveys, it is encouraging the majority of firms expect to grow over the medium term. However, these firms must be supported in the short term to ensure that they can overcome any immediate credit or cash-flow issues as demand falls and the banks continue to trade cautiously.

There were significant variations by geography across the city. Businesses in the Centre (72%) tended to be clearer about how to handle the impact of the recession than those in the Rest of the City (61%). Eastern Link and North Liverpool stood out as areas where the businesses were least prepared to deal with the recession (the proportions of firms agreeing strongly that they knew how to handle themselves were down to 51% and 56% respectively).

Although businesses in the Rest of the City were less likely to be clear about handling the impact of the recession, they shared the Centre's optimism about the future of their business, with roughly 80% agreeing that they expect to grow their business in Liverpool over the next 5 years. Shorter term optimism was consistently lower across all areas in Liverpool with 38% of businesses in the Rest of the City anticipating to scale down planned investment in the next 2 years, this was in line the with the Centre where 40% of businesses held this view.

In terms of preparedness and optimism across business sector, those in the Business Services sector were more confident, with three quarters (76%) agreeing strongly that they were clear about how to handle the recession, whilst businesses in Manufacturing, Retail and Wholesale, Construction and Transport and Other Services were less positive. Employers were consistent in their optimism about long-term growth but when it came to shorter term investment, those in Retail and Wholesale and Other Services were more likely to agree that they will scale down planned investment than their counterparts in Business Services. Interestingly, perceptions about the robustness of their business revealed no significant differences by sector.

Prospects for growth

This section of the report explores estimates of growth in the next 5 years, the next 2 years and drivers/barriers to growth in the short term.

Further evidence of longer term optimism is provided at another point in the survey with nearly seven in ten (68%) reporting that their business will grow over the next 5 years. Compared to 2007/08 significantly fewer businesses predict they will 'stay the same', opinion has shifted to a tendency to predict more growth or decline (both % have increased slightly).

Optimism was fairly consistent across all areas, that said, Eastern Link was somewhat less optimistic. Making comparisons to 2007/08, long term levels of optimism (next 5 years) for the Centre were in line with those for 2007/08 (68% and 72% respectively). However, there is a notable difference in the Rest of the City, with significantly more businesses saying they will grow over the next 5 years than in 2007/08 (68% and 61% respectively).

In terms of business sector, optimism in 2008/09 (68% predicting growth in the next 5 years) is fairly consistent across all sectors. Compared to 2007/08, the proportion of firms predicting growth has increased slightly but not significantly in all sectors except Construction and Transport. Indeed businesses in the Manufacturing sectors predicting growth has increased significantly from 63% in 2007/08 to 70% in 2008/09, which may reflect the recent weakening of sterling thus strengthening export opportunities for manufacturers based in Liverpool.

The fact that optimism over the next 5 years has increased slightly since 2007/08 may seem surprising given the current economic backdrop both in the UK and globally. The authors believe that this may reflect a belief in the commentary pre Christmas relating to the medium term nature of the economic downturn. It is only in the last month or so that commentators have become increasingly concerned and pessimistic about the prospects for a quick recovery. In this context, it is worth reminding ourselves that the UK recession was only officially confirmed at the end of January 2009.

When businesses were asked to think about shorter term growth, as expected, optimism was not as strong. Fewer businesses (52%) indicated that their business would grow in the next 2 years. A third (34%) of respondents reported that their business would stay the same, whilst 14% anticipated that they would shrink. Still focusing on the next 2 years, those who had reported that their business would grow in the next 2 years were asked what the reasons were for this expected growth. Key drivers (mentioned by over 20% of respondents) included an increase in customers, growth in their particular sector, quality /skills of staff and an increase in investment. To a lesser extent a total of 14% mentioned new product/service development and 12% mentioned a belief that the local economy would grow. The main barriers to growth that were cited included the economic downturn and access to funds.

Liverpool as a place in which to do business

This section of the report reviews questions relating to support and networking, impact on investment in Liverpool and an overall perception of the city 'as a place to do business'.

Half of the businesses (51%) in 2008/09 reported that they had received some form of contact with Liverpool City Council in the last 12 months (the same proportion as in 2007/08). Of the 51% who had had contact, 23% were very or quite satisfied (37%), conversely, around 40% were not very (19%) or not at all (21%) satisfied. Based on the FFG research findings, satisfaction with the City Council has shown signs of increasing year on year. However, whilst similar proportions awarded the City Council a 5 out of 5 this year compared to last year, more respondents were willing to give them a 4 out of 5 (43% compared to 37% in 2007/08). Firms in Alt Valley and North Liverpool reported that they were more likely to have had contact with the City Council over that period (than firms in others areas) - there was little variation by sector. Satisfaction ratings cannot be reliably explored by sub groups due to the base size.

Around one in five (22%) firms reported some form of contact with Business Link during the last 12 months. Satisfaction levels with Business Link were higher than those for the City Council in 2008/09. Over eight out of ten were very (40%) or quite (43%) satisfied with the way their most recent contact was handled by the support organisation. Although businesses were more likely to be satisfied with Business Link than the City Council, it is worth noting that the City Council covers a much broader policy remit and is also a revenue collector (business taxes etc) which can have a negative impact on satisfaction levels. Significantly more businesses in North Liverpool had had contact with Business Link than other areas (32%).

Almost half (48%) of the businesses had actively networked with other businesses in the last 12 months. Businesses in the Centre (56%) were more inclined to report that they networked with other businesses in Liverpool; those in the Rest of the City were less inclined to network, with just 45% reporting that they carried out such activity. There is a correlation between networking, business optimism and the use of Business Link. Eight in ten of those who had networked in the last year had been in contact with their Business Link. They were also more likely to predict a growth in the next 5 years. This suggests that companies who use Business Link, in addition to the direct service provided also benefit from an increase in confidence and belief in their business and its potential success.

Businesses were also asked to rate the city as a place in which to do business using a scale ranging from 5 (excellent) to 1 (very poor). Encouragingly, overall, Liverpool is rated highly as a place to do business, with seven out of ten firms giving the City top ratings of 5 (26%) or 4 (43%). At the other end of the scale, 7% gave low ratings of 1 or 2, thus suggesting that they did not rate Liverpool highly as a business location. Positively, significantly more businesses rated Liverpool as 4 or 5 out of 5 in 2008/09 than in 2008/07 thus suggesting that good progress is being made. This good feeling about the city as a place to do business translates well with regards to future investment and sends out a positive message to other potential investors. There are signs that businesses in Liverpool are embracing the significant amount of development activity occurring within the City. For example, when asked how the recent city centre developments such as the Liverpool One retail scheme, the Echo Arena and Convention Centre and public infrastructure improvements will have an impact on their business, a third thought the impact will be positive. Although 60% of firms predicted no direct impact to themselves.

Perhaps unsurprisingly, businesses anticipating growth in the next 2 years and to a lesser extent those who anticipate their businesses will stay the same were significantly more likely to think that the development activity will have a positive impact. Businesses in the Centre were more likely to say that the Liverpool One retail expansion, the Echo Arena and Convention Centre, road and street improvements and new office developments would have a positive impact on their business. Approximately half of the respondents in the Centre held this view and 22% of them reported that the benefits would be significant. Those in the Rest of the City were less likely to recognise the benefits to their own business, although around a quarter of firms did report that they felt there would be a positive impact.

Satisfaction with premises and future needs

This section of the report explores satisfaction with premises, expectation of changing premises and future needs.

Businesses in Liverpool reported that they were generally satisfied with their premises. Almost two thirds indicated that they were happy with their current space, with 28% of respondents giving a rating of 10 out of 10, suggesting their commercial property requirements are currently well met. There was a notable increase in satisfaction between 2008/09 and 2007/08. In 2007/08, businesses were significantly more likely to give their business a rating of 7 or less out of 10.

Overall, businesses located in the Rest of the City rated their premises more highly, with 30% of firms rating them 10 out of 10. Those firms based in the Centre were less satisfied with their premises (23%). Indeed in the Centre, a fifth of respondents gave their premises a rating of 6 or below, suggesting that there is scope for enhancing the commercial offer in the city centre. This is perhaps surprising given the levels of private sector investment that have gone into commercial premises in the city centre over recent years. South Liverpool also received lower satisfaction ratings compared to the other areas. In terms of a positive response, satisfaction runs highest and has significantly improved year on year in South Central and North Liverpool (over a third of businesses rated a 10 out of 10). Such a significant improvement might prompt a review of any lessons learned locally.

According to the survey results, awareness of support to help find new premises in Liverpool is relatively low. Over four in ten (44%) businesses who were expecting to change premises were not aware of how to access this type of assistance. For those firms who indicated they were expecting to move premises:

- 29% reported that they require the same size premises but in a different location
- 37% stated that they need a significant increase in property size
- 22% indicated that they were looking for a minor increase in premises size
- 7% pointed out that they would need a slightly/significantly reduced amount of space.

The majority of firms (some 23%) identified industrial premises, retail units (25%) and office space (23%) as the key types of commercial space in demand.

Around a quarter of businesses, both in the Centre and the other geographies, were expecting to change their premises in the next 5 years. However, North Liverpool stood out as an area where businesses were most likely to report that they would be changing their premises in the next 5 years (39% compared to 27% overall). Those in Business Services and Construction and Transport sectors (34% and 37% respectively) were more likely to say that they would be changing their premises in the next 5 years.

Skills gaps

Employers were also asked how satisfied they were with the skills of their workforce and if there were any particular skills gaps that needed strengthening in order for their businesses to grow and develop in the future.

2008/09 has witnessed a significant increase in satisfaction levels with workforce skills in Liverpool. In 2008/09, 37% of Liverpool's employers who participated in the survey rated the skills of their workforce 10 out of 10, which represents an increase of +8% points compared to 2007/08. Overall satisfaction has increased from an average score of 8.24 in 2007/08 to 8.46 in 2008/09. Whilst there will be a 'ceiling' where aspirations for skills will always be higher than satisfaction, this is a positive message, which *must* be communicated and promoted widely.

Businesses in the Rest of the City (39%) were more likely to give a rating of 10 compared to those in the Centre (31%). The average score of satisfaction with skills in the Rest of the City has increased significantly since 2007/08.

Customer handling (43%), oral communication (40%), technical/ job specific skills (38%), team working (38%), general IT (38%) and management skills (37%) were identified as areas requiring attention by most firms. However, a wide variety of other skill-sets were also flagged as being areas for development and these were consistent across most areas and sectors. Office administration, time keeping and written communication were also highlighted (over three in ten businesses mentioned a need to strengthen their staff skills in these areas).

'Work ready' skills are being reviewed as a result of employers complaining that individuals are not leaving school or college with the right skills needed for work, skills such as responsibility, reliability, punctuality and general professional attitude. It is interesting to note that 26% of employers in Liverpool recognise this as an issue that, if improved, would impact on the people skills that would help grow their business.

In terms of business sectors, Other Services performed well in terms of the overall satisfaction with skills. As in 2007/08, the Hotels and Restaurant sector was significantly more likely to require specific skills development than other sectors. This suggests a need for more targeted training and skills development programmes tailored around the requirements of the visitor economy. In 2008/09 employers in this sector were significantly more likely to mention skills gaps in oral communications, customer handling and team-working, time keeping and reliability.

Training and retention

The survey aimed to measure the provision of on and off the job training, access to support to aid this and to identify any specific retention difficulties.

In 2008/09 69% of respondents reported that they knew how to access both on and off the job training to support the development of their staff, which is in line with 2007/08 (72%). In 2008/09, 57% of employers who knew how to access training reported that their staff had received this type of training in the last 12 months.

Businesses in the Centre (75%) were significantly more likely to be aware of how to access on and off the job training to support the development of their staff than those located elsewhere in the Rest of the City (68%). In addition, the firms based in the Centre were also significantly more likely to provide on and off job training compared to businesses in other areas (69% compared to 53% in the Rest of the City).

Those in the Business Services sector (75%) and the Hotel and Restaurant industry (78%) were more likely to say they knew how to access training than those working in Manufacturing (60%). Unsurprisingly, those in the Manufacturing sector were more likely to report that their staff had not received any of these types of training in the last 12 months.

Around one in eight employers who provided training indicated that it was carried out through the Train to Gain support programme. Although the proportion of firms who offered views on the Train to Gain service is too low to give statistically reliable data on satisfaction scores, it is still worth looking at this for indicative findings. Of all 48 businesses using the Train to Gain service, none of the respondents gave a score of below 4. Satisfaction levels were very high, with 36 businesses giving a score of 8 or above (out of 10).

Although those firms based outside of the City Centre were less likely to have accessed skills development support overall, they were more likely to report that they had engaged with the Train to Gain scheme (18% compared with just 6% in the Centre). As in 2007/08, staff retention does not seem to be a major problem in Liverpool, with only 9% of employers reporting difficulties with this issue. This view was consistent across all areas of Liverpool. Most business sectors in Liverpool did not report problems associated with retaining staff. However, the Business Services sector was significantly more likely to suffer from such issues compared with Manufacturing.

Section 2: Analysis at an all Liverpool level



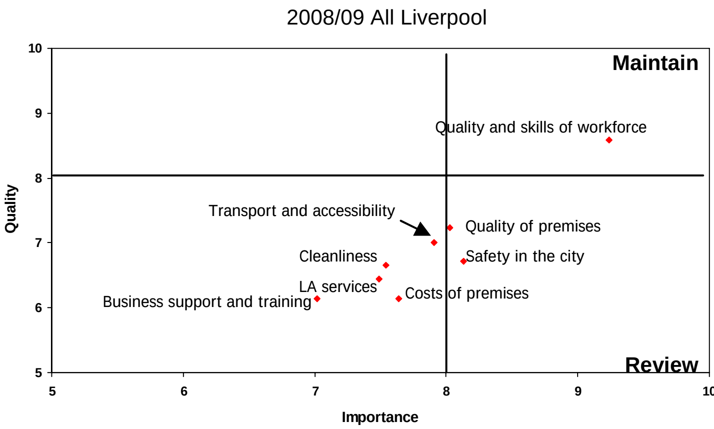
Business Satisfaction Index (BSI)

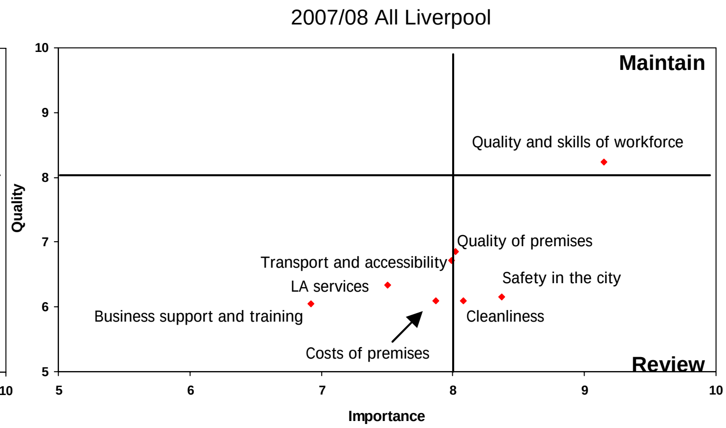
- Scores for Business Satisfaction increase in the last year. The BSI for 2008/09 stands at 6.92. This is an increase from 2007/08 which stood at 6.61.
- *2008/09 Indicators to **maintain***: Workforce is an indicator where importance is high and satisfaction is high. This is consistent with the 2007/2008 findings. Liverpool's workforce stands out as a strength according to the results. No other aspect scored above 8 out of 10 in terms of quality.
- *2008/09 Indicators to **review***: Safety in the city and quality of premises were identified as areas needing improvement (high in importance but relatively low in satisfaction).
- 2008/09 *Indicators to **monitor***: Cleanliness, transport and accessibility, Local Authority services, business and training support and cost of premises were slightly lower in terms of importance relative to other factors and areas which could also benefit from further improvements (scores for satisfaction fell below 8 out of 10).
- Whilst some factors have decreased in importance since 2007/08, satisfaction with a range of factors has significantly increased:

  *Factors significantly **decreasing** in **importance** since 2007/08:* Cleanliness, safety in the city

  *Factors significantly **increasing** in **satisfaction** since 2007/08:* Cleanliness, safety in the city, transport links and accessibility, quality of premises and quality and skills of the workforce.

BSI scores: Matrix

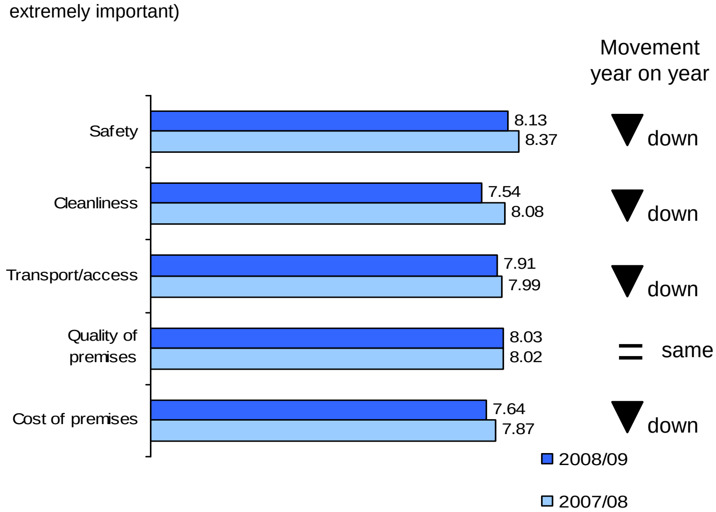




Base: All respondents 2008/09 (unwtd 874, wtd 874) 2007/2008 (unwtd 1512, wtd 1512)

Importance: Premises/transport/cleanliness/safety

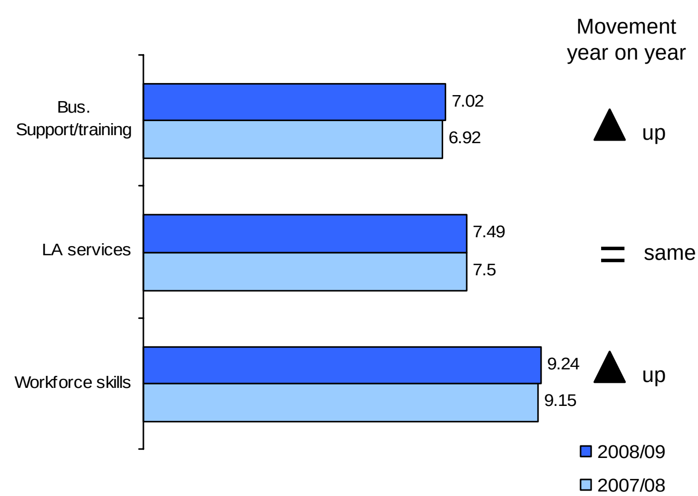
(the scores below represent the meanscore of importance where 10 out of 10 is extremely important)



Base: All respondents 2008/09 (unwtd 874, wtd 874) 2007/2008 (unwtd 1512, wtd 1512)

Importance: Workforce skills/support

(the scores below represent the meanscore of importance where 10 out of 10 is extremely important)



Base: All respondents 2008/09 (unwtd 874, wtd 874) 2007/2008 (unwtd 1512, wtd 1512)

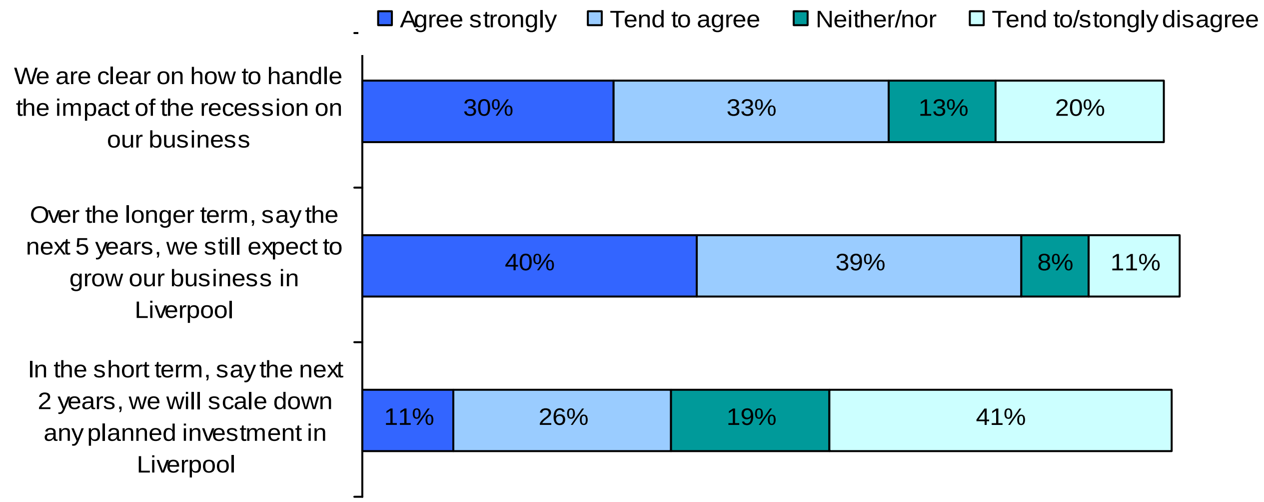
Impact of the recession

• A fifth (20%) of businesses in Liverpool disagreed with the statement that they were clear on how to handle the impact of the recession, suggesting that these firms require intensive support and guidance over the coming weeks and months in order to minimise any negative impacts on the local and city-regional economy.

• Whilst a majority of businesses still expect to see some growth over the next 5 years (40% agreed strongly and 39% tended to agree), some firms reported that they will be scaling down any planned investment in Liverpool in the short term (11% agreed strongly and 26% tended to agree). Clearly this is concerning although it may be a short-term reaction to the economic downturn and when the economy fully recovers and demand picks up, these firms may re-visit their investment plans.

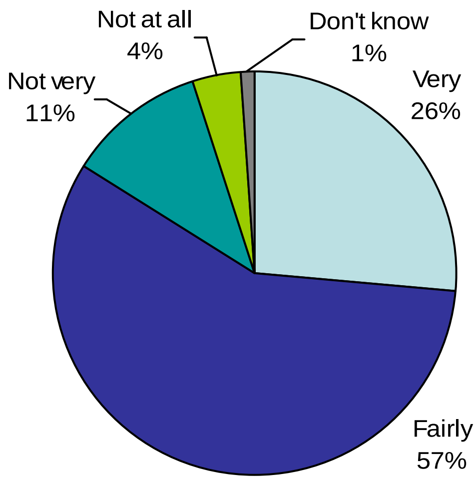
• Although around one quarter of businesses in Liverpool felt they were in a very robust position (26%), the majority of firms felt they were fairly robust (57%), with the remainder not very or not at all robust.

Impact of the recession: To what extent do you agree with the following?



Base: All respondents 2008/09 (unwtd 874, wtd 874). Don't know not included in the chart.

Given the recession how robust is your business?



Base: All respondents 2008/09 (unwtd 874, wtd 874)

Prospects for growth

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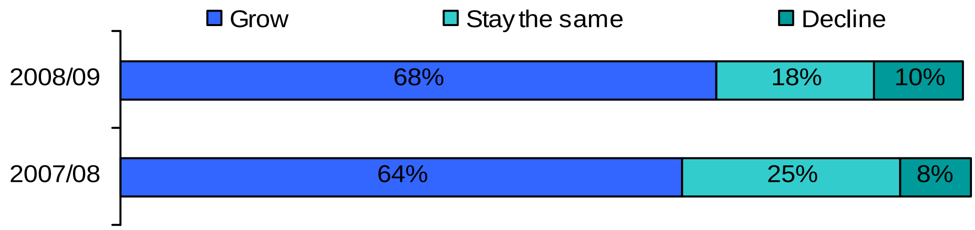
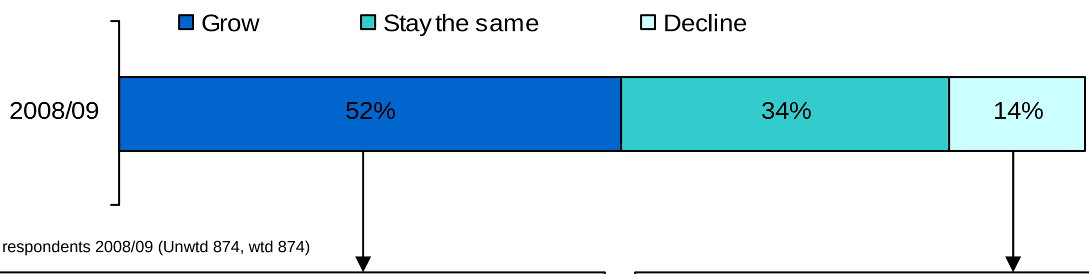
- Businesses are somewhat optimistic about the future, with 68% of them reporting that they will grow over the next 5 years. Compared to 2007/08 significantly fewer businesses predicted that they will stand still in growth terms, with respondents either adopting a more optimistic or cautious approach.
- In the short term, optimism is not so strong. Having said this, over half (52%), indicated that their business will grow in the next 2 years which can be interpreted as a positive indication of confidence. A third (34%) of businesses thought that their business would stay the same, whilst 14% anticipated a decline.
- In the short term a wide range of key factors will be contributing to growth; namely an increase in customers (34% of all those who predict growth), growth in particular business sectors (26%), quality /skills of staff and an increase in investment (20% in each case), new product development (14%) and a growth in the local economy (12%).
- The key factors that were identified as contributing towards negative growth amongst firms in Liverpool were access to funds/the credit crunch (47% of those predicting decline), general recession (34%), cash flow issues (21%), finding and retaining customers (16%) and competition (13%).

Overall do you think your business in Liverpool will grow, decline or stay the same over the next 5 years?



Base: All respondents 2008/09 (Unwtd 874, wtd 874) 2007/2008 (unwtd 1512, wtd 1512). Don't know not included in the chart.

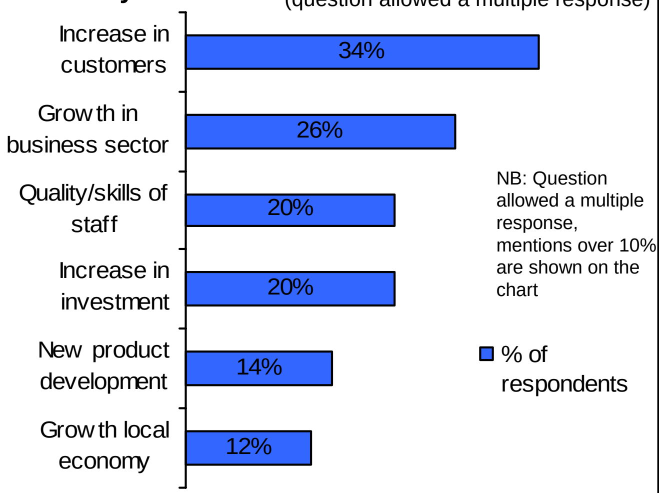
Overall do you think your business in Liverpool will grow, decline or stay the same over the next 2 years?



Employers are more cautious about short term prospects; 52% say their business will grow in the next 2 years compared to 68% in the next 5 years

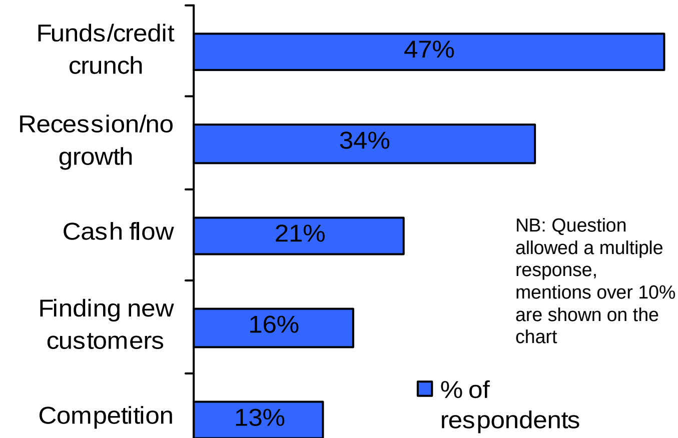
Base: All respondents 2008/09 (Unwtd 874, wtd 874)

What are the key reasons for expected growth in the next 2 years? (question allowed a multiple response)



Base: All respondents expecting growth 2008/09 (unwtd 462, wtd 454)

What are the biggest factors contributing to the expected decline of your company in the next 2 years? (question allowed a multiple response)

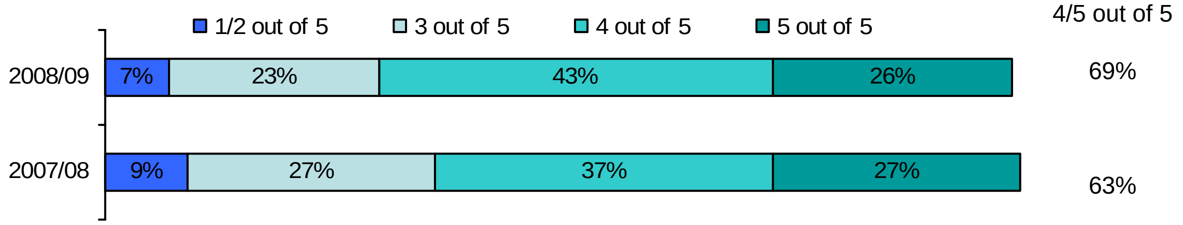


Base: All respondents expecting decline 2008/09 (unwtd 123, wtd 125)

Liverpool as a place to do business

• Seven in ten businesses awarded Liverpool a high rating of excellence as a place in which to do business (26% gave a 5 out of 5 and 43% a 4 out of 5). Liverpool is also improving over time. According to the FFG research, significantly more businesses rated the city as excellent or good in 2008/09 compared to 2008/07.
• Around one in five (22%) reported that they had had contact with Business Link in the last 12 months. Satisfaction levels with Business Link were higher than those for the City Council. Over eight out of ten were very (40%) or quite (43%) satisfied with the way their most recent contact was handled by the organisation.
• Around half of the businesses reported having any contact with Liverpool City Council. Of those who had, six in ten were very (23%) or quite (37%) satisfied, conversely, four in ten were not very (19%) or not at all (21%) satisfied.
• Some businesses in Liverpool were embracing the major development schemes that were taking shape within the City. When asked whether the recent city centre developments had had an impact on their business, a third (32%) thought the impact had been positive. Significantly more businesses in the Centre (57%) agreed that there had been a positive impact on their own business compared to those in the Rest of the City (27%).

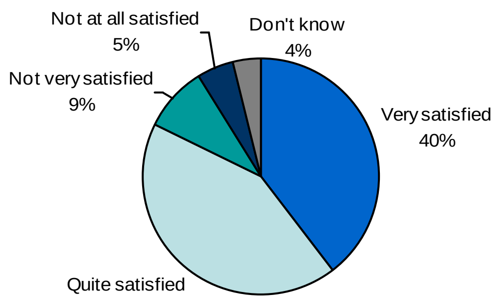
How would you rate Liverpool as a place to operate a business, with 1 being the lowest, a very poor place to do business and 5 being the highest, an excellent place to do business?



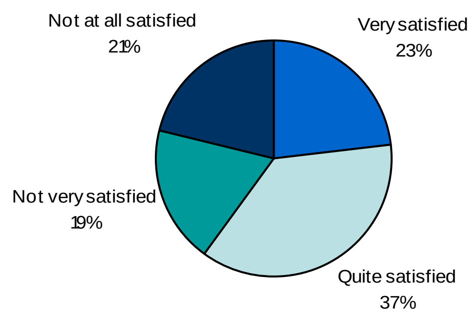
Base: All respondents 2008/09 (unwtd 874, wtd 874) 2007/2008 (unwtd 1512, wtd 1512). Don't know not included in the chart.

Contact and advice with services/networks

22% of businesses had contact with **Business Link** in the last 12 months



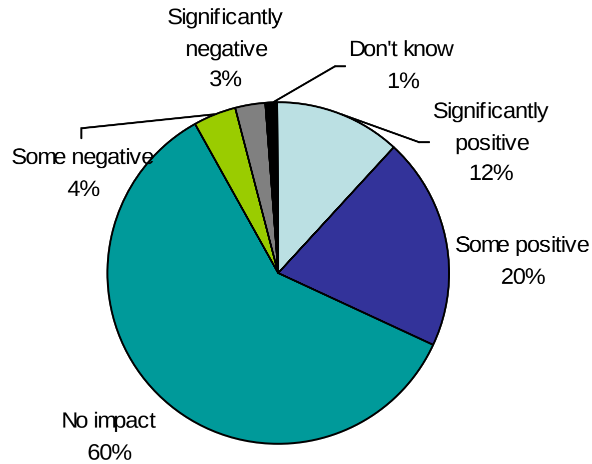
51% of businesses had contact with the **City Council** in the last 12 months



48% of businesses had actively **networked with other businesses** in the last 12 months

Base: All respondents 2008/09 (unwtd 874, wtd 874)

Will the recent city centre developments such as the Liverpool One retail expansion, the Arena and Convention Centre, road and street improvements and new office developments have an impact on your business?

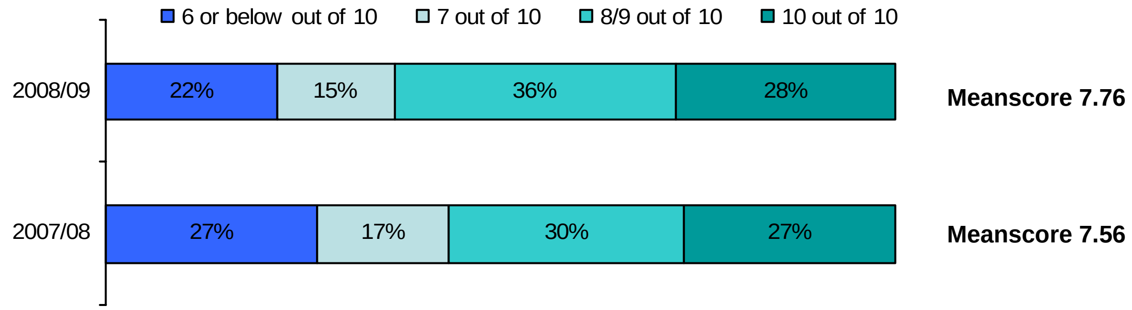


Base: All respondents 2008/09 (unwtd 874 wtd 874), 2007/08 (unwtd 1521, wtd 1521)

Satisfaction with premises and future needs

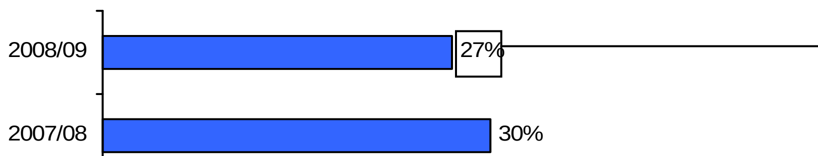
- In 2008/09 almost two thirds of businesses indicated that their current premises adequately meet their needs (awarding them 8 out of 10 or above). Over a quarter (28%) of respondents gave a rating of 10 out of 10, indicating that they are happy with their current premises – satisfaction levels are slightly but not significantly higher than in 2007/08.
- Just over a quarter of businesses in 2008/09 (27%) indicated that they expected to change their business premises in the next 5 years (this is slightly but not significantly lower than in 2007/08).
- Awareness of support for new premises needs to be raised; 44% of firms were not aware of how to access support
- There was most demand for industrial premises, retail units and office space (accounting for 71% of new demand).

How well do your business premises currently meet you needs? Please rate between 1 and 10 where 1 is not at all well and 10 is extremely well



Base: All respondents 2008/09 (unwtd 874, wtd 874), 2007/08 (unwtd 1521, wtd 1521). Don't know not included in the chart.

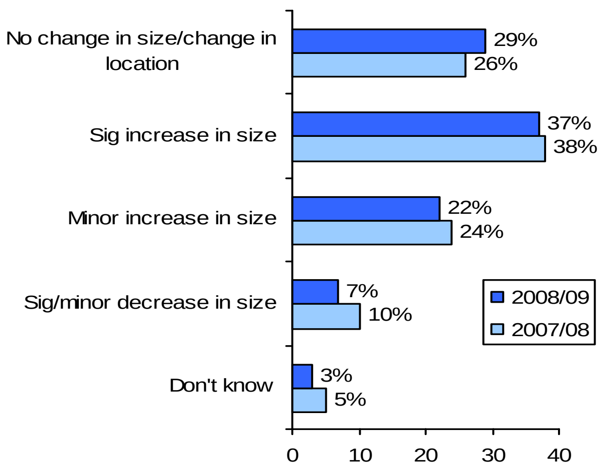
Are you expecting to change business premises in the next 5 years?



Of those who were expecting to change business, 48% definitely knew how to get support in doing so, 8% possibly knew and 44% did not know.

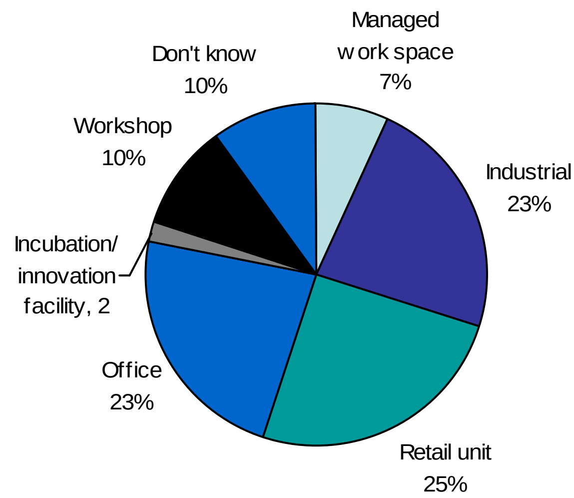
Base: All respondents 2008/09 (unwtd 874, wtd 874) 2007/2008 (unwtd 1512, wtd 1512)

Are you expecting to change the size of your business premises? Will you increase or decrease the size of your business or go to a new location.



Base: All who are expecting to change business premises in next 5 years 2008/09 (unwtd 205, wtd 234) 2007/2008 (unwtd 448, wtd 459)

What type of premises might you move to?



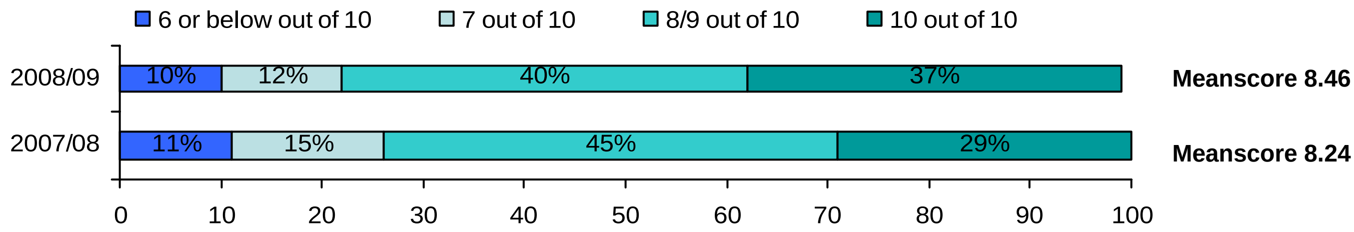
Base: All who are expecting to change business premises in next 5 years 2008/09 (unwtd 205, wtd 234)

Skills gaps

All Liverpool Data

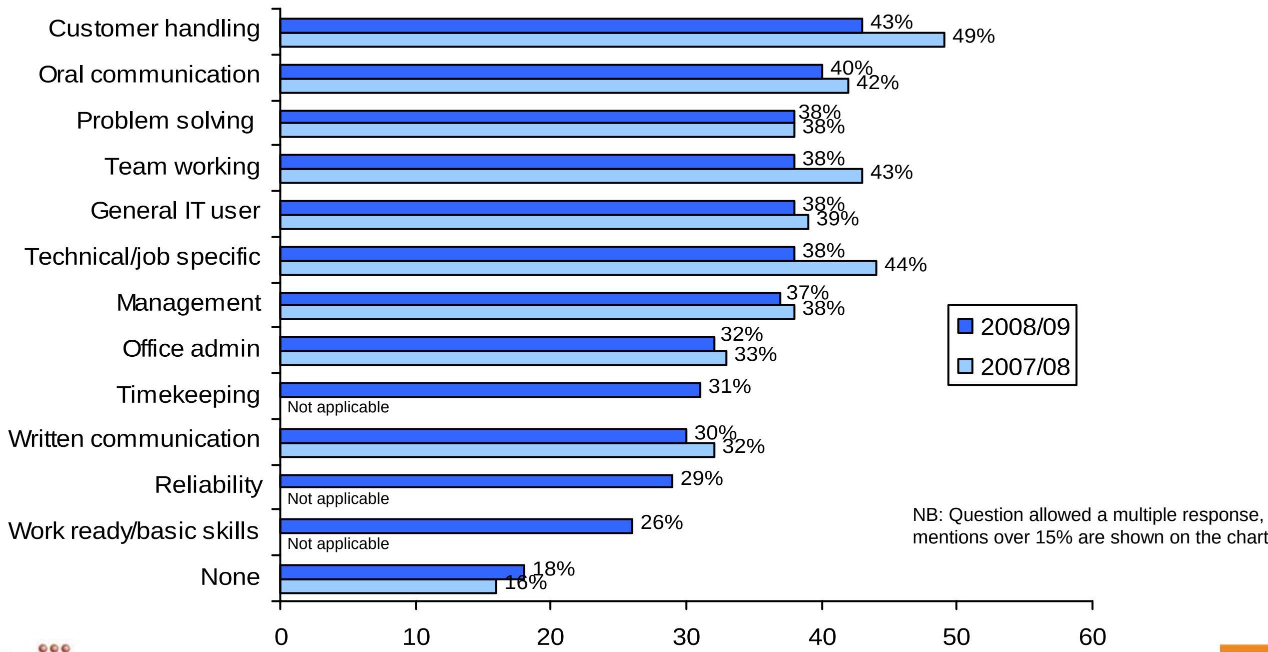
- Encouragingly, in 2008/09, 37% of firms stated that they had no skills issues (rated a 10 out of 10 for skills quality) although this could suggest that some companies are complacent about the innovation and globalisation challenges that lie ahead. However, on the face of it this is a positive message for the City's employers and employees.
- There has been a significant increase (+8% points) in the proportion of Liverpool businesses who rated 10 out of 10 for the quality of skills amongst their workforce – the average score has increased from 8.24 to 8.46 in 2008/09.
- In terms of particular skills-sets that may need strengthening, respondents identified customer handling (43%), oral communication (40%), technical/ job specific skills (38%), team working (38%), general IT (38%) and management skills (37%), office admin (32%) and timekeeping (31%).
- Skills mentioned by between two and three in ten respondents were written communication (30%), reliability (29%) and work ready/basic skills (26%).
- Compared to 2007/08, significantly fewer respondents identified customer handling, technical/job specific and team working as areas for improvement.
- It is interesting to note that 26% of employers in Liverpool recognise work ready skills as an issue that, if improved, would impact on the people skills that would help grow their business, this is an area that is increasingly focused upon in skills development by the Department for Innovation, Universities and Skills (DIUS).

On a scale of 1 to 10 where 1 represents completely dissatisfied and 10 completely satisfied, how satisfied are you with the skills that your staff, including yourself, currently have?



Base: All respondents 2008/09 (unwtd 874, wtd 874) 2007/2008 (unwtd 1512, wtd 1512). Don't know not included in the chart.

What skills areas if any need to be strengthened to make your business grow?



Base: All respondents 2008/09 (unwtd 874, utd 874) 2007/08 (unwtd 1521, wtd 1521)

Training and retention

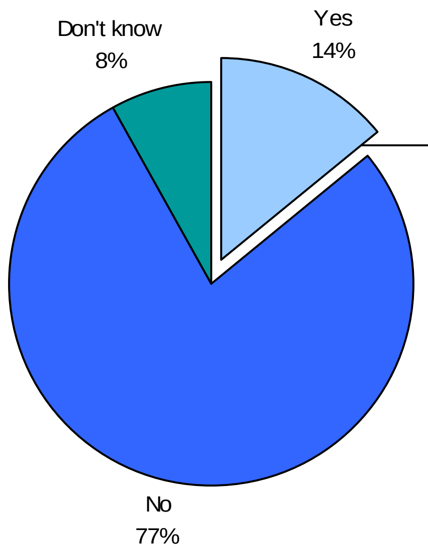
- 69% of employers in 2008/09 reported that they knew how to access training to support the development of their staff (a small but not significant fall from the 72% figure recorded in 2007/08).
- A majority of employers in 2008/09 (57%) had trained staff in the last 12 months (on and off the job).
- 14% of the employers who provided training indicated that it was carried out through the Train to Gain programme.
- Of all 48 businesses using Train to Gain, satisfaction levels were high, with 36 businesses giving the programme a score of 8 or above (please note that the base size here is low and results should therefore be treated with caution).
- Similar to 2007/08, staff retention is a problem for only a small minority of businesses in Liverpool, just 9% of employers reported difficulties in this area.

Access and provision of on and off the job training	2008/09	2007/08
% who know how to access on and off the job training to support developments in these areas	69%	72%
% who have trained staff in the last 12 months (on and off the job)	57%	N/A

Base: All respondents 2008/09 (unwtd 874, wtd 874) 2007/2008 (unwtd 1512, wtd 1512)

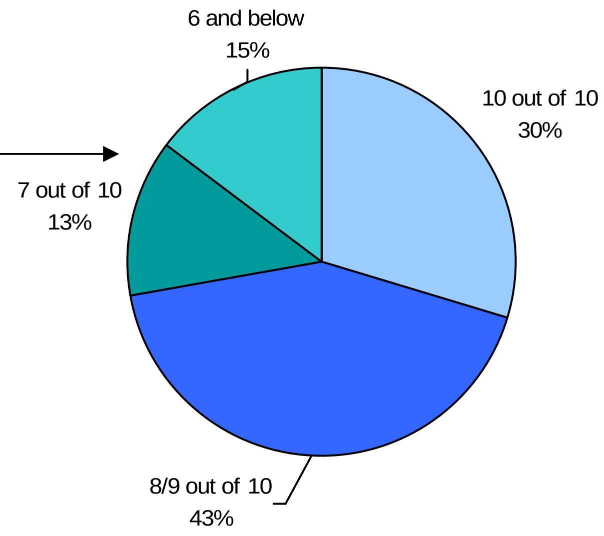
Base: All respondents who know how to access training 2008/09 (unwtd 648, wtd 648) 2007/08 (unwtd 1181, wtd 1181). NB: second measure not compared due to change in base

Was any of this training carried out under the Train to Gain support service?



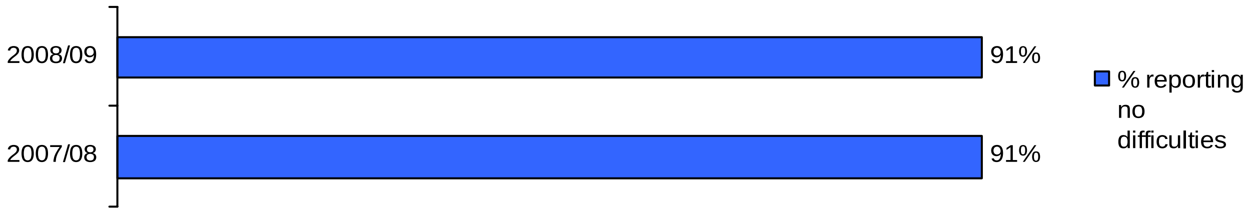
Base: All who have had training 2008/09 (unwtd 426, wtd 344)

On a scale of 1 to 10 where 1 represents completely dissatisfied and 10 represents completely satisfied, how satisfied were you with the Train to Gain service?



Base: All respondents using Train to Gain 2008/09 (unwtd 48, wtd 49)

Do you have any difficulties retaining staff in Liverpool?



Base: All respondents 2008/09 (unwtd 874, wtd 874) 2007/2008 (unwtd 1512, wtd 1512)

Section 3: Analysis at an area level



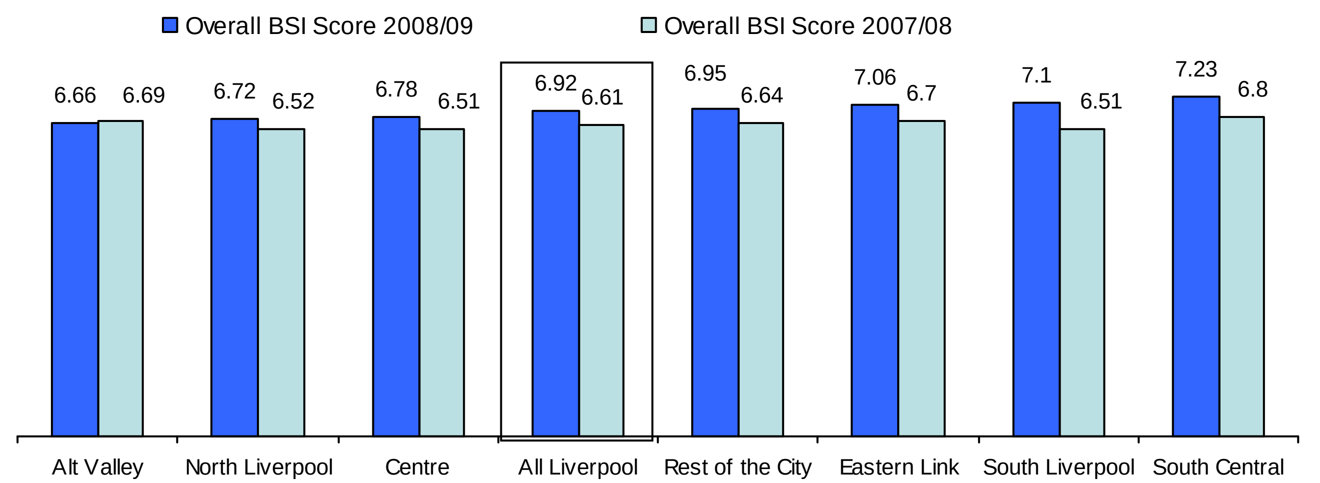
Business Satisfaction Index (BSI)

- Areas that scored above the overall Liverpool BSI Score in 2008/09 were: Rest of the City, Eastern Link, South Central and South Liverpool
- Areas that scored below the overall Liverpool BSI Score in 2008/09 were: Centre, Alt Valley and North Liverpool
- In 2008/09 South Central and South Liverpool compared well to the overall Liverpool figures. In particular the score for skills of the workforce in South Central were significantly high (1.36 compared to 1.26 at an all Liverpool level).
- A review by area shows:

	Position year on year	*Attributes scoring lower than overall average 2008/09*
Centre:	Below average in both years	Cleanliness (0.73)
Rest of the City:	Above average in both years	N/A
Alt Valley:	Below average in 2008/09 but higher in 2007/08	Safety in the City (0.79), cost of premises (0.65) and quality of premises (0.86)
Eastern Link:	Above average in both years	Cost of premises (0.62)
North Liverpool:	Below average in both years	Transport links/accessibility (0.83), skills of the workforce (1.20) and business/training support (0.59)
South Central:	Above average in both years	N/A
South Liverpool:	Above average in 2008/09 but lower in 2007/08	N/A

Overall BSI Scores

(scores were given out of 10 where 10 represents excellent)



Base: All respondents 2008/09 unwtd All Liverpool (874) Centre (372) Rest of the City (502) Alt Valley (100) Eastern Link (102) North Liverpool (100) South Central (100) South Liverpool (100)

BSI Scores for each attribute

(Figures below are a composite score taking into account importance and satisfaction)

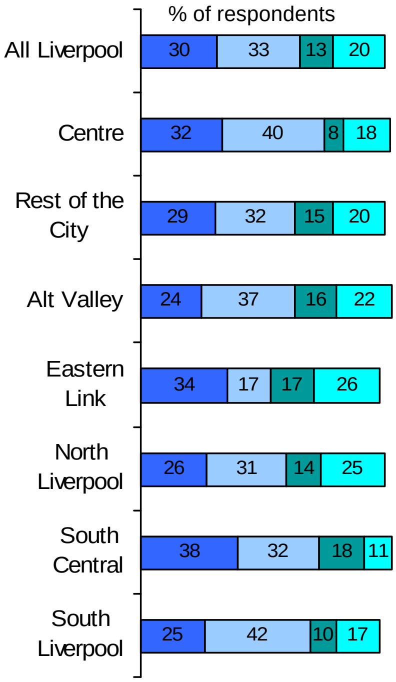
	All Liverpool	Centre	Rest of the City	Alt Valley	Eastern Link	North Liverpool	South Central	South Liverpool
Cleanliness	0.80	**0.73**	0.81	0.84	0.85	0.78	0.76	0.84
Safety in the city	0.87	0.84	0.87	**0.79**	0.89	0.90	0.85	0.89
Cost of premises	0.74	0.76	0.74	**0.65**	**0.62**	0.76	0.78	0.80
Transport links/accessibility	0.88	0.88	0.88	0.86	0.93	**0.83**	0.91	0.90
Quality of premises	0.92	0.95	0.92	**0.86**	0.91	0.93	0.93	0.92
Skills of workforce	1.26	1.24	1.27	1.24	1.33	**1.20**	1.36	1.24
Local authority services	0.77	0.74	0.77	0.77	0.77	0.73	0.85	0.78
Business and training support	0.68	0.65	0.69	0.65	0.76	**0.59**	0.78	0.73
Overall BSI Score	6.92	6.78	6.95	6.66	7.06	6.72	7.23	7.10

Scores are highlighted in red if they are 0.05 below the all Liverpool score

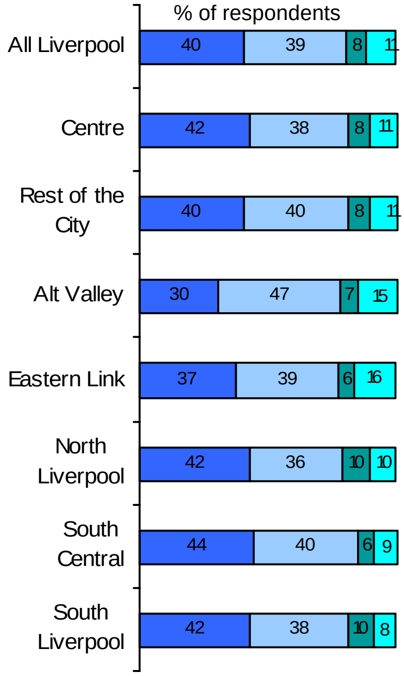
• Businesses in the Centre (72%) were clearer on how to handle the impact of the recession than those in the Rest of the City (61%). Eastern Link and North Liverpool were least prepared (51% and 56% respectively).
• Long term predictions of growth were positive, Alt Valley was the one area where those anticipating growth fell to 30%.
• Shorter term optimism was lower across all areas in Liverpool. There are no significant differences by area but businesses in Alt Valley were most likely to expect to scale down (43%) compared to South Liverpool where confidence in the short term was higher (33% expecting to scale down local investment).
• Views on robustness of the business were comparable across all areas of the city, with around 25% feeling very robust and the remaining less so.

Impact in the short and long term: To what extent do you agree with the following?

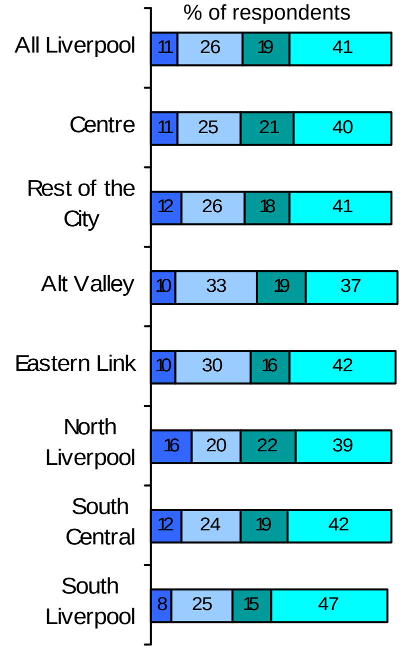
We are clear on how to handle the impact of the recession on our business



Over the longer term, say the next 5 years, we still expect to grow our business in Liverpool



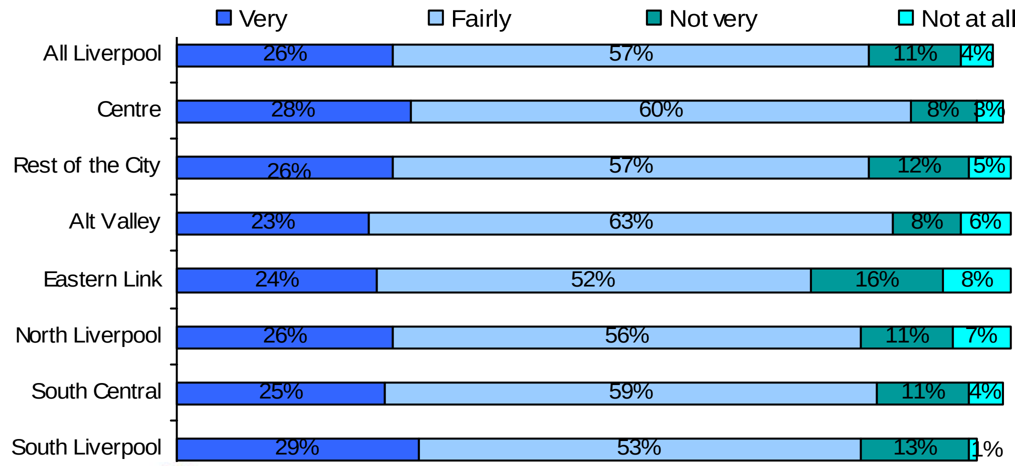
In the short term, say the next 2 years, we will scale down any planned investment in Liverpool



Agree strongly Tend to agree Neither/nor Tend to/disagree strongly

Don't know not included in the charts. See footer for base.

Given the recession how robust is your business?

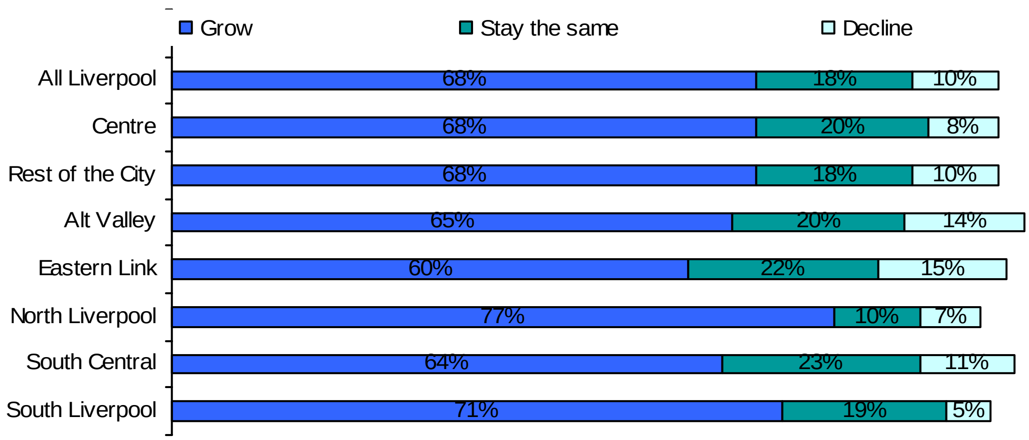


Base: All respondents 2008/09 unwtd All Liverpool (874) Centre (372) Rest of the City (502) Alt Valley (100) Eastern Link (102) North Liverpool (100) South Central (100) South Liverpool (100)

Prospects for growth

• Businesses in Liverpool were generally optimistic about the future (68% predicting growth in the next 5 years), with optimism roughly consistent across all areas. That said, Eastern Link was slightly more pessimistic (just 60% predicted growth compared to 68% on average).
• The long term levels of optimism for the Centre were in line with those for 2007/08 (68% and 72% respectively)
• However, comparisons over time show there is a notable difference in the Rest of the City, with significantly more businesses in 2008/09 saying they will grow over the next five years compared to 2007/08 (68% and 61% respectively).
• Another area to see a significant increase in optimism over time is North Liverpool (77% said they would grow in the next 5 years in 2008/09 compared to 58% in 2007/08).
• Most of the factors contributing to growth or decline apply equally to businesses in the Centre and the Rest of the City.

Overall do you think your business in Liverpool will grow, decline or stay the same over the next 5 years?



	2008/09	2007/08
All Liverpool	68%	64%
Centre	68%	72%
Rest of the City	68%	61%
Alt Valley	65%	62%
Eastern Link	60%	62%
North Liverpool	77%	58%
South Central	64%	64%
South Liverpool	71%	61%

Base: All respondents 2008/09 unwtd All Liverpool (874) Centre (372) Rest of the City (502) Alt Valley (100) Eastern Link (102) North Liverpool (100) South Central (100) South Liverpool (100).
Don't know not included in the chart.

Employers were **not so confident about short term growth, in the next 2 years**, overall 52% of employers said they would grow and 14% predicted a decline. There were no significant differences by geography for short term growth.

Reasons for growth/decline are given below for the City Centre and the Rest of the City (note that smaller geographies could not be reviewed due to sample size).

What are the key reasons for expected growth in the next 2 years? What are the biggest factors contributing to the expected decline of your company in the next 2 years?

NB: Question allowed a multiple response mentions over 10% are shown on the chart.

Key reasons for growth	All Liverpool	Centre	Rest of the City
Increase in customers	34%	33%	34%
Growth in business sector	26%	27%	26%
Quality/skills of staff	20%	21%	20%
Increase in investment	20%	15%	21%
New product development	14%	17%	14%
Growth in local economy	12%	17%	11%
Factors contributing to decline			
Funds/credit crunch	47%	43%	48%
Recession/no growth	34%	46%	31%
Cash flow	21%	24%	20%
Finding new customers	16%	6%	19%
Competition	13%	10%	13%

Base: All respondents anticipating growth 2008/09 unwtd All Liverpool (462) Centre (200) Rest of the City (262)

Base: All respondents anticipating decline 2008/09 unwtd All Liverpool (123) Centre (53) Rest of the City (70)

Liverpool as a place to do business

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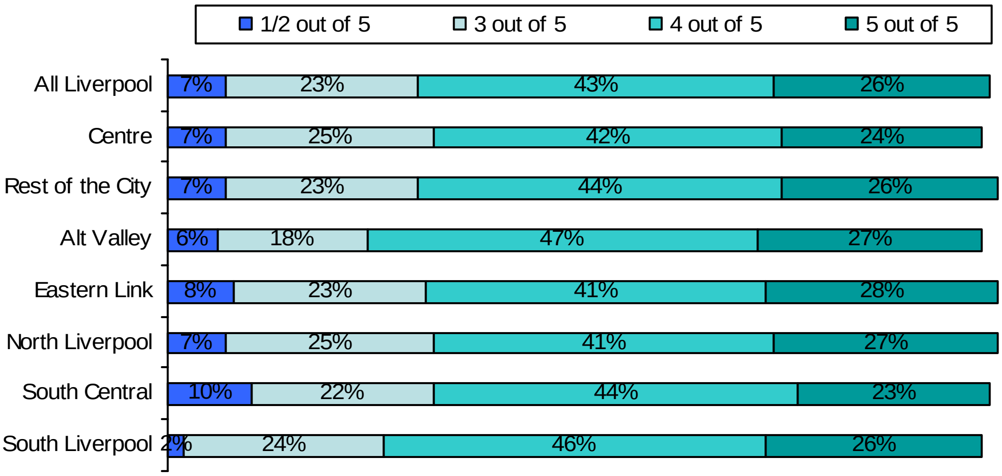
• Around two thirds of businesses rated Liverpool as a 4 or 5 out of 5 as a place in which to do business, this was consistent across all areas. The average score compared to last year was significantly higher in the Rest of the City.

• Overall one in five businesses had contact with Business Link in the last 12 months. The highest contact rate was in North Liverpool where 32% of businesses reported some contact, this was significantly higher than the percentage in areas with the lowest contact rate; the Centre (19%), Eastern Link (17%) and South Central (16%). Overall satisfaction levels were high, with eight in ten (80%) businesses in the Centre saying they were satisfied and a similar proportion in the Rest of the City (84%) holding this view (satisfaction cannot be analysed by area due to low base sizes).

• Around a half of businesses in Liverpool reported that they had contact with the City Council. Businesses in the Centre were significantly more likely to be satisfied (73% compared to 57% in the Rest of the City).

• Businesses in the Centre (56%) were more inclined to report that they networked with other businesses in Liverpool, those in Rest of the City were less inclined to network, with just 45% reporting that they carried out such activity. By specific area within the Rest of the City, business networking is least common in Alt Valley (39%) and South Central (37%).

How would you rate Liverpool as a place to operate a business, with 1 being the lowest, a very poor place to do business and 5 being the highest, an excellent place to do business?



Meanscore

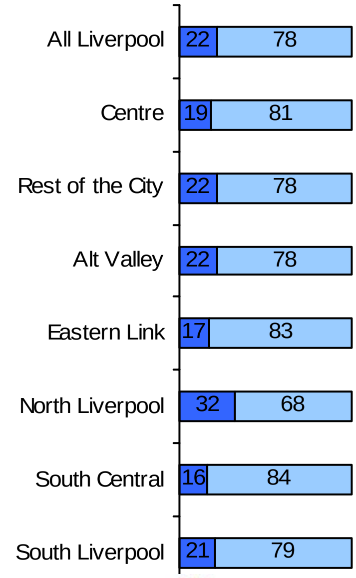
	2008/09	2007/08
All Liverpool	3.87	3.78
Centre	3.82	3.85
Rest of the City	3.88	3.76
Alt Valley	3.94	3.74
Eastern Link	3.88	3.76
North Liverpool	3.87	3.74
South Central	3.79	3.76
South Liverpool	3.95	3.82

Base: All respondents 2008/09 unwtd All Liverpool (874) Centre (372) Rest of the City (502) Alt Valley (100) Eastern Link (102) North Liverpool (100) South Central (100) South Liverpool (100). Don't know not included in the chart.

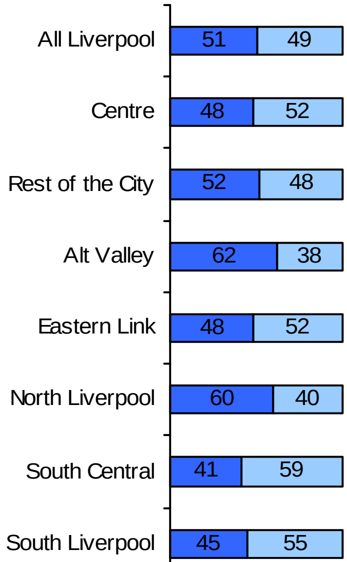
Contact and advice with services/networks

% Yes % No

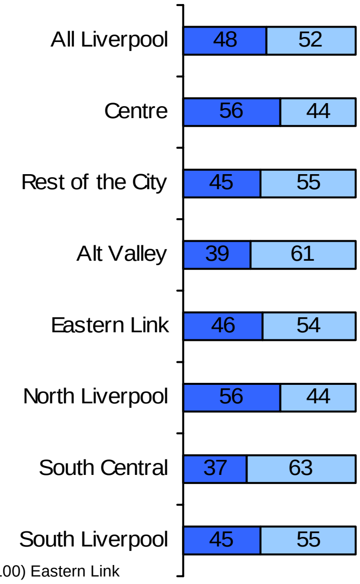
Business Link (last 12 months)



City Council (last 12 months)



Actively network with other businesses

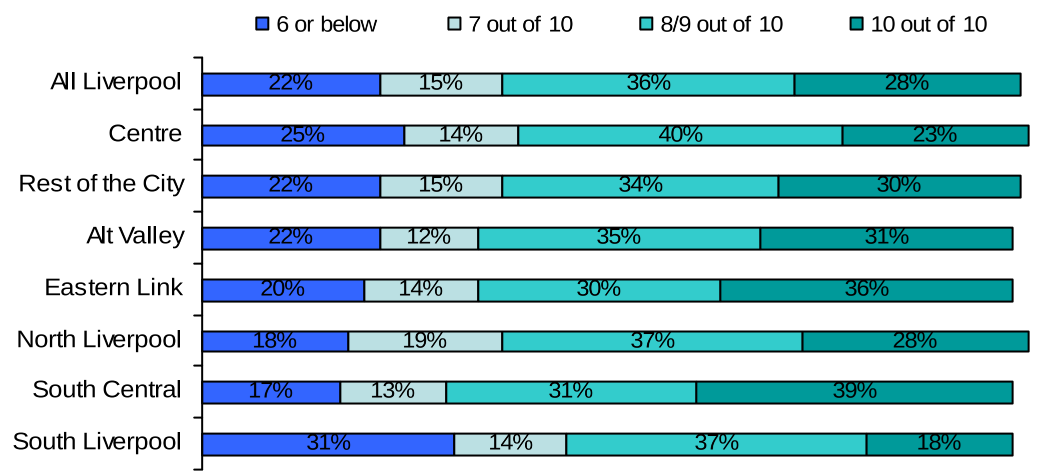


Base: All respondents 2008/09 unwtd All Liverpool (874) Centre (372) Rest of the City (502) Alt Valley (100) Eastern Link (102) North Liverpool (100) South Central (100) South Liverpool (100). Don't know not included in the chart.

Satisfaction with premises and future needs

- At an all Liverpool level the meanscore for satisfaction with premises has significantly increased year on year.
- Businesses in the Rest of the City were more likely to report that their premises extremely meet their needs, with three in ten (30%) giving a rating of 10, compared to those in the Centre who were less inclined to be extremely satisfied with their premises (23%).
- Meancores were lowest in the following three areas; the Centre (7.70), Alt Valley (7.56) and South Liverpool (7.27) suggesting there is room for improvement. This is surprising given the interventions in the Centre and South Liverpool areas in recent years.
- Satisfaction with premises runs highest in South Central and North Liverpool with over a third of businesses rating a 10 out of 10 and, as a consequence, high meanscores.
- These high scores in South Central and North Liverpool show a significant improvement year on year in both of these areas compared to last year and it would be of value to review what might be driving this improvement locally.
- Around a quarter of businesses, throughout Liverpool were expecting to change their premises in the next five years (the incidence was highest in North Liverpool).
- The proportion in the Centre expecting to change premises is significantly lower compared to 2007/08.

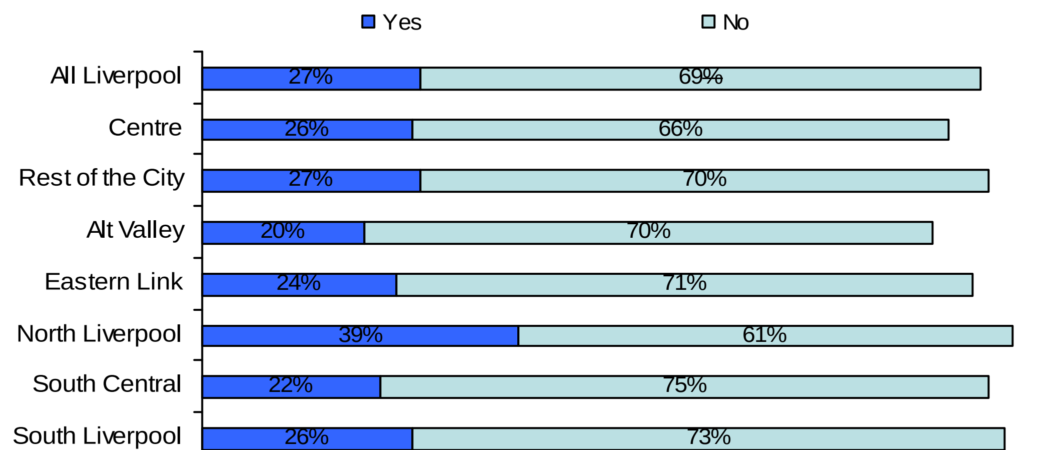
How well do your business premises currently meet your needs? Please rate between 1 and 10 where 1 is not at all well and 10 is extremely well



	Meanscore 2008/09	Meanscore 2007/08
All Liverpool	7.76	7.56
Centre	7.70	7.68
Rest of the City	7.77	7.51
Alt Valley	7.56	7.46
Eastern Link	7.80	7.75
North Liverpool	7.96	7.24
South Central	8.25	7.61
South Liverpool	7.27	7.55

Base: All respondents 2008/09 unwtd All Liverpool (874) Centre (372) Rest of the City (502) Alt Valley (100) Eastern Link (102) North Liverpool (100) South Central (100) South Liverpool (100). Don't know not included in the chart.

Are you expecting to change business premises in the next 5 years?



	% Yes 2008/09	% Yes 2007/08
All Liverpool	27%	30%
Centre	26%	38%
Rest of the City	27%	27%
Alt Valley	20%	29%
Eastern Link	24%	24%
North Liverpool	39%	28%
South Central	22%	29%
South Liverpool	26%	27%

Base: All respondents 2008/09 Unwtd All Liverpool (874) Centre (372) Rest of the City (502) Alt Valley (100) Eastern Link (102) North Liverpool (100) South Central (100) South Liverpool (100). Don't know not included in the chart.

Skills gaps

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• Overall, businesses were generally satisfied with the skills of their staff, with the majority rating their satisfaction with the skills of their employees as an 8 or above out of 10.

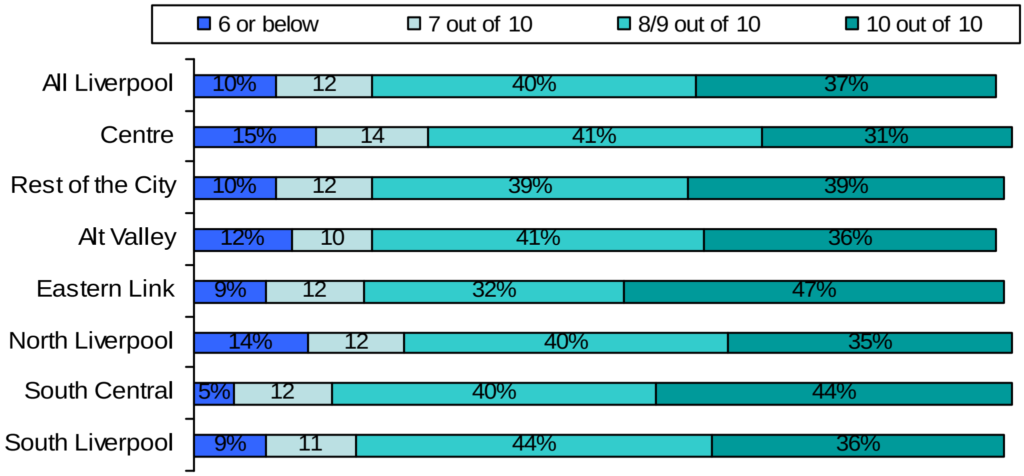
• Businesses in the Rest of the City (39%) were more likely to give a rating of 10 compared to those in the Centre (31%).

• The meanscore of satisfaction with skills in the Rest of the City has increased significantly year on year (from 8.26 in 2007/08 to 8.53 in 2008/09).

• A wide variety of skills were cited as needing strengthening across all the geographical areas (with no significant variation), the fact that, on balance, there is no particular skill shortage in any one area of the City means that a coordinated approach to tackling these issues can be developed.

• The most common skills to improve were; customer handling (43% of businesses questioned), oral communication (40%), problem solving, team working and general IT user skills and technical/job specific (38%).

On a scale of 1 to 10 where 1 represents completely dissatisfied and 10 completely satisfied, how satisfied are you with the skills that your staff, including yourself, currently have?



Meanscore	2008/09	2007/08
All Liverpool	8.46	8.24
Centre	8.20	8.19
Rest of the City	8.53	8.26
Alt Valley	8.34	8.50
Eastern Link	8.75	8.23
North Liverpool	8.37	8.01
South Central	8.72	8.42
South Liverpool	8.53	8.17

Base: All respondents 2008/09 Unwtd All Liverpool (874) Centre (372) Rest of the City (502) Alt Valley (100) Eastern Link (102) North Liverpool (100) South Central (100) South Liverpool (100). Don't know not included in the chart.

What skills areas if any need to be strengthened to make your business grow?

Highest % skills gaps (shown in bold)

	All Liverpool	Centre	Rest of the City	Alt Valley	Eastern Link	North Liverpool	South Central	South Liverpool
Work ready/basic skills	26%	25%	26%	29%	25%	23%	23%	29%
Timekeeping	31%	34%	30%	31%	30%	28%	32%	31%
Technical/job specific	**38%**	**40%**	**37%**	**42%**	34%	34%	**42%**	**36%**
Office admin.	32%	27%	34%	28%	31%	**39%**	**37%**	31%
Management	37%	**41%**	36%	**40%**	**37%**	**39%**	32%	32%
Problem solving	**38%**	**40%**	**37%**	35%	**41%**	33%	**40%**	**38%**
Teamworking	**38%**	**44%**	36%	**41%**	35%	33%	32%	**40%**
Customer handling	**43%**	**47%**	**42%**	**42%**	**41%**	**37%**	**44%**	**48%**
Written communication	30%	34%	29%	32%	29%	33%	25%	26%
Oral communication	**40%**	**41%**	**40%**	36%	**40%**	**41%**	35%	**45%**
General IT user	**38%**	35%	**38%**	**41%**	**42%**	**37%**	**39%**	33%
Reliability	29%	31%	29%	30%	23%	26%	34%	31%
None	18%	16%	19%	19%	17%	21%	19%	16%

NB: Question allowed a multiple response, mentions over 15% are shown on the chart

Base: All respondents 2008/09 unwtd All Liverpool (874) Centre (372) Rest of the City (502) Alt Valley (100) Eastern Link (102) North Liverpool (100) South Central (100) South Liverpool (100)

Training and retention

• Businesses in the Centre (75%) were significantly more likely to be aware of how to access on and off the job training to support the development of their staff than those in the Rest of the City (68%) and were significantly more likely to provide on an off job training compared to businesses in other areas (69% compared to 53% in the Rest of the City).

• Although those in the Rest of the City were less likely to have accessed training, they were more likely to report that the training they had received, was carried out under the Train to Gain scheme (18% compared with just 6% in the Centre).

• Businesses, in the main, did not view staff retention as a major problem and this opinion was consistent across all areas in the City.

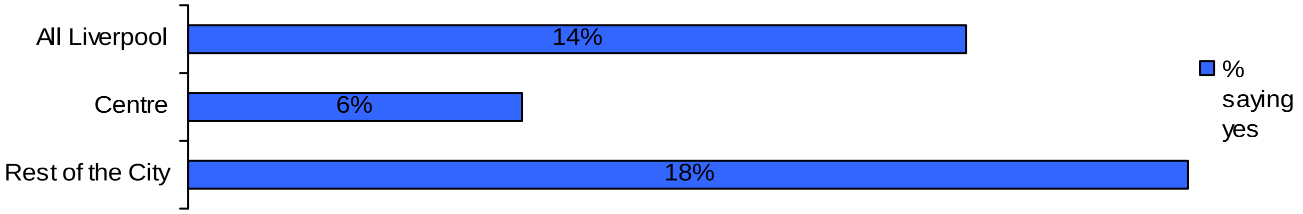
Access and provision of on and off the job training

	All Liverpool	Centre	Rest of the City	Alt Valley	Eastern Link	North Liverpool	South Central	South Liverpool
% who know how to access on and off the job training to support developments in these areas	69	75	68	60	69	70	73	65
% who have trained staff in the last 12 months (on and off the job)	57	69	53	52	55	49	55	55

Base: All respondents 2008/09 unwtd All Liverpool (874) Centre (372) Rest of the City (502) Alt Valley (100) Eastern Link (102) North Liverpool (100) South Central (100) South Liverpool (100)

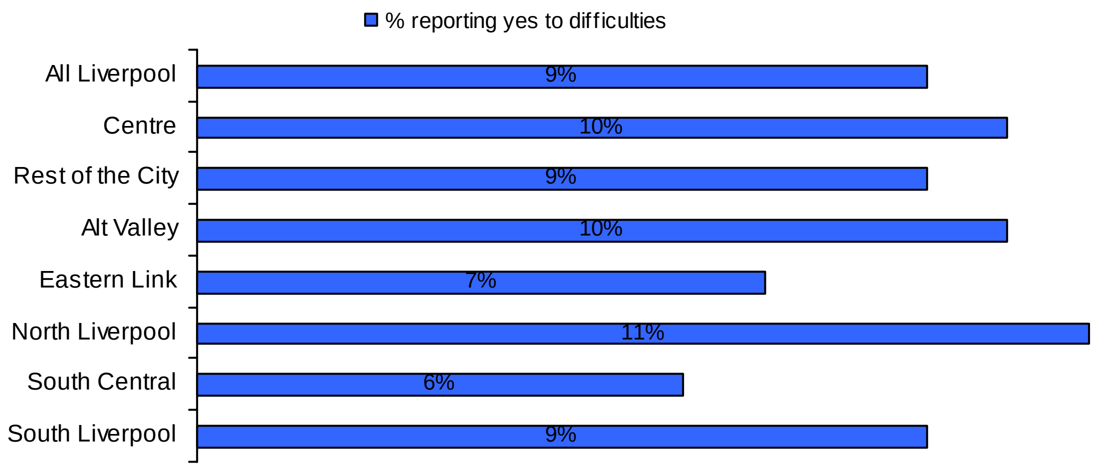
Base: All respondents who know how to access training 2008/09 unwtd All Liverpool (648) Centre (290) Rest of the City (358) Alt Valley (65*) Eastern Link (76*) North Liverpool (74*) South Central (75*) South Liverpool (68*)

Was any of this training carried out under the Train to Gain support service?



Base: All respondents who have had training 2008/09 unwtd All Liverpool (426) Centre (213) Rest of the City (213)

Do you have any difficulties retaining staff in Liverpool?



% reporting yes to difficulties

	2008/09	2007/08
All Liverpool	9%	9%
Centre	10%	12%
Rest of the City	9%	8%
Alt Valley	10%	6%
Eastern Link	7%	8%
North Liverpool	11%	8%
South Central	6%	8%
South Liverpool	9%	10%

Base: All respondents 2008/09 unwtd All Liverpool (874) Centre (372) Rest of the City (502) Alt Valley (100) Eastern Link (102) North Liverpool (100) South Central (100) South Liverpool (100)

Section 4: Analysis at a sector level

• Sectors that scored above the overall Liverpool BSI Score in 2008/09 were: Retail and Wholesale and Hotels and Restaurants (Hotels and Restaurants awarded the highest BSI scores in both 2007/08 and 2008/09).

• Sectors that scored below the overall Liverpool BSI Score in 2008/09 were: Construction and Transport, Other Services, Manufacturing, Finance and Business Services. It appears that the service industry are generally producing higher scores than manufacturing, construction and transport.

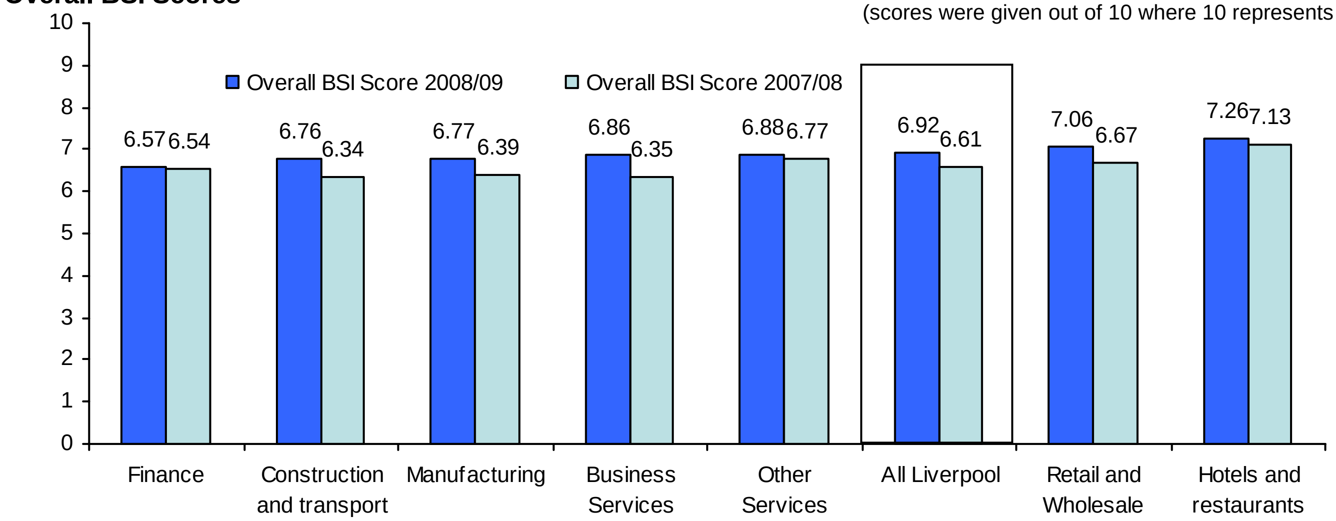
• Businesses produced lower scores in particular sectors for the following:

> ***Business Services***: Cleanliness (0.67 compared to 0.80 at an all Liverpool level) and local authority services (0.72 compared to 0.77)
>
> ***Finance***: Cleanliness (0.65 compared to 0.80), safety in the city (0.65 compared to 0.87), transport links/accessibility (0.83 compared to 0.88) and local authority services (0.68 compared to 0.77)
>
> ***Manufacturing***: Cleanliness (0.74 compared to 0.80) and safety in the city (0.82 compared to 0.87)
>
> ***Construction and Transport***: Cost of premises (0.65 compared to 0.74), quality of premises (0.82 compared to 0.92) and local authority services (0.72 compared to 0.77)

• Compared to 2007/08 all sectors have seen increases (although not significant) in their BSI score.

Overall BSI Scores

(scores were given out of 10 where 10 represents excellent)



Base: All respondents 2008/09 (874), Business Services (154) Finance (31), Hotels and Restaurants (113), Manufacturing, printing & publishing (97) Other Services (110), Retail & Wholesale (281) Construction & Transport (88)

BSI Scores for each attribute

(Figures below are a composite score taking into account importance and satisfaction)

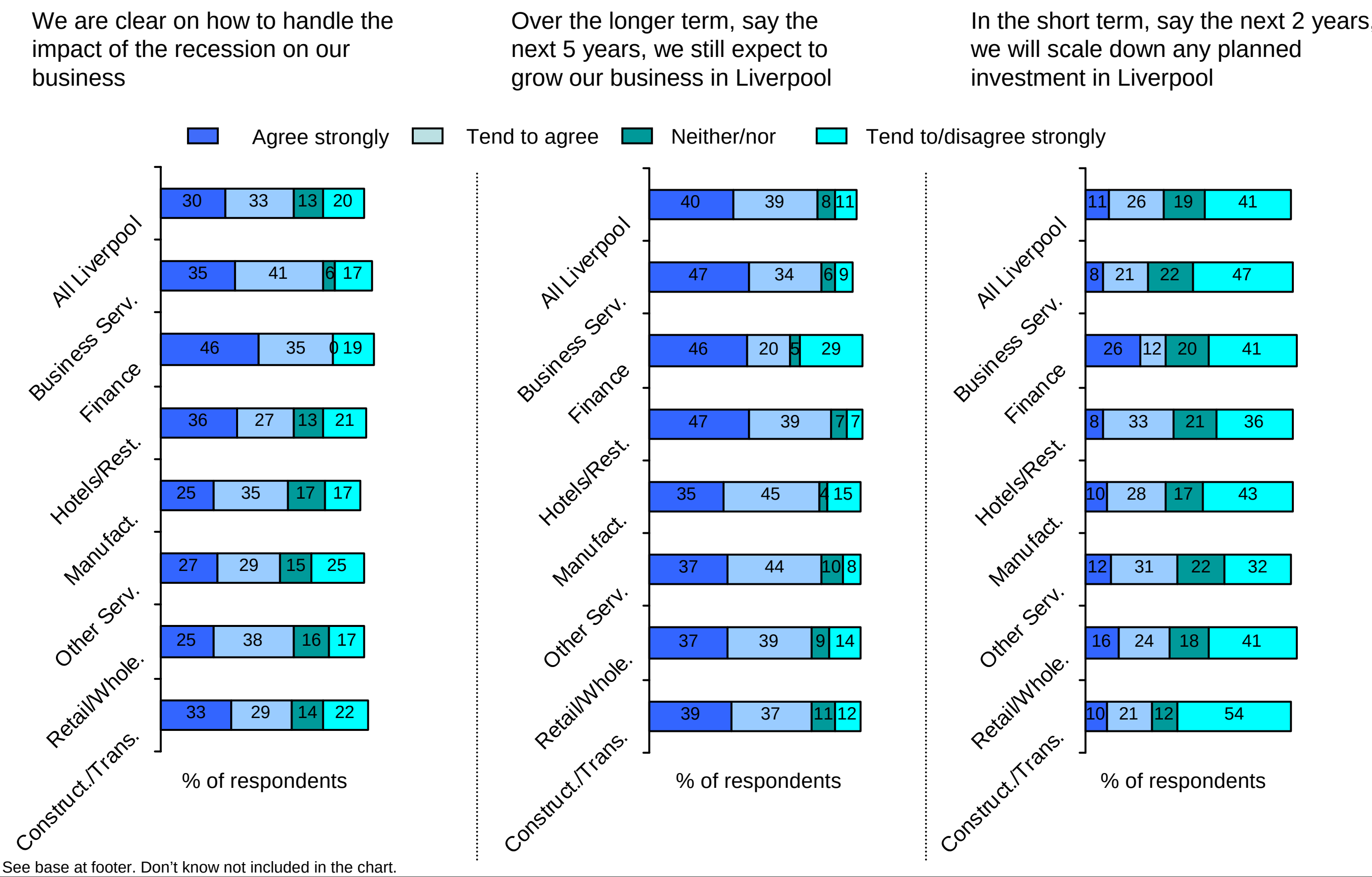
	All Liverpool	Business Services	Finance	Hotels & restaurants	Manufacturing	Other services	Retail & wholesale	Construction & transport
Cleanliness	0.80	**0.67**	**0.65**	0.92	**0.74**	0.83	0.81	0.85
Safety in the city	0.87	0.85	**0.65**	0.91	**0.82**	0.87	0.84	0.96
Cost of premises	0.74	0.84	0.80	0.78	0.78	0.74	0.70	**0.65**
Transport links/accessibility	0.88	0.93	**0.83**	0.86	0.84	0.87	0.91	0.86
Quality of premises	0.92	0.96	0.94	1.03	0.88	0.92	0.93	**0.82**
Skills of workforce	1.26	1.25	1.30	**1.13**	1.25	1.26	1.33	1.26
Local authority services	0.77	**0.72**	**0.68**	0.84	0.75	0.76	0.81	**0.72**
Business and training support	0.68	0.65	0.72	0. 80	0.69	0.65	0.71	0.64
Overall BSI Score	6.92	6.86	6.57	7.26	6.77	6.88	7.06	6.76

Scores are highlighted in red if they are 0.05 below the all Liverpool score

Impact of the recession

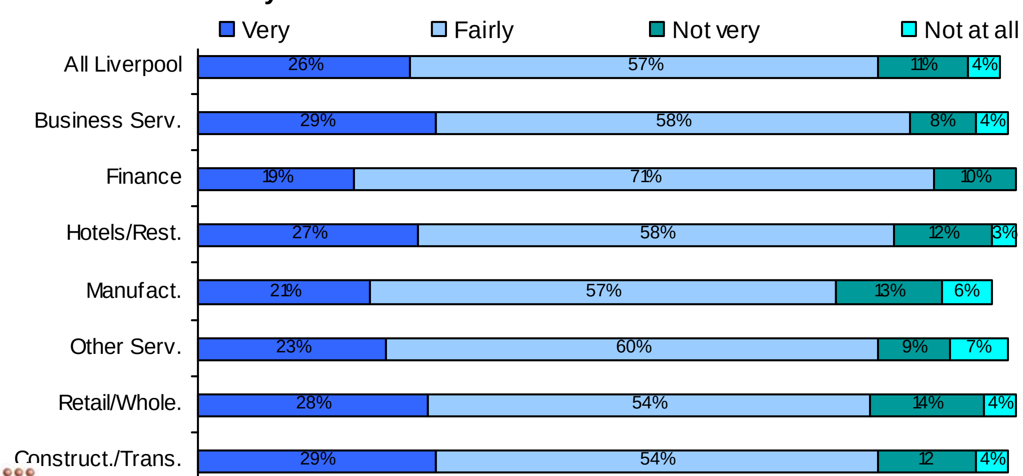
• Those in the Business Services sector were more confident about the recession, with three quarters (76%) agreeing that they were clear about how to handle a recession. This is significantly higher than other sectors.
• Organisations were generally optimistic about long-term growth, with around eight in ten overall saying they expected their business to grow over the next five years or so. This view was consistent across most sectors.
• In terms of short term prospects businesses in Retail and Wholesale and Other Services were significantly more likely to agree that they will scale down planned investment that their counterparts in Business Services. Reflecting the optimism in the previous bullet point just 8% of Business Service respondents strongly agreed that they would scale down investments.
• In terms of perception of robustness, there were no significant differences by sector.

Impact in the short and long term: To what extent do you agree with the following?



See base at footer. Don't know not included in the chart.

Given the recession how robust is your business?

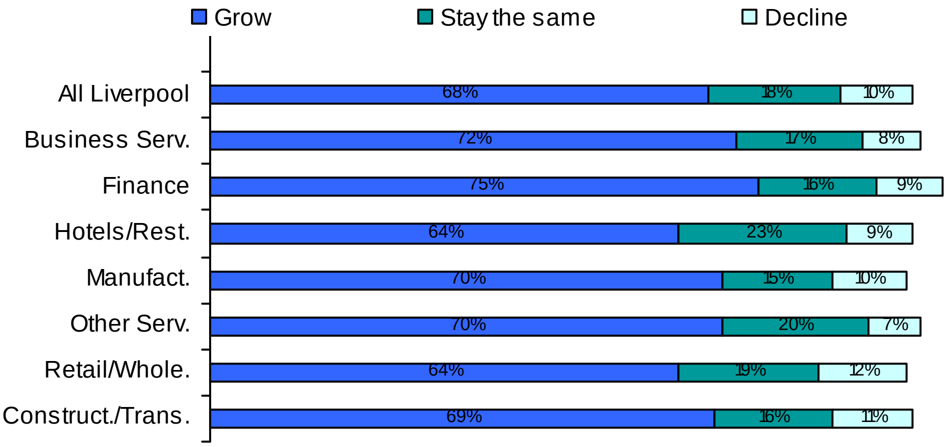


Base: All respondents 2008/09 (874), Business Services (154) Finance (31*), Hotels and Restaurants (113), Manufacturing, printing & publishing (97) Other Services (110), Retail & Wholesale (281) Construction & Transport (88*). Don't know not included in the chart.

Prospects for growth

• Longer term optimism was greater than shorter term confidence and similar levels of optimism about growth were held across all business sectors.
• Compared to 2007/08, a higher proportion of employers in all sectors predicted a long term growth in 2008/09. In the case of Manufacturing the increase in confidence is significant (70% compared to 63% in 2007/08).
• At an overall level growth was attributed to an increase in customers (34% of all those who predict growth), growth in particular business sectors (26%), quality /skills of staff and an increase in investment (20% in each case), new product development (14%) and a perceived growth in the local economy (12%).
• The quality/skills of staff were mentioned by significantly more employers in Other Services compared to other sectors.
• Overall the key factors that were identified as contributing towards negative growth amongst firms in Liverpool were access to funds/the credit crunch (47% of those predicting decline), general recession (34%), cash flow issues (21%), finding and retaining customers (16%) and competition (13%). Analysis by sector cannot be given due to low base sizes.

Overall do you think your business in Liverpool will grow, decline or stay the same over the next 5 years?



	2008/09	2007/08
All Liverpool	68%	64%
Business Serv.	72%	70%
Finance	75%	74%
Hotels/Rest.	64%	62%
Manufact.	70%	63%
Other Serv.	70%	66%
Retail/Whole.	64%	60%
Construct./Trans.	69%	62%

Base: All respondents 2008/09 (874), Business Services (154) Finance (31*), Hotels and Restaurants (113), Manufacturing, printing & publishing (97*) Other Services (110), Retail & Wholesale (281) Construction & Transport (88*). Don't know not included in the chart.

Employers were **not so confident about short term growth, in the next 2 years**, overall 52% of employers said they would grow and 14% predicted a decline. There were no significant differences by sector for short term growth.

Reasons for growth are given below (base sizes are too low for analysis by decline). The base size for Finance is too low for any analysis at all.

What are the key reasons for expected growth in the next 2 years?

NB: Question allowed a multiple response, mentions over 10% are shown on the chart

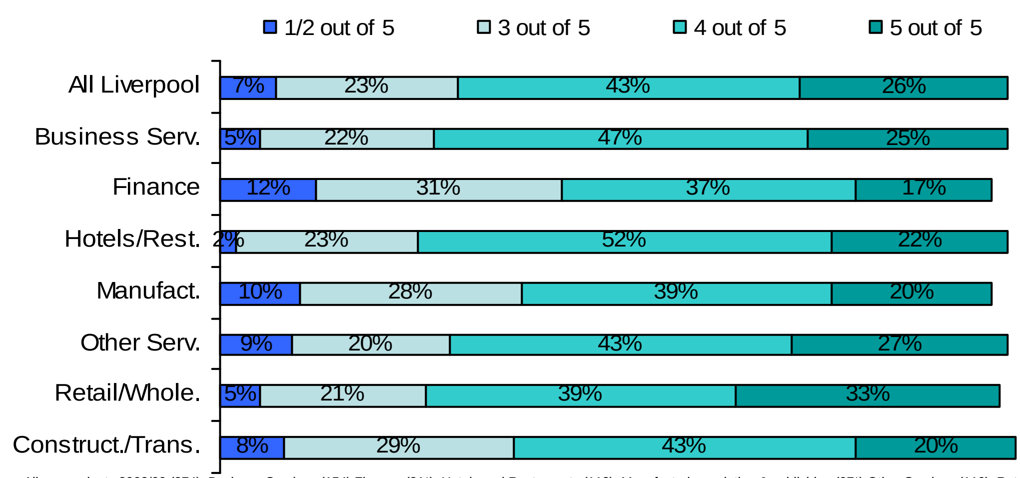
Key reasons for growth	All Liverpool	Bus. Serv.	Finance	Hotels/ Rest.	Manufact.	Other Serv.	Retail/ Whole.	Contruct./ Trans.
Increase in customers	34%	30%	NA	47%	30%	30%	35%	37%
Growth in business sector	26%	28%	NA	19%	27%	31%	26%	22%
Quality/skills of staff	20%	19%	NA	10%	16%	38%	12%	12%
Increase in investment	20%	20%	NA	14%	16%	23%	17%	23%
New product development	14%	12%	NA	19%	19%	14%	19%	7%
Growth in local economy	12%	14%	NA	18%	9%	2%	13%	21%

Base: All respondents expecting growth in the next 2 years 2008/09 (462), Business Services (90*) Finance (15**), Hotels and Restaurants (58*), Manufacturing, printing & publishing (48*) Other Services (63*), Retail & Wholesale (140*) Construction & Transport (48*)

Liverpool as a place to do business

• Generally, most sectors tended to be positive about Liverpool as a place to do business, with most giving the city a rating a 4 (good) or 5 (excellent). There was little significant variance by sector but Retail/Wholesale were significantly more inclined to rate 5 out of 5 that some other sectors.
• Organisations in the Business Services sector (31%) were more likely to report that they had used Business Link in the last 12 months than those in the Hotels and Restaurant and Retail and Wholesale sectors (13% respectively).
• Satisfaction with the way the most recent contact was handled was generally high across all sectors.
• Businesses were more likely to have had contact with the City Council than Business Link, those in the Hotel and Restaurant (62%) and Other Services (57%) sectors being most likely and those in the Construction sector (37%) were significantly less likely (there were no significant differences for rates of satisfaction with contact).
• Those in Business Services, Finance and the Construction and Transport sectors were most likely to network with other businesses in Liverpool (66%, 66% and 60% respectively).

How would you rate Liverpool as a place to operate a business, with 1 being the lowest, a very poor place to do business and 5 being the highest, an excellent place to do business?

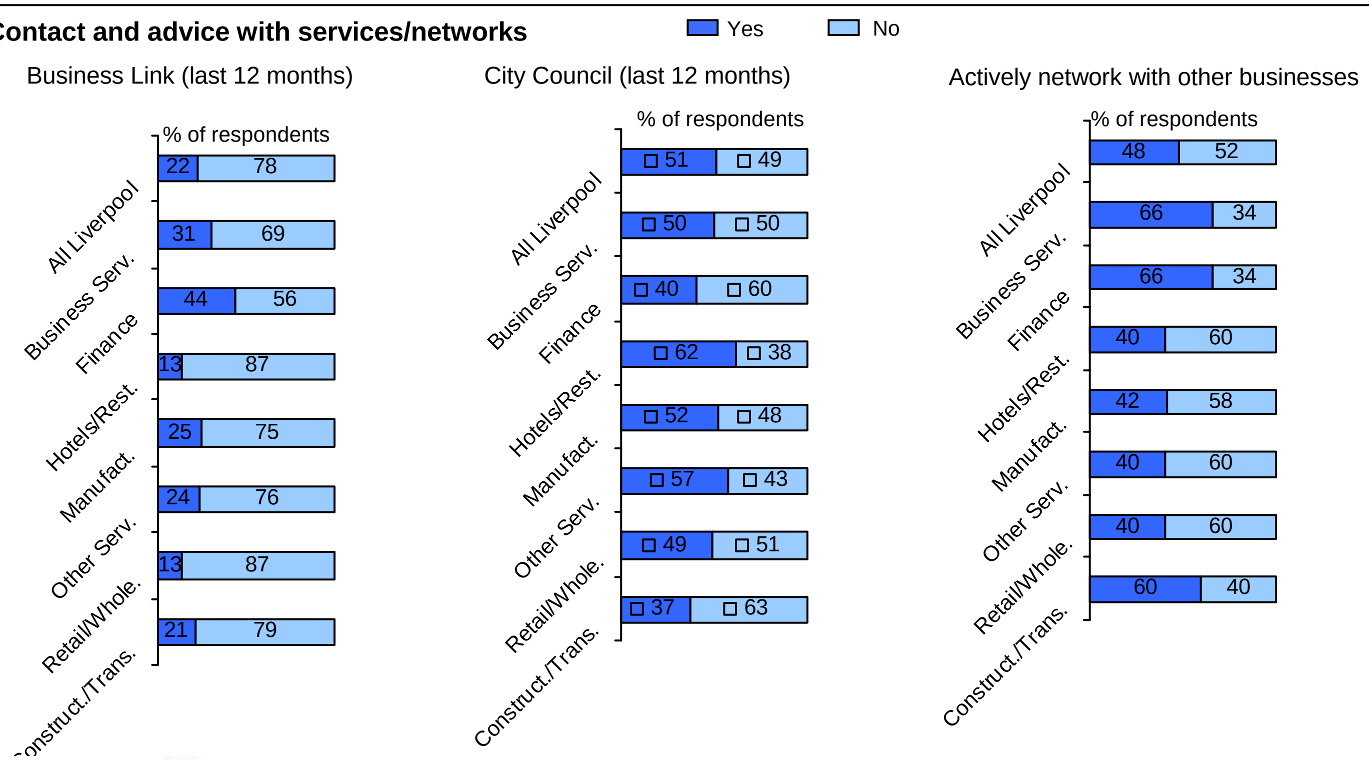


Meanscore

	2008/09	2007/08
All Liverpool	3.87	3.78
Business Serv.	3.94	3.69
Finance	3.61	3.51
Hotels/Rest.	3.92	3.92
Manufact.	3.69	3.66
Other Serv.	3.89	3.88
Retail/Whole.	3.99	3.80
Construct./Trans.	3.68	3.76

Base: All respondents 2008/09 (874), Business Services (154) Finance (31*), Hotels and Restaurants (113), Manufacturing, printing & publishing (97*) Other Services (110), Retail & Wholesale (281) Construction & Transport (88*). Don't know if not included in the chart.

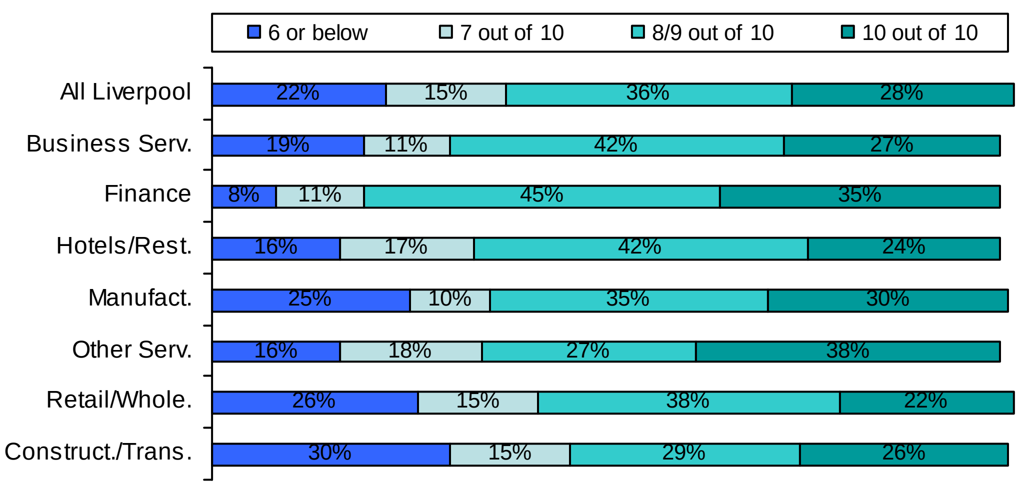
Contact and advice with services/networks



Satisfaction with premises and future needs

• Most businesses reported that their premises met their needs with most giving a score of 8 or above, with the average score for All Liverpool improving from 7.56 in 2007/08 to 7.76 in 2008/09 however, it is worth noting that there are still businesses giving their premises a rating of 6 or below.
• Greatest satisfaction with premises was found in the Other Services sector where 38% of businesses gave their premises a score of 10 out of 10.
• The Construction and Transport sector was least happy with their premises with 30% of firms scoring their premises 6 or below.
• There was a slight decrease on average in the percentage of businesses overall who expected to change their premises in the next 5 years from 30% in 2007/08 to 27% in 2008/09. In 2008/09 employers in the Business Services and Construction and Transport sectors were most likely to say that they may move.

How well do your business premises currently meet you needs? Please rate between 1 and 10 where 1 is not at all well and 10 is extremely well

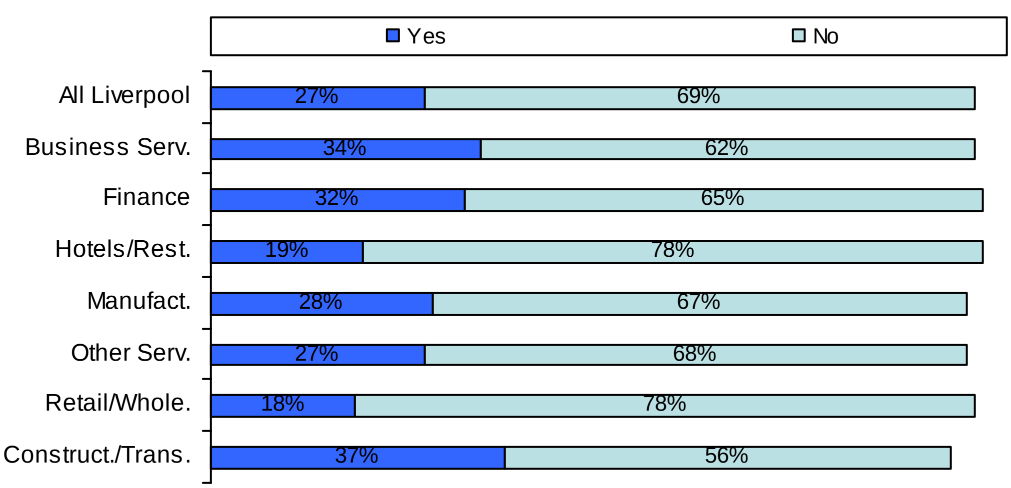


Meanscore

	2008/09	2007/08
All Liverpool	7.76	7.56
Business Serv.	7. 92	7.59
Finance	8.48	8.02
Hotels/Rest.	8.03	7.86
Manufact.	7.68	7.21
Other Serv.	7.97	7.83
Retail/Whole.	7.55	7.36
Construct./Trans.	7.27	7.35

Base: All respondents 2008/09 (874), Business Services (154) Finance (31*), Hotels and Restaurants (113), Manufacturing, printing & publishing (97*) Other Services (110), Retail & Wholesale (281) Construction & Transport (88*). Don't know not included in the chart.

Are you expecting to change business premises in the next 5 years?



% Yes

	2008/09	2007/08
All Liverpool	27%	30%
Business Serv.	34%	44%
Finance	32%	38%
Hotels/Rest.	19%	18%
Manufact.	28%	39%
Other Serv.	27%	22%
Retail/Whole.	18%	22%
Construct./Trans.	37%	40%

Base: All respondents 2008/09 (874), Business Services (154) Finance (31*), Hotels and Restaurants (113), Manufacturing, printing & publishing (97*) Other Services (110), Retail & Wholesale (281) Construction & Transport (88*). Don't know not included in the chart.

Skills gaps

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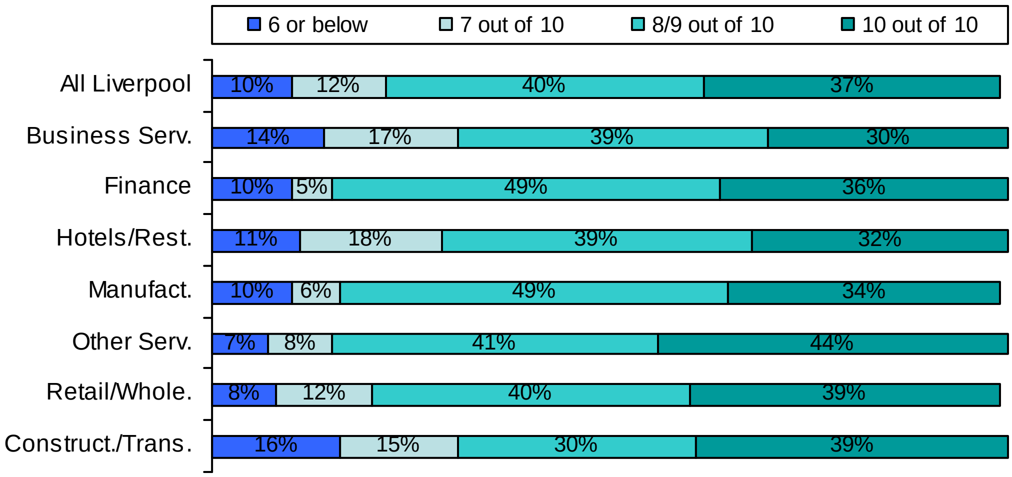
- Overall, a meanscore of 8.46 out of 10 was awarded by employers for the skills that their workforce have. There is some variance over sector. Businesses in the Other Services sector awarded the skills that their staff have a significantly higher average score than some other business sectors (8.81).
- Technical/job specific skills, customer handling and oral communication skills were mentioned by 6 out of the 7 sectors as a skills need.
- Employers identify a lot of improvements across sectors and the chart at the bottom of the page highlights the top mentions for each sector.
- Hotels and Restaurants were significantly more likely that many other sectors to mention a need to address the following; oral communication, customer handling, teamworking, time keeping and reliability.

On a scale of 1 to 10 where 1 represents completely dissatisfied and 10 completely satisfied, how satisfied are you with the skills that your staff, including yourself, currently have?



Meanscore

	2008/09	2007/08
All Liverpool	8.46	8.24
Business Serv.	8.23	8.06
Finance	8.51	8.57
Hotels/Rest.	8.26	8.22
Manufact.	8.41	8.30
Other Serv.	8.81	8.27
Retail/Whole.	8.49	8.30
Construct./Trans.	8.28	8.23

Base: All respondents 2008/09 (874), Business Services (154) Finance (31*), Hotels and Restaurants (113), Manufacturing, printing & publishing (97*) Other Services (110), Retail & Wholesale (281) Construction & Transport (88*). Don't know not included in the chart.

What skills areas if any need to be strengthened to make your business grow?

NB: Question allowed a multiple response, mentions over 15% are shown on the chart

Highest % skills gaps	All Liverpool	Bus. Serv	Finance.	Hotels/ Rests	Manufact.	Other Serv.	Retail/ Whole.	Construct./ Trans.
Work ready/basic skills	26%	19%	17%	35%	23%	29%	26%	24%
Timekeeping	31%	26%	27%	49%	24%	35%	29%	25%
Technical/job specific	38%	45%	43%	31%	36%	45%	31%	36%
Office admin.	32%	33%	37%	21%	35%	37%	27%	39%
Management	37%	41%	28%	46%	32%	46%	30%	30%
Problem solving	38%	32%	40%	45%	39%	44%	36%	30%
Teamworking	38%	31%	23%	57%	32%	41%	37%	34%
Customer handling	43%	45%	27%	64%	34%	45%	40%	38%
Written communication	30%	32%	32%	39%	26%	36%	26%	22%
Oral communication	40%	32%	33%	59%	34%	42%	38%	40%
General IT user	38%	35%	47%	16%	41%	39%	42%	45%
Reliability	29%	24%	23%	50%	24%	30%	28%	25%
None	18%	10%	22%	13%	22%	17%	22%	23%

Base: All respondents 2008/09 (874), Business Services (154) Finance (31*), Hotels and Restaurants (113), Manufacturing, printing & publishing (97*) Other Services (110), Retail & Wholesale (281) Construction & Transport (88*). Don't know not included in the chart.

Training and retention

• Overall 69% of businesses in Liverpool knew how to access training and development and 57% had provided on or off the job training in the last year. The Business Services sector (75%) and Hotel and Restaurant sector (78%) were more likely to confirm they knew how to access training than those working in Manufacturing (60%).
• Unsurprisingly, those in the Manufacturing sector were likely to report that their staff had not had any on or off the job training in the last 12 months.
• Most sectors in Liverpool do not have problems retaining staff. However, the Business Service sector was significantly more likely to say they had problems than those in the Manufacturing (12% and 4% respectively). The 2008/09 findings are in line with those for 2007/08.

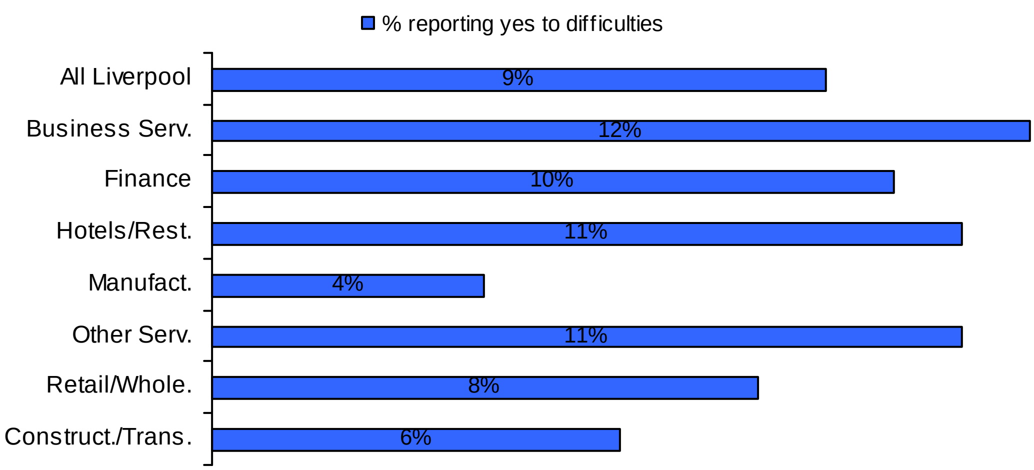
Access and provision of on and off the job training

	All Liverpool	Bus. Serv.	Finance	Hotels/ Rests.	Manufact.	Other Serv.	Retail./ Whole	Construct./ Trans.
% who know how to access on and off the job training to support developments in these areas	69%	75%	91%	78%	60%	68%	67%	64%
% who have trained staff in the last 12 months (on and off the job)	57%	59%	75%	71%	40%	49%	60%	56%

Base: All respondents 2008/09 (874), Business Services (154) Finance (31*), Hotels and Restaurants (113), Manufacturing, printing & publishing (97*) Other Services (110), Retail & Wholesale (281) Construction & Transport (88*)

Base: All respondents who have trained staff in the last 12 months 2008/09 (648), Business Services (121) Finance (25*), Hotels and Restaurants (91*), Manufacturing, printing & publishing (63*) Other Services (77*), Retail & Wholesale (209) Construction & Transport (62*)

Do you have any difficulties retaining staff in Liverpool?



% reporting yes to difficulties

	2008/09	2007/08
All Liverpool	9%	9%
Business Serv.	12%	13%
Finance	10%	5%
Hotels/Rest.	11%	13%
Manufact.	4%	6%
Other Serv.	11%	9%
Retail/Whole.	8%	10%
Construct./Trans.	6%	4%

Base: All respondents 2008/09 (874), Business Services (154) Finance (31*), Hotels and Restaurants (113), Manufacturing, printing & publishing (97*) Other Services (110), Retail & Wholesale (281) Construction & Transport (88*)