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Report by the Oxfordshire Economic Observatory
(OEO) for the Federation of Small Businesses (FSB),
Oxfordshire Branch

THE ECONOMIC ECOLOGY OF SMALL BUSINESSES IN OXFORDSHIRE

John Glasson, Lesley Downing,
Andrew Chadwick and Helen Lawton Smith

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Oxfordshire Economic Observatory
Oxford Institute for Sustainable Development
Oxford Brookes University
Oxford OX3 0BP

Email jglasson@brookes.ac.uk

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Foreword

Every two years, the Federation of Small Businesses (FSB) undertakes the largest private sector, national survey of businesses (*The Lifting the Barriers Survey*). These surveys generate the core material for the FSB's evidence-based lobbying. The Government has imposed an increasing obligation on local authorities to include local economic development in their plans. As a consequence of this, the Oxfordshire Branch of the FSB has become increasingly involved in working with local government on economic and social issues. Over the past year, we came to realise that the FSB national survey does not give a full picture of the impact of small businesses on the community, since small businesses necessarily interact with almost every facet of the community around them.

Many of these interactions bring real value to the local community and are not measured in the biannual FSB survey or in any Government assessment. The Oxfordshire Branch, with the support of the Thames Valley Region and FSB National Policy Committee, therefore decided to undertake a study which would "drill down" into some of the data provided by the "Lifting the Barriers Survey" and explore new areas, in an attempt to get a better overall view of the impact of small businesses on the local community. In September 2006, we commissioned the Oxfordshire Economic Observatory to undertake a study of the 'Oxfordshire Small Business Economy'. This Study is the first analysis of its kind of the Small Business Community anywhere in the UK, since the Bolton Report in 1971, which originally led to the formation of the FSB.

Background to the study

The FSB firmly believes that small businesses are an essential part of a local community and play a crucial role in its social and cultural activities, as well as in their more obvious role as contributors to the local economy. It is well known that small businesses make up the major part of the UK economy, but, until now, their impact on the community has not been systematically measured.

As far as the economy is concerned, it has been reported that SMEs provide 80% of the Government revenues raised from business taxes and rates. SMEs also develop 60% of innovative technology and processes. Despite this, fewer than 3% of small businesses receive any direct benefit from Government investment in economic development. A significant proportion, about 57%, of the private sector jobs in the County are provided by small businesses. The small business sector is therefore a crucial element in the Oxfordshire economy

Oxfordshire's economy is, in itself, a microcosm of the UK economy and exhibits the full spectrum of economic characteristics and problems found across the country. It is a predominantly rural county with a number of small and medium sized towns which act as focal points for the local village and rural communities. It has one central city, Oxford, directly dominated by a major 'industry', namely its world-class academic and research institutions. The Oxfordshire economy and employment profile encompasses agricultural and rural activities, an important tourism sector, small and large-scale businesses and a significant public sector, which provides 25% of local employment. Oxfordshire is the most rural County in the South East of England and presently has the lowest density of population. The rural economy is diversifying beyond the traditional farming and tourism, and, with over 40% of small business now working from home, the issues of land use, transport, communications and continuing quality of life are becoming more and more critical.

Outcomes of the study

The FSB study has looked at the interdependence of the rural and village businesses on the market towns in Oxfordshire, which form the hub of local economies and makes recommendations on how to improve the environment to allow small businesses to thrive. It also highlights the interdependencies between the social, cultural and economic entities that characterise rural economies. This should have a significant influence on local planning issues that affect rural areas. Given the significance of small businesses to local economies, we hope that this report will prove of direct use to all organisations concerned with local economic development.

Behind the thinking for this study is a realisation that the economic and social community mirrors nature in a host of different ways. In nature the vast majority of organisms are small. At the human level, the economy is a kind of eco-system in which the participants, large or small, all interact with each other. The most successful and arguably some of the most important forms of life in the natural eco-system are the micro-organisms. The sciences that have developed our understanding of the role of micro-organisms have already revealed just how important they are to us and the world around us. We hope that the present study will initiate the development of a new way of thinking about the role of small businesses as the micro-organisms within the economic eco-system of the community and that it will be a first step in establishing the principles involved.

We believe that having a better understanding of the role of small businesses will not only benefit those businesses themselves but all businesses, whatever their size, and the communities they serve.

Sandy Lovatt - FSB Oxfordshire Branch Secretary

Barry Wheatley - FSB Oxfordshire Branch Chairman

EXECUTIVE SUMMARY

Aims of the research

A key contention by the Federation of Small Businesses is that small businesses are an essential element of the community and play a crucial role in its social and cultural activities in addition to their contribution to the local economy. It is well known that small businesses form the majority of the UK economy, but their impact on the community has never been measured.

The following table has the latest figures provided by the UK Small Business Service, (based on data provided by the National Statistics Office); it shows the significance of small businesses to the UK economy.

Table (i) The significance of small businesses in the UK economy

Business Type	Size (Employees)	Number Enterprises	Percentage of National Total		
			Enterprises	Employment	Turnover
Lone operator/self employed	0	3,119,515	72.8	15.7	8.1
Micro	1-9	971,960	22.7	16.7	14.6
Small	10-49	159,580	3.7	14.4	14.2
Total, Small Businesses		4,251,055	99.2	46.8	36.9
Medium	50-249	25,810	0.6	11.7	14.3
Total SME		4,276,865	99.8	58.5	51.2
Large	250+	5,980	0.2	41.5	48.7

Source: Office of National Statistics

Oxfordshire's economy can be seen as a microcosm of the UK economy with a profile that includes substantial public and private sector employment in urban and rural settings. A significant proportion of Oxfordshire's jobs, about 57% of the private sector, are in small businesses. The small business sector is an important element in the Oxfordshire economy.

To enhance its effectiveness the FSB needs detailed knowledge of the main issues concerning small businesses in the County, and to have evidence-based recommendations for addressing them. As such, the main aims of this research study were to:

- i. produce a profile of small businesses in Oxfordshire by type, market and business activity, employment levels, innovation and environmental concerns;
- ii. map the interdependency of businesses within local communities and define what might be termed the 'Small Business Economic Eco-system';
- iii. analyse the impact of local government planning decisions on small businesses;
- iv. identify issues that the FSB should address in its relations with local authorities;
- v. correlate the findings of the study with the FSB's 'Barriers to Growth 2006' survey;
- vi. define the main areas for strategic economic initiatives to facilitate economic growth; and
- vii. to better inform the Oxfordshire FSB's lobbying activities on behalf of its members.

The fundamental aim of the research was to assess the extent to which small businesses had a well developed 'business economic ecology' with close locational links with suppliers and markets and with significant contributions to the social and environmental sustainability of their localities.

As there has been no comparable study carried out by the FSB in recent times, the study should be of benefit to the FSB as a whole in addressing local economic and associated issues in other parts of the country. Given the significant percentages of small businesses amongst the total entities in the UK, it is an important set of results. The study has been carried out by the Oxfordshire Economic Observatory (OEO).

The research approach

The research approach involved the following key stages:

- establishing the baseline population of small businesses in Oxfordshire, set in the context of small businesses nationally and the drive towards sustainable development;
- undertaking a sample survey of a cross-section of the baseline population of small businesses in Oxfordshire;
- undertaking more detailed direct interviews with a number of small businesses in selected locations;
- analysing findings from the wider survey and the more detailed studies;
- identifying key issues from the findings, and examining the extent of correlation of findings with other studies; and
- developing recommendations

Establishing the baseline population of small businesses in Oxfordshire used a range of sources, including in particular the Business Link MKOB's (Milton Keynes, Oxfordshire & Buckinghamshire) database of Oxfordshire businesses. This database provided a breakdown of the characteristics of the approximately 25,000 small businesses in the County (by location, industry sector, age of business and employment size), and also provided the population from which the questionnaire sample was drawn.

The questionnaire survey was drawn up in association with the FSB Steering Group. In accordance with the study objectives, and in the context of the dimensions of sustainable development, there was a focus on business profile, business-to-business linkages, involvement in the wider community and environment, and issues confronting small businesses. As such, the questionnaire was structured around 5 sections covering:

- A: respondent's business in Oxfordshire (eg. type, activity, employment, location, premises);
- B: market and business linkages (eg. suppliers, clients, use of local services, networks etc);
- C: contribution to the community (eg. involvement in local partnerships, community organisations);
- D: contribution to environmental sustainability (eg. resource efficient practices with regards to energy, transport and others, conservation activities); and
- E: issues and expectations for the future (eg. business performance, impact of planning, staffing issues, threats and opportunities, alternative locations, services sought).

The survey was designed to be as user-friendly as possible. A postal survey was used and a random sample of 2000 small businesses was drawn from the Business Link data base (defined as businesses with fewer than 50 employees). Response rates to such surveys tend to be low, and of the order of 10%. We were pleased to have a response of 16% (over 300 completed questionnaires), which was validated as a representative sample of the total population of Oxfordshire small businesses, in terms of key dimensions, such as business location, sector, size and age of business.

Key findings of the research

An enterprising and innovative county

Previous research by the OEO (Enterprising Oxford, 2003) provided a snapshot of a county with a remarkably creative and successful economy, which had emerged during the 1980s and 1990s as one of Europe's leading centres of enterprise, innovation and knowledge. A more recent study by OEO (Enterprise and Innovation: the Oxfordshire Model, forthcoming 2007) shows that there is continuing evidence of a strong performance across many headline indicators. Analysis of the latest statistics on numbers of VAT registered businesses indicates the relatively buoyant business climate in Oxfordshire, at least as measured by recent growth in the business stock and relatively low rates of business failure. Key findings include:

- Business density in Oxfordshire, at 60.4 businesses per 1,000 working age residents, is currently above the South East (58.2) and national averages (50.5).
- Growth in the business stock in Oxfordshire has been strong in recent years. The number of VAT-registered businesses in the county increased by 9.4% in the five years to the start of 2006. This compares favourably with average increases of only 6.1% in the South East and 6.0% England-wide). Oxfordshire has experienced the highest percentage growth in business stock in the South East region in the last five years .
- The annual rate of new business start ups in the last five years in Oxfordshire has been slightly below the South East average, but well above the national average. However, this has been offset by a relatively low rate of VAT de-registrations (a proxy for business failures or closures) amongst Oxfordshire businesses).

Table (ii) – Number and size of small businesses in Oxfordshire

Employment Size Band	No. of Businesses	% of Total
0 employees	5,222	20.8
1-4 employees	12,391	49.3
5-9 employees	3,633	14.5
10-49 employees	3,889	15.5
Not known	111	---
Total: Small Businesses (0-49 employees)	25,246	100.0
Of which: Micro-Businesses (0-9 employees)	21,246	84.5

Source: Business Link MKOB, company database as at November 2006.

Note: Small businesses are defined as those with fewer than 50 employees.

A breakdown of the county's small businesses by industry sector shows how important sectors include the wholesale and retail trade (which accounts for 21% of Oxfordshire's small businesses) and real estate and other business services (which accounts for 24%). This last category includes real estate, computer-related activities, research and development, and a range of technical and professional business services (e.g. legal, accounting, engineering, design, advertising). Education, health and social services account for 11% of Oxfordshire's small businesses. Just under one in ten (9%) of the county's small businesses are in the manufacturing sector, 7% are in construction-related activities, 7% are in the hotels and catering sector and 4% are in agriculture, forestry and fishing.

Some characteristics of Oxfordshire small businesses

In the context of the FSB's 'Barriers to Growth 2006' survey (and the DTI's Annual Small Businesses Survey), the Oxfordshire study reveals many similarities in findings. For example the ownership, home based, and leadership characteristics are close to the FSB findings. Views on employment prospects are contradictory—lower than the national FSB survey, but higher than the SBS survey –but those surveys were for an earlier period. The proportion of local business linkages are similar to, although a little lower than, the FSB survey. Several other findings are unique to this study, but there are also some comparative findings on issues of concern to local businesses. The list of major issues is broadly similar to that found in the 2005 SBS annual business survey,

although regulation, taxation, recruiting staff ranked higher in Oxfordshire, and competition and the economy ranked somewhat lower, perhaps reflecting the pressures of the prosperous Oxfordshire economy. Oxfordshire concerns with transport, planning, and premises issues also reflect local pressures in this buoyant corner of the buoyant SE region.

- The 25,000 small businesses constitute a very important sector in the Oxfordshire economy, accounting for the bulk of the number of businesses, and approximately 50% of the county's employment. About 85% are micro-businesses, employing less than 10 staff, and 5200 (21%) have no employees at all.
- The nature of ownership (65% family-owned); legal basis (46% limited companies, 29% sole traders, and 20% partnerships); and location (35% home-based) are very similar to the national pattern of small businesses.
- For 36% of businesses, all staff lived within 5 miles; and almost 75% claimed that at least half of their staff lived within 5 miles of their business premises, suggesting reasonably compact staff daily travel to work patterns.
- In terms of indicators of business performance and optimism, over the last twelve months there had been roughly as many businesses increasing employment as reducing employment (c20%) and most had stayed unchanged. Less than a quarter expect employment growth in the next 12 months.
- However, three quarters of businesses aim to grow their business over the next two to three years, mainly through increased turnover with existing products or services, but with new products or services for 28%. The growth aspirations of Oxfordshire businesses appear higher than small businesses nationally (although comparisons are for slightly different periods). Aspirations are highest for the larger small businesses and for the newer businesses.

Local business linkages

- Around 50% of businesses derive more than 50% of their annual turnover from sales within Oxfordshire; but 15% claim to have no local sales. These figures show slightly lower proportions of local customers than small businesses nationally.
- Just over one third of survey respondents have over 50% of their expenditure with suppliers with Oxfordshire-based businesses; for 18% of businesses, this proportion rises to over 75%. but for over half of respondents the proportion was 25% or less.
- The degree of business linkage may partly reflect the relative rurality of Oxfordshire, but, as shown in the interviews, it also varies by type of business –with for example specialised manufacturing businesses operating in national and international markets.
- Just over half of respondents were members of some form of business organisation or support network. Benefits cited include gaining access to new knowledge (41%), exchanging information (35%), development of contacts (32%) and help in business and sales promotion (20%). Most small businesses had used some form of support in the last 12 months (especially from banks, solicitors and accountants).
- Half of the respondents were satisfied with the existing level of support, but 25% thought there were important gaps in services. The areas in which additional support or advice are felt to be needed are, in descending order of importance:
 - Keeping up to date with legislation and regulations (mentioned by 54% of those identifying gaps in business support);
 - Marketing of the business (43%);
 - Environmental issues (40%);
 - Help in finding new premises (27%);
 - Securing finance for the business (25%); and
 - Keeping up with new technology (25%).

Community links

- Small businesses and their employees make good use of local services, especially local shops (55% of respondents) and local banking and post office facilities (23%). A high proportion regards it as very important to have to have access to such local facilities.
- They also help to support a range of community facilities with, for example, donations to local community groups and charities (46%), personal involvement in community organisations (especially schools), and provision of work experience placements.
- The principal form of interaction with the community was through the provision of local employment.

Environmental actions

- 80% of businesses have already taken or plan to take measures to reduce the costs of energy, water and waste disposal.
- There are also many examples of other environmental actions and/or plans including: switching to more sustainable suppliers, using renewable energy, introducing environmental management systems, and reducing the use of the car for business purposes.
- Businesses were concerned about the many obstacles that limited their environmental actions including lack of information/time to explore options. Where information was available, there was a danger of a 'one size fits all' approach.
- There was also a general feeling that measures were unlikely to be cost effective. This linked to a response by about two thirds that being 'environmentally friendly' would not necessarily enhance business prospects.

Overview of key issues facing small businesses and possible ways forward

The issues of concern to small businesses, and a focus for FSB action, are many and wide-ranging. Some of the most important, on regulations/red tape, taxation, the economy, and competition in the market are very much in the realm of UK Government and the EU, but the FSB and other business support organisations have a key lobbying role to play on behalf of small businesses. Other major issues relating to staff and cash flow issues straddle central and regional/local agency levels. The survey and interviews also revealed concern about planning, transport, affordable housing and premises, and environmental issues. The report makes some initial recommendations on possible ways forward, and the appropriate agencies, to address these concerns.

The survey sought views on key issues both through a general ranking of those of concern, plus questions on topics which were of specific concern to both the researchers and the FSB. Some did not rank too highly as key issues for the respondents. For example, the lack/cost of adequate childcare facilities was seen as a major problem by only about 5% of respondents. However there were several other issues which were more regarded as major problems. These can be roughly divided into two groups.

- In the first are those issues which were regarded as major by at least 20% of respondents; they include regulation/red tape at the top of the list followed by several other national issues such as the state of the economy and taxation issues.
- In the second group are a number of issues which have generally been seen as major by between 10-15% of the respondents, plus the environmental concerns which came through strongly in written responses. Some of these can be seen as more locally determined, such as the availability /cost of suitable premises, affordable housing, planning policies, transport infrastructure and environmental issues—although many must be seen in the context of national and EU parameters (eg national planning guidance; EU environmental policies).

Table (iii)– Proportion of Oxfordshire and UK small businesses identifying selected issues as obstacles to their business

Issue	Oxfordshire Sample		UK Average
	Issue is a Major or Minor Problem	Issue is a Major Problem	Issue is an Obstacle
	%	%	%
Regulations/red tape	60	33	32
Taxation issues	55	26	25
The economy	51	24	46
Competition in the market	49	14	44
Cash flow	47	20	20
Recruiting staff	40	20	16
Transport issues	36	12	15
Shortage of skills generally	34	12	15
Keeping up with new technology	33	4	18
Availability/cost of premises	30	13	16
Planning restrictions	28	16	---
Obtaining finance	25	10	13
Crime	25	5	11
Shortage of managerial skills	22	6	9
Keeping staff	21	6	8
Lack of financial understanding	18	5	12
Lack of broadband access	9	3	4
Other issues	4	2	18

Note: UK figures are derived from the SBS 2005 annual survey of small businesses. "Planning restrictions" was not included as a category in the SBS survey, and no figures are therefore available for this issue. In the SBS survey, respondents were not asked to distinguish between major and minor obstacles, and the percentages are therefore not strictly comparable.

Looking at the Oxfordshire respondents currently experiencing skill shortages provides comparisons with UK-wide results for small businesses from the 2006 Barriers to Growth survey. Overall, 29% of respondents identified skill shortages amongst current staff; this is slightly below the UK figure from Barriers to Growth (32%). About one third of respondents stated that they experienced skill shortages when recruiting new staff. This compares with the UK average of only 24% in Barriers to Growth 2006. The most frequently mentioned skill shortage areas when recruiting staff are communication skills (cited by 15% of respondents), technical skills (14%), literacy (14%) and numeracy (12%). IT skills appear to be less of a problem, although shortages of advanced IT skills are noted amongst existing staff

The land use planning system is identified as a barrier to business by a significant minority of respondents. Planning restrictions were identified as an obstacle to business operations by 28% of survey respondents; 16% of businesses considered this issue to be a major problem for their business. One third of respondents have attempted to expand or relocate their business premises in the last five years. Of these, just over a quarter (26%) had experienced delays or other problems in obtaining planning permission for these changes. A small minority of small businesses (15%) believe that the operation of their business has been constrained by land use planning considerations.

Recommended action points for government, local authorities, FSB, small businesses and other agencies

Based on the findings of this study there is a wide array of possible actions which if implemented could improve the environment for small businesses to establish and to flourish. Below are listed some possible actions identified by the project team.

EU and Central Government

- simplification of legislation, by EU and UK Government, as it relates to small businesses, wherever possible
- better investment tax breaks for small businesses
- lower business rates
- better protection for small business' risks in global markets
- better promotion of support for small businesses (eg small business loan guarantee scheme)

SEEDA/Regional agencies

- increase awareness of existing business support networks
- support for Oxfordshire businesses related to risks in the global market; sourcing reliable partners in developing markets
- support development of 'local market places' of small businesses 'input-output' information
- work with local authorities and training/education providers to improve basic and local economy related skills of workforce

FSB and other business organisations/support networks

- as for regional agencies above, re awareness and 'local market places'
- lobby for small businesses to EU and Central Government re legislation complexity, business rates, investment tax breaks, maintenance of network of rural post offices etc
- lobby to local authorities re small businesses 'planning design and development guide', affordable business premises, adequate business land allocations in LDDs, improved recycling facilities for small businesses, council tax holiday on vacant business premises etc.

Local authorities

- improve planning support for small businesses; eg 'guidance on design and development' for small businesses; awareness of importance of small businesses in the local economy; training for officers and councillors recognition in LDDs of small business land/premises needs
- improvement/extension of recycling facilities for small businesses
- facilitate small business sustainable travel, recycling and renewable energy network initiatives
- extend affordable housing initiatives to affordable business premises;
- review council tax holidays for vacant premises (though this may be controlled nationally)
- support maintenance of network of post offices, local shops and services (eg banking)
- improve maintenance of road network
- work with regional agencies (eg LSC; SEEDA and local colleges/schools/universities) in 'skills fora' to improve basis and specialist skills of workforce

Other agencies

- as above, local colleges etc to support skills initiatives
- university support on 'planning for small businesses' training (officers and councillors)
- EiE, OSBN and Carbon trust et al to respond to small businesses needs for improved environmental practices

Small businesses

- be aware of opportunities, as well as constraints of evolving EU and UK regulations/legislation
- make use of existing information sources on evolving legislation and on local market opportunities
- utilise business rate relief , and small businesses loan guarantee opportunities
- use environmental advice services, such as those provided by the Oxford Brookes Environmental Information Exchange (EiE) and the Oxfordshire Sustainable Business Partnership (OSBP)
- explore opportunities for local business networks for sustainable travel, waste recycling, and renewable energy initiatives
- support local purchasing, and local shops, banks and post offices
- build more links with local schools , including participation as school governors

A few of the comments from Oxfordshire small businesses

- 'The high level of business rates and ever increasing and unnecessary red tape will affect growth of all small businesses – if not strangle them to death'
- 'Government/European interference in everyday activities. Government red tape and continuous inspection'
- 'Cowboys' who undercut, provide shoddy service, don't comply with regulations [and] only get a letter asking them to comply'
- 'Lack of investment tax breaks'
- 'The district council should not charge small businesses [for] refuse/re-cycling collection on top of business rates'
- 'Council opposed to conversion of farm buildings to business units'
- 'Planners do not, as a group, consider the commercial community and generally frustrate attempts to develop business expansion'
- 'Lack of available mid-size premises for expansion'
- 'Used to find [it] easy to obtain good staff locally, but competence levels have dropped amazingly, presumably because of poor education'

CHAPTER 1: INTRODUCTION

1.1 Context: research aims

A key contention by the Federation of Small Businesses is that small businesses are an essential element of the community and play a crucial role in its social and cultural activities in addition to their contribution to the local economy. Oxfordshire's economy can be seen as a microcosm of the UK economy with a profile that includes substantial public and private sector employment in urban and rural settings. A significant proportion of Oxfordshire's jobs, about 57% of the private sector, are in small businesses, and the small business sector is an important element in the Oxfordshire economy.

To enhance its effectiveness the FSB needs detailed knowledge of the main issues concerning small businesses in the County, and to have evidence-based recommendations for addressing them. As such, the main aims of this research study are to:

- **produce a profile of small businesses in Oxfordshire by type, market and business activity, employment levels, innovation and environmental concerns;**
- **map the interdependency of businesses within local communities and define what might be termed the 'Small Business Economic Eco-system';**
- **analyse the impact of local government planning decisions on small businesses;**
- **identify issues that the FSB should address in its relations with local authorities;**
- **correlate the findings of the study with the FSB's 'Barriers to Growth 2006' survey;**
- **define the main areas for strategic economic initiatives to facilitate economic growth; and**
- **establish a framework for the Oxfordshire FSB's lobbying activities.**

The fundamental aim of the research was to assess the extent to which small businesses had a well developed 'business economic ecology' with close locational links with suppliers and markets and with significant contributions to the social and environmental sustainability of their localities. As there has been no comparable study carried out by the FSB in recent times, if ever, the study should be of benefit to the FSB as a whole in addressing local economic and associated issues in other parts of the country.

The study has been carried out by the Oxfordshire Economic Observatory (OEO). See Appendix 1 for further information about OEO and the study team.

1.2 Research methodology

The research approach involved the following key stages:

- establishing the baseline population of small businesses in Oxfordshire and providing an update on wider work on small businesses and sustainable development;
- undertaking a sample survey of a cross-section of the baseline population of small businesses in Oxfordshire;
- undertaking more detailed direct interviews with a number of small businesses in selected locations;
- analysing findings from the wider survey and the more detailed studies;
- identifying key issues from the findings, and examining the extent of correlation of findings with other studies; and
- developing recommendations.

Establishing the baseline population of small businesses in Oxfordshire used a range of sources, including in particular the Business Link MKOB's database of Oxfordshire businesses. This database provided a breakdown of the characteristics of the approximately 25,000 small businesses in the County (by location, industry sector, age of business and employment size), and also provided the population from which the questionnaire sample was drawn.

The questionnaire survey was drawn up in association with the FSB Steering Group. In accordance with the study objectives, and in the context of the dimensions of sustainable development, there was a focus on business profile, business-business linkages, involvement in the wider community and environment, and issues confronting small businesses. As such, the questionnaire was structured around 5 sections covering:

- A respondent's business in Oxfordshire (eg. type, activity, employment, location, premises);
- B market and business linkages (eg. suppliers, clients, use of local services, networks etc);
- C contribution to the community (eg. involvement in local partnerships, community organisations);
- D contribution to environmental sustainability (eg. resource efficient practices re energy, transport and others, conservation activities); and
- E issues and expectations for the future (eg. business performance, impact of planning, staffing issues, threats and opportunities, alternative locations, services sought).

The survey was designed to be as user-friendly as possible. A postal survey was used. A random sample of 2000 small businesses was drawn from the Business Link data base (defined as businesses with fewer than 50 employees). A covering letter from the team and the client was used to introduce the survey and to help to generate responses. A prepaid return envelope was provided. Response rates to such surveys tend to be low, and of the order of 10%. We were pleased to have a response of 16% (over 300 completed questionnaires), which was validated as a representative sample of the total population of Oxfordshire small businesses, in terms of key dimensions such as business location, sector, size and age of business.

Direct interviews were also undertaken with a small number (12) of small businesses in two locations in the east and west of the County. The aim was to gain more in depth information, particularly on the business-business interactions, on community and environment links and practices, and on issues and expectations for the future. The interviews also sought to identify examples of good practice in terms of sustainable business development. The choice of businesses was partly influenced by the responses to the questionnaire, which did invite follow-up interviews, by the desire to have a spread of sector types, sizes of business, and to have various degrees of rurality of location.

The subsequent stages of the research processed and analysed the outputs from the data and information gained from the surveys and interviews to draw out findings and issues in relation to the research objectives. These were also examined in the context of other national small business surveys, including the FSB commissioned study on 'Lifting the Barriers to Growth in UK Small Businesses' (FSB, 2006). The final stage explored, in consultation with the FSB Steering Group, recommendations which flowed from the findings, and led to the production of this final report.

1.3 Structure of report

The following Chapter 2 provides a brief overview of the national context of small businesses and the drivers towards a more sustainable approach. It also includes an overview of the nature of small firms in Oxfordshire. Chapter 3 sets out the findings from the analysis of the questionnaire survey responses, structured by the five main dimensions of that survey. More detailed perspectives are provided from the small sample of direct interviews, which are discussed in Chapter 4. Potential policy implications, and recommendations, for varying stakeholders (eg central government, local authorities, businesses themselves, and the FSB) are set out in Chapter 5. The following Chapter 6 provides a number of concluding observations in relation to the study objectives. Further information, including 'pen-pictures' of the individual interviews, is included in the Appendices.

CHAPTER 2: SMALL BUSINESSES IN CONTEXT

2.1 The national context for small businesses

Defining small businesses

In this report, we adopt the definition of small businesses currently used by the DTI's Small Business Service (SBS). This definition is based on the number of employees in the business, and uses the following categories:

- Micro-businesses are those with 0-9 employees;
- Small businesses are those with 0-49 employees;
- Medium-sized businesses have 50-249 employees; and
- Large businesses have 250 or more employees.

We therefore define small businesses as those with fewer than 50 employees. Micro-businesses (those with fewer than 10 employees) are a subset of the small business population.

Small businesses in the UK

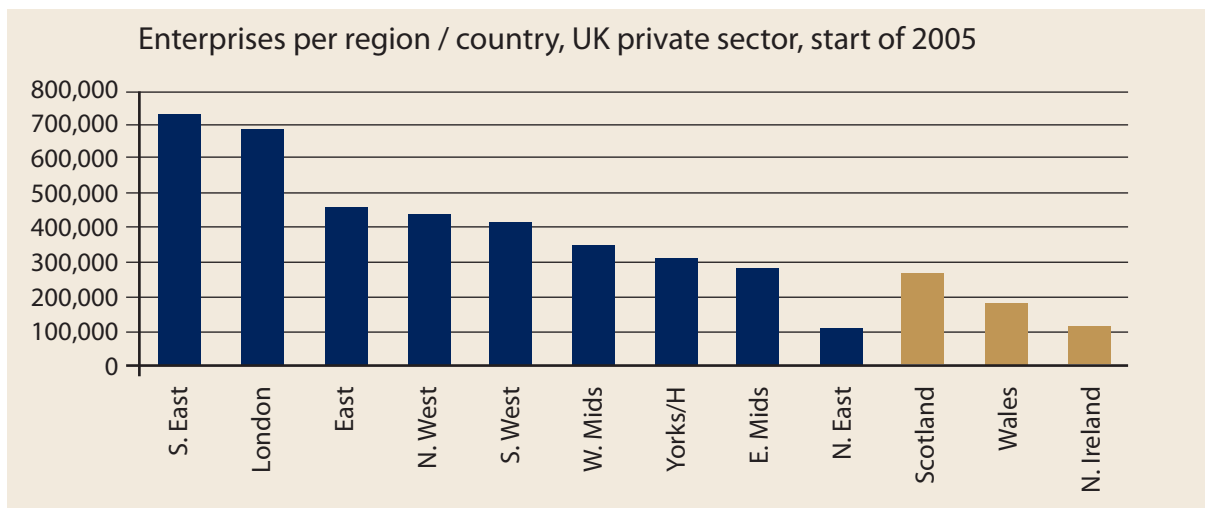
There are currently around 4.3 million business enterprises in the UK. Almost all of these enterprises (99.3%) are small businesses (with 0-49 employees). Only 27,000 (0.6%) are medium-sized (50-249 employees) and 6,000 (0.1%) are large businesses (with 250 or more employees) (source: SBS, 2006a; figures are for 2005).

Small businesses account for just under half (47%) of total employment in UK business enterprises, and for 36% of total turnover. However, these proportions vary significantly across different industry sectors. For example, small businesses account for 94% of UK employment in agriculture, forestry and fishing, but for only 15% of employment in financial services. Similarly, the share of total turnover accounted for by small enterprises ranges from only 18% in the manufacturing sector to 89% in agriculture, forestry and fishing (source: SBS, 2006a).

There are also regional variations in the number of enterprises and the share of employment in different sizes of enterprise. Table 2.1 shows that the South East and London have by far the largest number of enterprises. Table 2.2 shows however that London has the lowest percentage of employment in small businesses, Wales and Northern Ireland have the highest, and the South East, Oxfordshire's home region, lies midway with just under 50% of its employment in small enterprises (source: SBS, 2006b).

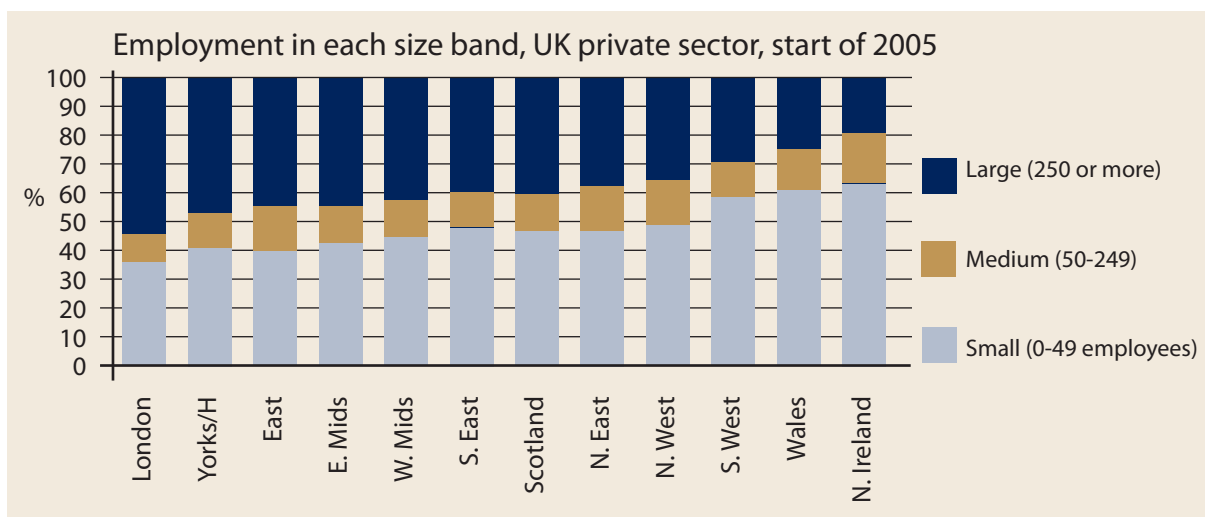
Further information on the importance of small businesses in the UK economy, and their key characteristics, can be found in FSB (2006), IES (2006) and SBS (2003).

Table 2.1 - The UK regional distribution of all enterprises at the start of 2005



Source: SBS Analytical Unit (2006)

Table 2.2 - Regional employment distribution by enterprise size band, at start of 2005



Source: SBS Analytical Unit (2006)

Sustainable development and small businesses

The proposition that economic growth should contribute to, rather than degrade, quality of life was advanced in 'A better quality of life: a sustainable development strategy in the UK' (DEFRA, 1999). This report outlined a strategy to protect the environment and natural resources, for their own sake and for the contribution that they can make to economic vitality. An integrated approach ensures that 'environmental improvements would reinforce economic and social objectives, such as better health, more efficient use of energy, or competitiveness'. The recent review of the strategy, 'The UK Sustainable Development Strategy – Securing the Future' (DEFRA, 2005) suggests that the four priority areas should be: climate change and energy, sustainable consumption, production and use of natural resources, environmental and social justice and helping communities to help themselves. Action points have been developed in order to prompt a change in behaviour to increase both institutional capacity and the business contribution to achieving sustainable development. The Government advocates an approach of Corporate Social Responsibility (CSR), as outlined in Table 2.3. This may be seen as particularly challenging by small firms. But there are now many agencies offering encouragement and advice; see for example the extract from the FSB's own website in Table 2.4.

Table 2.3 – The UK Government’s advocacy of Corporate Social Responsibility

Corporate Social Responsibility - The Government’s Approach

The Government’s vision for corporate social responsibility (CSR) is “to see UK businesses taking account of their economic, social and environmental impact, and acting to address the key sustainable development challenges based on their core competences wherever they operate - locally, regionally and internationally.”

The Government’s role is to encourage and enhance CSR at home and abroad. In March 2004, we published for consultation a draft strategic framework on international CSR. In the light of responses, the Government will publish a final version in 2005.

To help support implementation of the Framework, the Government will establish an International CSR Advisory Group to help devise and implement a strategic approach to the critical task of assessing all of the impacts, positive and negative, economic, and social as well as environmental, of the operations of UK businesses across the world, together with an assessment of the effectiveness of the Government’s work in encouraging improvement.

We continue to spread best practice, through initiatives such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the Voluntary Principles on Security and Human Rights, and through the International Labour Organisation. More details are available at the Government CSR website.

Source: DEFRA (2005).

Table 2.4 – FSB encouragement to think green!

Big Green Business

Are you on the organic gravy train?

Do you source locally? Is this Fairtrade or Organic? Are you an ethical business? These are questions that people are asking more and more often at their local shops or when using a local business.

The public are starting to care about which business they use. Public opinion is shifting as people realise that where they choose to shop and which businesses they support can have an impact on the community, our planet, our lives and the lives of our children.

As drastic as this sounds it is true; a local shop for example that decides to source its fresh produce as locally as possible is helping to limit the vast amount of CO2 that we emit. The further a product travels and the more processed it is, the more CO2 it is responsible for. And it is that CO2 which is causing climate change.

Being a green business is making more business sense than ever!

There are many ways in which businesses can green themselves, from saving energy and recycling to switching to ethical utility companies such as Ecotricity and the Phone Coop ... being green does not need to be expensive either... many businesses could save 10% (on energy bills) just with simple housekeeping.

Source: FSB website (2006)

2.2 The Oxfordshire context: an overview of small businesses in the county

An enterprising and innovative county

Previous research by the OEO (Enterprising Oxford, 2003) provided a snapshot of a county with a remarkably creative and successful economy, which had emerged during the 1980s and 1990s as one of Europe's leading centres of enterprise, innovation and knowledge. A more recent study by OEO (Enterprise and Innovation: the Oxfordshire Model, forthcoming 2007) shows that there is continuing evidence of a strong performance across many headline indicators.

Oxfordshire is home to an estimated 615,000 people, split between the five districts: Cherwell (133,000), Oxford City (142,000), South Oxfordshire (128,000), Vale of White Horse (116,000), and West Oxfordshire (96,000). It is predominantly a rural county, with the lowest population density in the South East region. However, over 60% of the county's population lives in urban settlements, including about 22% in Oxford itself. Oxfordshire County Council has sought to protect the greenbelt around Oxford, and the smaller towns and villages of the county through the 'Country Towns' strategy, which identifies Banbury, Bicester, Didcot, and Witney as preferred locations for new development.

Table 2.5 provides an overview of some key economic indicators for Oxfordshire, and compares the county's performance with regional and national averages. These indicators show a county with high levels of economic output per head, high residence-based earnings (but lower workplace-based earnings), high economic activity rates and very low unemployment rates, despite recent increases. But the county also faces a number of issues including a slowing of the rate of employment growth in recent years, a highly skilled workforce but below average levels of educational attainment for school leavers, high house prices and traffic congestion on many routes.

Table 2.5 – Headline economic indicators for Oxfordshire

Indicator	Oxfordshire	South East	England
GVA per head (£), 2003	20,155	17,631	16,521
% growth in GVA per head, 1998-2003	32.4	28.4	25.9
Mean residence-based earnings (full-time, £/week), April 2006	593.4	598.5	548.0
Mean workplace-based earnings (full-time, £/week), April 2006	542.6	567.1	546.5
% growth in mean workplace-based earnings, 2001-2006	18.3	18.8	19.0
Economic activity rate (working age), 2005	83.1	82.2	78.4
Employment rate (working age), 2005	81.0	79.0	74.6
Claimant count unemployment rate (% of working age residents), Oct 2006	1.1	1.6	2.5
% employment growth, 1998-2004	4.6	6.4	6.5

Source: Office for National Statistics, local estimates of GVA (released in December 2005); Annual Survey of Hours and Earnings; Annual Population Survey; monthly claimant count data; Annual Business Inquiry.

Analysis of the latest statistics on numbers of VAT registered businesses indicates the relatively buoyant business climate in Oxfordshire, at least as measured by recent growth in the business stock and relatively low rates of business failure. Key findings include:

- Business density in Oxfordshire, at 60.4 businesses per 1,000 working age residents, is currently above the South East (58.2) and national averages (50.5) (Table 2.6).
- Growth in the business stock in Oxfordshire has been strong in recent years. The number of VAT-registered businesses in the county increased by 9.4% in the five years to the start of 2006. This compares favourably with average increases of only 6.1% in the South East and 6.0% England-wide (Table 2.6). Oxfordshire has experienced the highest percentage growth in business stock in the South East region in the last five years (Table 2.7).
- The annual rate of new business start ups in the last five years in Oxfordshire has been slightly below the South East average, but well above the national average (Table 2.8). However, this has been offset by a relatively low rate of VAT de-registrations (a proxy for business failures or closures) amongst Oxfordshire businesses (Table 2.9).

Table 2.6 – Selected enterprise indicators for Oxfordshire

Indicator	Oxfordshire	South East	England
VAT registered businesses per 1,000 working age residents, Dec 2005	60.4	58.2	50.5
VAT registrations per 1,000 working age residents, 2005	52.0	55.3	49.7
VAT de-registrations as % of start of year stock, 2005	7.3	8.5	8.5
% growth in business stock, 2000-2005	9.4	6.1	6.0
3 year survival rate, for businesses registering for VAT in 2001	72.5 (MKOB)	71.1	68.8

Source: DTI, Small Business Service, VAT statistics and business survival rates; Office for National Statistics, mid-year population estimates.

Table 2.7 – Growth in number of VAT-registered businesses for areas in the South East Region, 2000-2005

Area	No. of VAT-Registered Businesses		
	End of 2000	End of 2005	% Change
Berkshire	29,355	31,330	6.7
Buckinghamshire & Milton Keynes	29,180	31,115	6.6
East Sussex & Brighton & Hove	24,470	25,765	5.3
Hampshire, Portsmouth & Southampton	49,685	53,145	7.0
Isle of Wight	3,575	3,725	4.2
Kent & Medway	45,290	49,000	8.2
Oxfordshire	22,060	24,130	9.4
Surrey	45,025	46,715	3.8
West Sussex	26,325	26,825	1.9

Source: DTI, Small Business Service, VAT statistics.

Table 2.8 – Annual rate of new VAT registrations, 2000-2005

VAT Registrations per 1,000 Working Age Residents:-	Oxfordshire	South East	England
2000	58.5	58.9	52.2
2001	53.5	55.4	49.0
2002	55.7	58.0	50.8
2003	60.1	62.0	54.5
2004	59.4	57.9	51.7
2005	52.0	55.3	49.7

Source: DTI, Small Business Service, VAT statistics; Office for National Statistics, mid-year population estimates.

Table 2.9 – Annual rate of VAT de-registrations, 2000-2005

VAT De-Registrations as % of Start of Year Stock:-	Oxfordshire	South East	England
2000	8.2	9.0	9.3
2001	7.4	8.7	9.2
2002	8.3	9.1	9.5
2003	8.0	9.4	9.5
2004	8.1	9.0	9.3
2005	7.3	8.5	8.5

Source: DTI, Small Business Service, VAT statistics.

Small businesses in the Oxfordshire economy

Data on the small business population in Oxfordshire has been obtained from Business Link MKOB, using their comprehensive database of Oxfordshire businesses. The data was supplied in November 2006, and is the most up to date information currently available. Business Link supplied the research team with counts of the numbers of small businesses, with breakdowns by local authority district, industry sector, age of business and number of employees. Small businesses are defined as those with fewer than 50 employees.

Key characteristics of Oxfordshire’s small business population are summarised in Tables 2.10 to 2.13 and discussed briefly below, drawing on the Business Link data. Further breakdowns of the tables are available at local authority district level, but these are not included here for reasons of space.

- Overall, there are currently just over 25,000 small businesses in Oxfordshire. The vast majority of these (85%, or 21,200) are micro-businesses employing fewer than 10 staff, and just over one fifth (21%, or 5,200) have no employees (Table 2.10).
- Table 2.11 shows the number of small businesses in each of Oxfordshire’s local authority districts. Taking into account the (working age) population in each district, small business density is highest in the more rural districts of South Oxfordshire and West Oxfordshire (76 small businesses per 1,000 working age residents), and lowest in Oxford City (46). Vale of White Horse (66) and Cherwell (62) fall between these extremes.
- Table 2.12 provides a breakdown of the county’s small businesses by industry sector. Important sectors include the wholesale and retail trade (which accounts for 21% of Oxfordshire’s small businesses) and real estate and other business services (which accounts for 24%). This last category includes real estate, computer-related activities, research and development, and a range of technical and professional business services (e.g. legal, accounting, engineering, design, advertising). Education, health and social services account for 11% of Oxfordshire’s small businesses. Just under one in ten (9%) of the county’s small businesses are in the manufacturing sector, 7% are in construction-related activities, 7% are in the hotels and catering sector and 4% are in agriculture, forestry and fishing.

- Around 11% of Oxfordshire's small businesses have been formed within the last two years, and one third (33%) have been trading for 5 years or less. However, almost half of the county's small businesses are longer established, with 23% having been trading for 11-20 years old and 26% for over 20 years (Table 2.13). Compared with the UK average for small businesses, Oxfordshire appears to have a higher proportion of businesses which have been trading for over 20 years (26% compared with less than 20% in the UK). As a result, the proportion of new and young small businesses (trading for up to 5 years) is slightly below the UK average.

Table 2.10 – Number and size of small businesses in Oxfordshire

Employment Size Band	No. of Businesses	% of Total
0 employees	5,222	20.8
1-4 employees	12,391	49.3
5-9 employees	3,633	14.5
10-49 employees	3,889	15.5
Not known	111	---
Total: Small Businesses (0-49 employees)	25,246	100.0
Of which: Micro-Businesses (0-9 employees)	21,246	84.5

Source: Business Link MKOB, company database as at November 2006.

Note: Small businesses are defined as those with fewer than 50 employees.

Table 2.11 – Location of small businesses in Oxfordshire

Location	No. of Businesses	% of Total
Cherwell	5,225	20.7
Oxford City	4,971	19.7
South Oxfordshire	5,909	23.4
Vale of White Horse	4,694	18.6
West Oxfordshire	4,447	17.6
Total: Oxfordshire	25,246	100.0

Source: Business Link MKOB, company database as at November 2006.

Note: Small businesses are defined as those with fewer than 50 employees.

Table 2.12 – Industry sector breakdown of small businesses in Oxfordshire

Industry Sector	No. of Businesses	% of Total
Agriculture, forestry & fishing	1,028	4.4
Mining & quarrying; electricity, gas & water supply	55	0.2
Manufacturing	2,064	8.9
of which: publishing & printing	449	1.9
Construction	1,712	7.4
Wholesale & retail trade	4,751	20.5
of which: motor trade	866	3.7
of which: wholesale trade	851	3.7
of which: retail trade	3,034	13.1
Hotels & restaurants	1,708	7.4
Transport, storage & communications	745	3.2
Financial services	446	1.9
Real estate & other business activities	5,625	24.3
of which: real estate activities	496	2.1
of which: renting of machinery, equipment, etc	205	0.9
of which: computer & related activities	995	4.3
of which: research & development	165	0.7
of which: other business activities	3,764	16.2
Public administration & defence	218	0.9
Education	1,123	4.8
Health & social work	1,421	6.1
Other services	2,274	9.8
Not known	2,076	---
Total	25,246	100.0

Source: Business Link MKOB, company database as at November 2006.

Note: Small businesses are defined as those with fewer than 50 employees.

Table 2.13 – Age of small businesses in Oxfordshire

Years Since Business Started Trading	No. of Businesses	% of Total
Less than 1 year	354	3.7
1-2 years	667	7.1
3-5 years	2,068	21.9
6-10 years	1,776	18.8
11-20 years	2,138	22.6
Over 20 years	2,443	25.9
Not known	15,800	---
Total	25,246	100.0

Source: Business Link MKOB, company database as at November 2006.

Note: Small businesses are defined as those with fewer than 50 employees.

According to the latest economic assessment for Oxfordshire by the MKOB Learning and Skills Council (MKOB LSC, 2006), the evidence suggests that small businesses are the real engine for growth within Oxfordshire. However the smallest businesses do tend to be the ones which are most at risk – on average, only half of all new businesses are still trading after four years. Part of the problem that they face is an inability – even if the willingness is there – to free up their staff to undertake training. This needs to be addressed in order to achieve the twin goals of improving business survival rates and increasing the skills base within the economy.

CHAPTER 3:

OXFORDSHIRE SMALL BUSINESSES: SURVEY RESPONSE

3.1 Introduction

Scope of the questionnaire survey

This section discusses the results of the questionnaire survey of Oxfordshire small businesses undertaken by the research team. In accordance with the study objectives, and in the context of the dimensions of sustainable development, the focus of the survey was on business profile, business to business linkages, involvement in the wider community and environment, and key issues confronting small businesses. As such, the survey questionnaire was structured into five sections covering:

- Section A – Characteristics of the Business – including legal form, age of business, industry sector, employment size, recent and future employment change, and growth intentions. This section also looks at the number of home-based businesses, and examines some of the characteristics of business owners, including gender. These issues are discussed in Section 3.2 below.
- Section B – Business Linkages and Support – including the importance of local customers and suppliers, membership of business organisations, sources of business support, and perceived gaps in existing business support services in Oxfordshire. See Section 3.3.
- Section C – Community Involvement – including the use by small businesses of local facilities (such as shops, banks and post offices), and other types of support provided by Oxfordshire’s small businesses to their local communities. See Section 3.4.
- Section D – Environmental Concerns – including the measures being taken by small businesses to improve their environmental impact through actions such as energy efficiency, water savings and waste recycling, and obstacles to further action in this area. See Section 3.5.
- Section E – Key Issues Affecting Small Businesses – including the main issues that currently act as obstacles to business success and growth. More specific questions were also included on skill shortages, transport-related issues, affordable housing and the impact of the planning system on businesses. See Section 3.6.

The survey response

A total of 2,020 questionnaires were distributed to a random sample of small businesses in Oxfordshire. The sample was drawn from Business Link MKOB’s database of around 25,000 Oxfordshire small businesses, defined as businesses with fewer than 50 employees. A total of 318 useable responses were received, giving a response rate of 16%.

The representativeness of the survey respondents has been checked by comparing their characteristics with those of the overall Oxfordshire small business population. These comparisons are shown in Table 3.1. Overall, the sample response is broadly representative of the population, but there are some detailed differences which should be borne in mind when interpreting the survey results.

- By location – there are more responses from businesses in South Oxfordshire and West Oxfordshire than in the total population, and fewer from Cherwell and Oxford City. The proportion of rural and urban businesses in the sample is similar to that in the total population of businesses in Oxfordshire.
- By age of business – compared with the population, there are fewer new or recently established businesses in the sample (up to 5 years old), and more longer established businesses (over 10 years old).
- By employment size – compared with the population, the sample has fewer micro-businesses, particularly in the 1-4 employee size band. The proportion of businesses with no employees is similar to that in the overall population.
- By industry sector – compared with the population, the sample has an over-representation of businesses in agriculture, manufacturing and real estate and other business activities; there is a slight under-representation of businesses in the wholesale and retail trade, and in education, health and social work.

None of these differences between sample and population are considered to be significant overall, and the survey results are therefore presented here without weighting.

Comparing and interpreting the results

Where possible, survey responses have been compared with those from the latest FSB Barriers to Growth survey 2006 (FSB, 2006). Comparisons have also been made with the 2005 Annual Small Business Survey undertaken by the DTI's Small Business Service (IES, 2006). Both of these surveys were undertaken in late 2005, some 12 months before the current survey. This means that some of the findings, particularly those relating to recent employment change and business growth prospects, are not strictly comparable. The FSB survey provides results at UK-wide level, as well as a number of regional breakdowns; the SBS survey also provides results at UK level. We have used these UK-wide results as the basis for comparison with the results from our Oxfordshire survey.

The small business population is not homogeneous, and different types of small business face different issues and constraints. In looking at the survey responses, it is therefore useful to compare the responses from different types of small business. We therefore include some disaggregation of results by business type (see Section 3.7). This includes analysis of the responses by:

- Employment size – businesses with no employees; micro-businesses (1-9 employees); and other small businesses (10-49 employees);
- Age of business – businesses up to 5 years old; 6-10 years; and over 10 years old;
- Location of business – by local authority district; rural and urban businesses.

Table 3.1 – Representativeness of the survey respondents

Business Characteristic	Sample Response	Population
	%	%
Location:-		
Cherwell	16.7	20.7
Oxford City	15.8	19.7
South Oxfordshire	25.7	23.4
Vale of White Horse	18.0	18.6
West Oxfordshire	23.8	17.6
Rural	53.2	55.0
Urban	46.8	45.0
Age of Business:-		
Less than 1 year	1.9	3.7
1-2 years	2.8	7.1
3-5 years	13.2	21.9
6-10 years	19.5	18.8
11-20 years	27.0	22.6
Over 20 years	35.5	25.9
Number of Employees:-		
None	18.9	20.8
1-4	32.4	49.3
5-9	20.1	14.5
10-49	24.8	15.5
50+	3.8	0.0
Industry Sector:-		
Agriculture, forestry & fishing	8.2	4.4
Mining, quarrying, electricity, gas & water supply	0.0	0.2
Manufacturing	12.9	8.9
Construction	6.9	7.4
Wholesale & retail trade	16.7	20.5
Hotels & restaurants	7.2	7.4
Transport, storage & communications	2.5	3.2
Financial services	1.6	1.9
Real estate & other business activities	29.2	24.3
Public administration & defence	0.0	0.9
Education, health & social work	7.5	10.9
Other services	7.2	9.8

There are insufficient responses to allow a meaningful breakdown of results by industry sector.

3.2 Characteristics of small businesses

This section looks at some of the key characteristics of Oxfordshire's small businesses, drawing on the survey responses. Topics covered include type of business ownership, numbers of home-based and family businesses, recent and future employment change, and business growth intentions. The section also examines some of the characteristics of business owners (e.g. gender). This part of the questionnaire included questions on the age of the business, industry sector and number of employees. Data on these issues has already been discussed in Section 2.2; these topics are therefore not covered here.

Business types and ownership

Key findings in relation to types of small business are highlighted below.

- The mix of legal forms of business amongst respondents is very similar to that found amongst small businesses at national level (based on the FSB Barriers to Growth 2006 survey). 29% of respondent businesses are sole traders, 20% are partnerships and 46% are limited companies (see Table 3.2).
- Just over one third of respondents (35%) are home-based businesses. This appears to be similar to the UK average for small businesses (33%), as revealed in the FSB Barriers to Growth 2006 survey (Table 3.3).
- Almost two thirds (65%) of respondent businesses are family-owned. This is again typical of the UK small business population – according to the latest SBS annual survey of small businesses, 65% of the UK's small businesses are family-owned (Table 3.3).
- The survey results show that 17% of respondent businesses are female-led, i.e. businesses in which more than 50% of owners/directors/partners are female. This proportion is similar to that found in small businesses nationally – the 2006 Barriers to Growth survey found that 14% of small businesses were female-led, and the 2005 SBS annual survey of small businesses also found that 17% were female-led (although the figure for small businesses with employees was somewhat lower, at only 12%) (Tables 3.3 & 3.4).

Recent employment changes and future prospects

Looking at recent changes in numbers of staff employed, just over one fifth (21%) of respondents had increased the numbers employed during the last 12 months. However, a sizeable minority (16%) had experienced a reduction in staffing numbers. Most respondents (63%) had seen no change in employment levels. These changes are broadly similar to those reported at national level in the latest SBS annual survey of small businesses, which was undertaken in late 2005 (see Table 3.5).

Table 3.2 – Legal form of small businesses in Oxfordshire

Legal Form of Business	Oxfordshire Sample	UK Average
	%	%
Limited Company	46.2	48.5
Partnership	19.5	17.4
Limited Liability Partnership	1.3	0.8
Sole Trader	28.9	32.8
Franchised Operation	0.0	0.5
Other	4.1	0.0
Total	100.0	100.0

Note: UK figures are derived from the FSB Barriers to Growth 2006 survey.

Table 3.3 – Selected characteristics of Oxfordshire’s small businesses

Business Characteristic	Oxfordshire Sample	UK Average
	%	%
% of small businesses which are home-based	35	33 **
% of small businesses which are family-owned	65	N/A
% of small businesses which are female-led	17	14 ** - 17 ****

** FSB Barriers to Growth 2006, UK-level results.

**** SBS annual small business survey 2005, UK-level results.

Table 3.4 – Gender of small business owners in Oxfordshire

Ownership of Business	Oxfordshire Sample	UK Average
	%	%
Male 100%	40.0	41.1
Male majority (51-99%)	16.7	11.9
Equal male/female	26.2	32.9
Female 100%	11.5	11.5
Female majority (51-99%)	5.6	2.6
Total	100.0	100.0

Note: UK figures are derived from the FSB Barriers to Growth 2006 survey.

Table 3.5 – Employment change in Oxfordshire’s small businesses in the last 12 months (to November 2006)

Number Employed 12 Months Ago	Oxfordshire Sample	UK Average
	%	%
More than currently	15.6	12
Fewer than currently	21.5	19
The same as currently	62.9	69
Total	100.0	100

Note: UK figures are derived from the 2005 SBS annual survey of small businesses (UK results are for businesses with employees only).

Business optimism about future employment growth appears to be relatively low, at least for the next 12 months. Less than a quarter (24%) of respondents expected to be employing more staff in 12 months time, and 69% expected no change. However, only 2% of businesses were expecting a reduction in staffing levels during the next 12 months. Comparisons with national data are contradictory – compared with the latest FSB Barriers to Growth survey, fewer businesses are expecting employment growth; but the opposite applies when compared with the rather pessimistic results from the 2005 SBS annual survey of small businesses (see Table 3.6).

Table 3.6 – Anticipated employment change in Oxfordshire’s small businesses in the next 12 months (from November 2006)

Number Expected to be Employed 12 Months From Now	Oxfordshire Sample	UK Average (FSB 2006)	UK Average (SBS 2005)
	%	%	%
More than currently	23.7	40.1	16
Fewer than currently	2.3	8.1	19
About the same	68.5	51.8	64
Don't know/uncertain	5.5	0.0	1
Total	100.0	100.0	100

Note: SBS figures are for businesses with employees.

Growth expectations

Despite these relatively pessimistic forecasts of employment growth, over three quarters (76%) of respondents are aiming to grow their business during the next two to three years. Businesses hope to achieve this growth mainly through increased turnover with their existing product and market mix, but a minority of respondents also plan to introduce new products or services (28%) or to move into new markets (17%) (Table 3.7). Other means of growth include expansion or relocation of premises, licensing, partnerships and business acquisition.

Table 3.7 – Growth aspirations of small businesses in Oxfordshire

Is Owner Aiming to Grow the Business in Next 2-3 Years?	No. of Respondents	% of Total
Yes	234	76
No	75	24
No answer	9	---
Total	318	100
Means of Growing Business	No. of Respondents	% of Total
Move into new markets	55	17
Introduce new products or services	88	28
Increase turnover with existing product/market mix	181	57
Something else	15	5

These results can be compared with national level data from the SBS annual survey of small businesses undertaken in late 2005. This found that only 44% of small businesses were aiming to grow over the next 2-3 years, although the figure for businesses with employees was higher, at 56%. The growth aspirations of Oxfordshire’s small businesses therefore appear to be relatively high, although it should be noted that the SBS survey was carried out about 12 months before our survey.

Other issues

Of those businesses with employees, almost three quarters (72%) claimed that at least 50% of their staff live within 5 miles of their business premises. For almost half (45%) of businesses, at least 90% of staff live within 5 miles, and in 36% of businesses, all staff live within 5 miles.

Only just over one fifth (22%) of respondents stated that their business serves the tourism or leisure market.

3.3 Business linkages and support

Importance of local customers and suppliers

Around half of the survey respondents derive more than 50% of their annual turnover from customers or clients in their local area (defined as Oxfordshire). However, a sizeable minority of businesses (40%) derive only a quarter or less of their turnover from within Oxfordshire, and 15% claim to have no sales within the county (Table 3.8). Overall, these results are broadly comparable with those found at national level, as revealed in the 2006 FSB Barriers to Growth survey. However, the FSB survey did find slightly higher proportions of businesses with mainly local customers (53% versus 49% in our survey), and fewer businesses claiming no customers in their local area (7% versus 15%).

Table 3.8 – Importance of local (Oxfordshire-based) customers in the annual sales of Oxfordshire’s small businesses

% of Annual Sales to Customers in Oxfordshire (or Local Area)	Oxfordshire Sample	UK Average
	%	%
None	15	7
1-25%	25	26
26-50%	11	13
51-75%	19	20
76-100%	30	33
Total	100	100

Note: UK figures are derived from the FSB Barriers to Growth 2006 survey.

Oxfordshire-based suppliers are used by 81% of respondent businesses. For just over one third (34%) of respondents, over 50% of their expenditure with suppliers is placed with Oxfordshire-based businesses; for 18% of businesses, this proportion rises to over 75%. However, for just over half of respondents, businesses in Oxfordshire account for 25% or less of total spending with suppliers (Table 3.9).

Business organisations and networks

Almost half (45%) of the survey respondents are not currently members of any business organisation or support network. Just over a quarter (26%) are members of trade associations, 18% are FSB members and 9% are members of the local Chamber of Commerce (see Table 3.10). Businesses derive a range of benefits through their involvement in these organisations. In addition to general business support and advice (mentioned by 53% of respondents), benefits cited include gaining access to new knowledge (41%), exchanging information (35%), development of contacts (32%) and help in business and sales promotion (20%).

Table 3.9 – Importance of local (Oxfordshire-based) suppliers to Oxfordshire’s small businesses

% of Spending with Suppliers in Oxfordshire	No. of Respondents	% of Total
None	57	19
1-25%	97	32
26-50%	47	15
51-75%	50	16
76-100%	56	18
No answer/not clear	11	---
Total	318	100

Table 3.10 – Membership of business organisations or support networks amongst Oxfordshire’s small businesses

Organisation/Network	No. of Respondents who are Members	% of Total
CBI	0	0
Federation of Small Businesses	56	18
Trade Association	82	26
Chamber of Commerce	30	9
Local business network	19	6
Other	37	12
Not involved/none ticked	142	45
Total	318	---

Other more specific benefits identified by respondents include:

- legal support and advice (e.g. re health & safety, employment legislation);
- insurance;
- buying power;
- support for exporting and overseas business development;
- lobbying/representations to government;
- availability of funding/grants;
- accreditation (e.g. use of logos); and
- discounts (e.g. to exhibit at trade shows).

Business advice and support services

Most small businesses (85%) have used some form of business advice or support during the last 12 months. The most commonly used sources of advice are banks (used by 43% of respondents) and solicitors, accountants and commercial business consultants (used by 49% of respondents). Customers or suppliers (28%), other small business owners (26%) and friends or family (26%) are also important sources of business advice. Formal business organisations and public sector business support are used by fewer respondents. Of these sources, Business Link services are the most frequently cited (used by 24% of respondents in the last 12 months), followed by trade associations (18%) and local government (14%) (Table 3.11).

Just over half (52%) of respondents are satisfied with the existing level of business support available for small firms in Oxfordshire. However, 26% feel that there are gaps in the existing support available (see Tables 3.12 & 3.13). The areas in which additional support or advice are felt to be needed are, in descending order of importance:

- Keeping up to date with legislation and regulations (mentioned by 54% of those identifying gaps in business support);
- Marketing of the business (mentioned by 43%);
- Environmental issues (40%);
- Help in finding new premises (27%);
- Securing finance for the business (25%); and
- Keeping up with new technology (25%).

Table 3.11 – Sources of business advice and support used in the last 12 months by Oxfordshire’s small businesses

Source of Advice/Support	Oxfordshire Sample	UK Average
	%	%
National business organisations (e.g. CBI, FSB)	7.2	N/A
Central government	9.4	1.1
SEEDA/RDA	2.5	1.1
Business Link	23.6	N/A
Oxfordshire Business Enterprises	1.6	N/A
Chamber of Commerce	5.7	N/A
County Council, district councils	13.8	1.0
Oxfordshire Sustainable Business Partnership	0.0	N/A
Trade association	17.6	6.3
Solicitor/accountant, commercial business consultants	48.7	> 53.7
Bank	42.8	8.7
Customers or suppliers	27.7	N/A
Other small business owners	26.1	17.3
Friends or family	26.1	16.9 (family)
Other	5.3	N/A
No advice or support used	14.8	12.5

Note: UK figures are derived from the FSB Barriers to Growth 2006 survey.

Table 3.12 – Adequacy of the existing business support available for small firms in Oxfordshire – views of survey respondents

Enough Business Support?	No. of Respondents	% of Total
Yes – enough for my needs	158	52
Mostly – but there are some gaps in the support available	50	16
No – there are some large gaps in the support available	31	10
Don’t know	65	21
No answer	14	---
Total	318	100

Table 3.13 – Areas in which additional business support or advice is needed – views of survey respondents

Type of Support Needed	No. of Respondents	% of Total
Securing finance	20	6
Keeping up to date with legislation & regulations	44	14
Keeping up with new technology	20	6
Environmental issues	32	10
Marketing your business	35	11
Finding new premises	22	7
Other	11	3

3.4 Community involvement of small businesses

Use and importance of local facilities and services

Small business owners and their employees help to support a range of community facilities and other businesses in their localities. This is shown by the frequency of use of various local facilities and services. For example, daily use is made of local shops by 55% of respondents, and almost a quarter (23%) make daily use of local banking and post office facilities (see Table 3.14). Access to these types of local facilities is regarded as important by most small businesses. Almost two thirds of respondents stated that it is “very important” for their business to have access to local post office (64%) and banking facilities (62%), and over half (54%) also view access to local shops as “very important”. Access to local professional services, such as legal advice, is seen as less important by most respondents, but over a quarter (26%) still view this as very important to their business (Table 3.15).

Table 3.14 – Frequency of use of key local facilities by Oxfordshire’s small businesses

Type of Facility/Service	% of Small Businesses Using Facility:-		
	Daily	Weekly	At Least Once a Week
Local shops	55	29	84
Local bank branch	23	55	78
Local post office	23	48	71
Local hotels, pubs, restaurants	6	27	32
Local garage services	8	38	46
Local professional services (e.g. solicitor, accountant)	3	8	10

Table 3.15 – Importance of access to key local facilities for Oxfordshire’s small businesses

Type of Facility/Service	Very Important	Quite Important	Not Important; No Answer
	%	%	%
Shops	54	22	24
Banking facilities	62	24	14
Post office	64	25	11
Professional services	26	36	37
Other local services	9	8	83

Small business community involvement

80% of survey respondents provide some type of direct or indirect support to their local communities. For example, 55% of businesses make regular use of local suppliers and almost half (46%) provide donations to local community groups or charities. About one third of respondents (32%) provide work experience placements for local pupils and students, and almost a quarter (23%) of business owners are involved in local community organisations (Table 3.16).

Table 3.16 – Types of local community involvement/contributions amongst Oxfordshire’s small businesses

Type of Support	No. of Respondents	% of Total
Provide work experience placements	102	32
Regular use of local suppliers	174	55
Donations to local community groups/charities	147	46
Involvement in local community organisations	74	23
Other activities	20	6
No involvement/none ticked	64	20

More specific comments from respondents highlighting examples of community involvement or support are included below:

Examples of Community Involvement – Oxfordshire Small Businesses

Work Experience/Opportunities

“Provide work opportunities for young school age people in village (e.g. Saturday work)”

Involvement with Local Schools

“Talks to local schools re careers and enterprise. Interview practice for school students”

“Voluntary work with schools”

“Involvement with local primary school Forest School project”

Charitable Donations/Involvement

“Assistance to Oxfordshire charities for fund raising”

“We donate to charity – but not necessarily local”

“Charity auctions, etc”

Provide Community Facilities/Benefits

“Community woodland walks”

“Use of shop to act as a ticket office for variety of local events. Sell locally produced books – at little/no profit. Act as a local “info” point”

“Work with other local business to provide entertainment and events in the town”

“We support the local community for legal, benefit, housing, employment problems, etc”

“Provide childcare for local community” (pre-school club)

“Provision of regular twice-weekly bus service for four villages to enable elderly [to] go shopping and visit health centre. There is no public transport in these villages” (community & private hire bus service)

“Let our rooms to other [community organisations]”

Sponsorship

“Occasional sponsorship of sporting events”

“Sponsorship of local football sides”

Other Involvement

“Involvement in local government”

“[Involvement in] ‘Wake up to Woodstock’ campaign”

“Retained fire-fighter”

“[As a social enterprise], all our profits are reinvested in to the community”

3.5 Environmental concerns

Promotion of environmentally friendly business

Only one third of the survey respondents considered that promoting their business as “environmentally friendly” would have a positive effect on its future growth. Almost half (49%) of businesses thought that this would have no effect on growth prospects; 16% were unclear about the effect.

Actions to reduce environmental costs

80% of businesses have already taken or plan to take measures to reduce the costs of energy, water and waste disposal (see Table 3.17). The most frequently cited actions are to start or improve recycling (already taken or planned by 58% of respondents) and reducing water or electricity consumption (41% of respondents). Other measures include changing suppliers to reduce costs (taken or planned by 24% of businesses), reducing waste (19%) and investing in energy efficiency improvements to buildings or plant (19%). Just under one in ten respondents (9%) have implemented an Environmental Management System for their business (or plan to do so).

Other more specific measures taken or planned by businesses include:

- “Use environmental printers; offset carbon emissions by tree planting”
- “Change supplier of printed materials”
- “Remove need for electrical items requiring standby mode”
- “Try to reduce number of visits to clients (use of car)”
- “Have switched training and support functions to internet, rather than conventional site visits”
- “Recycled waste paper bin”
- “Looking into wind turbines”
- “Compost toilets, solar panelling, etc”
- “Converting to organic production”.

Table 3.17 – Measures taken or planned by Oxfordshire’s small businesses to reduce the costs of energy, water or waste disposal

Action Taken or Planned	No. of Respondents	% of Total
Implement Environmental Management System	30	9
Invest in energy efficiency improvements to buildings or plant	60	19
Reduce water/electricity use	131	41
Start/improve recycling	186	58
Reduce waste	61	19
Changed supplier to reduce costs	75	24
Other actions	12	4
Not taken any action/none ticked	63	20

Obstacles to further action to reduce environmental impact

Businesses identified a number of factors that currently prevent them from taking further action to reduce the costs associated with energy, water and waste disposal (see Table 3.18). There is a perception amongst some businesses that actions are not always cost effective (mentioned by 19% of respondents), and there are also concerns about a lack of time to investigate the options available (19%) or to implement measures once they have been identified (7%). A minority of respondents also have a lack of information about what measures to take (8%).

Table 3.18 – Obstacles preventing further action to reduce the cost of energy, water or waste disposal – views of respondents

Obstacle	No. of Respondents	% of Total
No time to investigate	60	19
No time to implement	23	7
Actions are not cost effective	59	19
Would reduce quality/process efficiency	5	2
Don't know what to do	26	8
Other obstacles	37	12
We are already efficient	60	19
No obstacles listed	67	21
No answer/no boxes ticked	33	10
Total	318	---

Respondents provided detailed comments about a range of more specific obstacles that make it difficult for them to reduce their environmental impact and the associated costs. These comments are shown in full in the boxes below for information. The main themes emerging appear to be the lack of recycling/waste disposal facilities for businesses, problems relating to premises (e.g. age, listing, tenure) and planning-related constraints.

Obstacles to Further Action to Reduce Environmental Costs – Comments from Oxfordshire Small Businesses

Obstacles to Recycling/Waste Disposal:-

- “Should be a national collection of office waste for recycling, it is very difficult to recycle in the rural community. Recycling should be compulsory”
- “Large percentage of waste rejected at Redbridge as recycling – all went in landfill. Now don't bother to separate”
- “Need better local services for disposal of waste for small businesses”
- “Means of recycling i.e. council bins, etc”
- “Obstacles regarding proper disposal of waste paper product due to new regulations and the escalating costs”
- “Waste paper is a big issue here! We are a company who has 99% paper waste which is shredded and in black bin liners. The other 1% is tea-bags, cans, etc. We pay a firm to take away our waste which is not recycled. There are approximately 5,000 small businesses in this town (Henley) all in the same position. I have asked to have recycling bins but understand as a business we cannot have ours recycled unless we have tons. Surely this cannot be the right way forward?”
- “Lack of recycling markets”
- “Lack of refuse collection for offices by local council”
- “1) Poor facilities offered by Council and other suppliers for recycling. 2) Being environmentally friendly (e.g. “green” electricity) costs more not less – so need to be committed to being environmentally friendly rather than cost effective. 3) It's hard work trying to investigate options”
- “Most waste clinical”
- “The district council should not charge small businesses [for] refuse/re-cycling collection on top of business rates”

Obstacles to Recycling/Waste Disposal (continued):-

- “Called Council to find way to recycle shredded paper and searched internet – can’t find a way?”
- “Started recycling but the council tip it all in together”
- “Cannot find a company to take away our cardboard for recycling”
- “Local authority do not operate recycling scheme as part of refuse collection”
- “Cost and convenience are two main factors. Local authority (WODC) should provide subsidised services for recycled items such as paper, card, glass and plastic”
- “The sorting of materials from 20-30 office waste bins put us off attempting to recycle our paper, though all confidential stuff is taken off site by Health Authority contractors and possibly recycled (?)”
- “Local council does not provide business recycling collection”
- “Local authority very poor on recycling and environmentally sensitive waste disposal”
- “Waste disposal is not taken seriously. Just try taking industrial waste to council dump”
- “The cost of disposing of small amounts of commercial waste is extremely prohibitive. From Henley, we have to take small amounts of waste (less than a skip load) to Bracknell which is not even in our own county area. We feel we should be able to dispose of small quantities in Reading or Ewelme as this would save a great deal of time and fuel”.

Premises-Related Obstacles:-

- “Building regulations”
- “Building not ours to manage”
- “Terms of lease/landlord is a barrier”
- “Rented [property] so can’t implement everything I’d like”
- “Space in grounds for recycling facilities. Old inefficient listed building”
- “Am a tenant so not in full control”
- “Move to new offices which are more energy efficient”
- “Costs dictated by landlord (power & water supply)”
- “Based in a business centre and rely on them”
- “New premises will increase action to implement most of above issues”
- “Tenants”
- “Premises built in the 1970’s – landlord would not spend money on improving internal efficiencies”.

Planning-Related Obstacles:-

- “Environment Agency not helpful in areas like water conservation, e.g. we installed four tanks underground to collect water off factory roofs only to have the EA say we needed a ‘licence’ – crazy!”
- “Local authority planners (turbines, etc)”
- “Local authority restrictions on installing flues to extract filtered burned waste. Major savings possible but red tape thrives again”
- “I want to relocate my business and install solar and wind energy systems, but can’t do it where I am”
- “Present legislation, especially planners”.

Other Obstacles:-

- “Cost/planning”
- “Cost of implementing electricity saving measures”
- “Customer requirements re packaging”
- “Official bureaucracy”
- “The cost of energy, water and waste disposal is very low already”
- “The inefficiency of the utility suppliers”
- “Building supplies etc are not our responsibility. Other changes would result in very minor effects to environment”
- “Very little advice available”
- “Maintenance/improvement of public transport infrastructure”

3.6 Key issues affecting small businesses

The final part of the questionnaire asked respondents about the main difficulties currently faced by their business. This was explored through an initial question which asked businesses about the importance of each of a list of 17 issues. This list of issues was very similar to that used in the SBS annual survey of small businesses, which allows comparisons to be drawn between the concerns of Oxfordshire businesses and nationwide results. This part of the questionnaire also explored a number of more specific issues, including the nature of current skill shortages, transport-related concerns, and the influence of land use planning decisions. Respondents were also given the opportunity to raise any other issues which currently inhibit the successful operation of their business.

Ranking of key barriers to business

The overall ranking of key issues by respondents, and comparisons with national level results for small businesses, are provided in Table 3.19. The survey shows that the issues most often mentioned as major obstacles to small business are, in descending order of importance:

- Regulations/red tape (which are currently regarded as a major problem by 33% of respondents);
- Taxation issues (a major obstacle for 26% of respondents);
- The economy (24%);
- Cash flow problems (20%);
- Recruitment of staff (20%);
- Planning restrictions (16%);
- Competition in the market (14%);
- Availability or cost of suitable premises (13%);
- Transport issues (12%);
- General skill shortages (12%); and
- Obtaining finance (10%).

The issues most frequently identified as major obstacles tend to be factors operating at a national level, such as the overall state of the economy, taxation and the impact of government legislation/regulations. However, there are a number of more localised issues, such as staff recruitment/skill shortages, transport and the impact of land use planning, which are also ranked relatively highly.

The overall ranking of issues is broadly similar to that found at UK level in the 2005 SBS annual small business survey. This found that the most important obstacles to small business success were also national factors, including the economy, competition in the market, regulations/red tape and taxation.

Table 3.19 – Proportion of Oxfordshire and UK small businesses identifying selected issues as obstacles to their business

Issue	Oxfordshire Sample		UK Average
	Issue is a Major or Minor Problem	Issue is a Major Problem	Issue is an Obstacle
	%	%	%
Regulations/red tape	60	33	32
Taxation issues	55	26	25
The economy	51	24	46
Competition in the market	49	14	44
Cash flow	47	20	20
Recruiting staff	40	20	16
Transport issues	36	12	15
Shortage of skills generally	34	12	15
Keeping up with new technology	33	4	18
Availability/cost of premises	30	13	16
Planning restrictions	28	16	---
Obtaining finance	25	10	13
Crime	25	5	11
Shortage of managerial skills	22	6	9
Keeping staff	21	6	8
Lack of financial understanding	18	5	12
Lack of broadband access	9	3	4
Other issues	4	2	18

Note: UK figures are derived from the SBS 2005 annual survey of small businesses. "Planning restrictions" was not included as a category in the SBS survey, and no figures are therefore available for this issue. In the SBS survey, respondents were not asked to distinguish between major and minor obstacles, and the percentages are therefore not strictly comparable.

Local transport, housing and social infrastructure

Respondents were asked about the adequacy of the local infrastructure and the impact of any shortcomings on their business. This included questions relating to transport, affordable housing and childcare facilities. Key findings are briefly highlighted below, and the results summarised in Table 3.20.

- Almost a quarter of businesses (24%) stated that poor public transport services were causing difficulties for their staff, or hindering their ability to recruit staff. 7% of respondents rated this issue as a major problem.
- A similar proportion of businesses (25%) thought that the local transport infrastructure was a problem when transporting goods; this was a major problem according to 10% of respondents.
- 30% of respondents identified problems in recruiting staff due to the lack of local affordable housing (13% thought this was a major problem).
- The lack and/or cost of childcare facilities was causing – mostly minor – problems for staff, or when attempting to recruit staff, for a small proportion of respondents (12-16%).

Table 3.20 – Importance of local infrastructure to Oxfordshire’s small businesses

Issue/Question	Major Problem	Minor Problem	Not a Problem; Not Applicable
	%	%	%
Is a lack of public transport services in the area a difficulty for your staff, or hindering your ability to recruit staff?	7	17	76
Is the local transport infrastructure proving a problem when transporting goods & services?	10	15	75
Is a lack of affordable housing leading to problems in recruiting staff?	13	17	70
Is a lack of adequate childcare facilities a difficulty for your staff, or in recruiting staff?	4	8	88
Is the cost of childcare facilities a difficulty for your staff, or in recruiting staff?	6	10	84

Skill shortage problems

Table 3.21 shows the proportion of Oxfordshire respondents currently experiencing skill shortages, and provides comparisons with UK-wide results for small businesses from the 2006 Barriers to Growth survey.

- Overall, 29% of respondents identified skill shortages amongst current staff; this is slightly below the UK figure from Barriers to Growth (32%).
- Almost one third (32%) of respondents stated that they experienced skill shortages when recruiting new staff. This compares with the UK average of only 24% in Barriers to Growth 2006.
- The most frequently mentioned skill shortage areas when recruiting staff are communication skills (cited by 15% of respondents), technical skills (14%), literacy (14%) and numeracy (12%). IT skills appear to be less of a problem, although shortages of advanced IT skills are noted amongst existing staff.

Table 3.21 – Proportion of Oxfordshire’s small businesses experiencing employee skill shortages

Skill Shortage	Among Current Staff		When Recruiting Staff	
	Oxfordshire	UK Average	Oxfordshire	UK Average
	%	%	%	%
Literacy	8	8	14	11
Numeracy	5	7	12	10
Basic IT skills	8	7	7	6
Advanced IT skills	12	10	8	5
Managerial skills	8	10	7	4
Technical skills	7	9	14	11
Communication skills	10	9	15	10
Customer service	7	8	10	9
Sales & marketing	8	10	9	5
Foreign languages	8	6	6	2
Shortages noted	29	32	32	24
No shortages noted	71	68	68	76

Note: UK figures are derived from the FSB Barriers to Growth 2006 survey.

Impact of land use planning

The land use planning system is identified as a barrier to business by a minority of respondents.

- Planning restrictions were identified as an obstacle to business operations by 28% of survey respondents; 16% of businesses considered this issue to be a major problem for their business (see Table 3.19).
- One third of respondents have attempted to expand or relocate their business premises in the last five years. Of these, just over a quarter (26%) had experienced delays or other problems in obtaining planning permission for these changes.
- A small minority of small businesses (15%) believe that the operation of their business has been constrained by land use planning considerations.

The boxes below show some of the detailed comments made by respondents dissatisfied with the impact of planning decisions on their business. Key themes emerging include the delays and additional costs incurred in obtaining permission, and restrictions on the conversion or re-use of redundant agricultural buildings in the county's rural areas.

Effect of Land Use Planning on Small Business – Respondents' Comments

Delays/Additional Costs in Obtaining Permission:-

- "Too much red tape and cost"
- "Red tape"
- "To build a conservatory will take full planning permission. Time and cost is the consideration"
- "[Planning permission was] held up for over a year by Environment Agency "new" flood risk area maps. After employing drainage engineers [we] were able to prove map incorrect and no flood risk – totally unacceptable situation where the EA can make an unproven supposition but all costs are borne by the landowner... Major delay which also prevented us from selling land excess to our requirements which tied a large amount capital up over a long period of time"
- "Slow[ed] the pace of expanding [the business], because it took longer than we thought to obtain the permission, therefore the business can't open as we plan[ned]"

Restrictions on Conversion/Re-Use of Agricultural Buildings:-

- "Difficulty [in obtaining] change of use on agricultural buildings"
- "Council opposed to conversion of farm buildings to business units"
- "Try to convince the planning officers of the benefit of conversion of redundant agricultural buildings in rural areas for business use – especially for manufacturing"
- "Never received planning permission. "I need a field with a couple of barns to expand my business. But all fields are either green belt or agricultural"
- "Narrow view of redundant building use"

Restrictions on Advertising/Signs:-

- "Positioning of directional signs is adverse to business"
- "Not allowed to have larger signage for road side"
- "[Refused] planning permission for office sign"

Parking/Access/Transport Issues:-

- “Car parking”
- “Unreasonable parking requirements”
- “Lack of vehicular access and short term parking. Excess of disabled parking”

Listed Building/Building Regulations:-

- “Planning permission granted but impossible to get over building regulations”
- Decided against [planned expansion], due to difficulty with building being listed

Other Comments:-

- “Planning permission given verbally (told not needed), work done and then advised permission was required. Cost many thousands”
- “In the past – very heavily and at a great cost. We moved our main business away from the village because of planning blight so the village lost a service and employment. Very dissatisfied with planning”
- “Unable to find suitable premises (for planning) ... Planning is not forthcoming for any land/premises we are interested in”
- “Not accepting usage of a building in a particular area”
- “Unable to expand or improve facilities/infrastructure”
- “Adding extra storage has proved costly and time consuming. Added 15-20% to cost”
- “We are in a small building, need more room, lots of space to extend if [we] can get planning [permission]”
- “Large extension on current building turned down because not nice looking!”
- “Planners do not, as a group, consider the commercial community and generally frustrate attempts to develop business expansion”
- “In this area they seem to only want B1, anything else is very difficult. No available land, private or local authority, is given any other use”
- “Gave up trying [to obtain permission]. The planning authority have a total lack of understanding towards rural businesses in general”
- “Planning uses, when using strict definitions, are too narrow, prescriptive and thus, restrictive”
- Planning permission for proposed expansion/relocation was not received; not able to expand presence in [desired location]
- “We had to abandon the move and find new premises. We were unable to move to a location that was to be purpose built for our needs and have had to make do with an existing light industrial unit”

Other relevant issues

At the end of the questionnaire, respondents were given the opportunity to raise any other issues which currently inhibit the successful operation of their business. The comments made are included in the boxes below, arranged into key themes. Some of these reiterate and reinforce issues raised earlier in this section, such as concerns about transport-related issues, regulations and red tape. Other frequently mentioned issues include land and premises-related problems and business rates.

Other Comments on Obstacles to Small Business

Land & Premises-Related:-

- "Finding alternative suitable accommodation in the locality"
- "Willingness of the landlord to deal with problems with the building in a reasonable time"
- "It is becoming impossible to buy business premises for a [company's] own use. Long term security is possible if you own and not rent your premises. Putting commercial property into [pension?] investment accounts won't help small firms"
- "The lack of availability of business premises to purchase. This has wider impact e.g. if you own your business premises it is easier to raise finance"
- "Lack of opportunity to expand to larger premises, i.e. most garage sites that become available become building sites due to land value and lack of suitable industrial type units in area"
- "Lack of commercial land in Chipping Norton for B2, A1, sui generis mixed use. As I was born in Chipping Norton I want to stay here. Unable to trade now due to lack of suitable sites. All sites I've gone for have been sold by Oxfordshire CC for offices as if there weren't enough empty now"
- "Affordable land in this area is unavailable – as we are a small business without the financial backup of multinationals – who 'grab everything'"
- "Originally I wanted ground floor premises and the council informed me that beauty salons have to be above ground floor. Although other salons in the area are on ground floor!"
- "Lack of available mid-size premises for expansion"
- "Cost of premises in city centre"
- "Expense of renting property, e.g. offices/warehouse"

Parking/Access/Traffic:-

- "Lack of parking, traffic – regular markets"
- "Ridiculous parking restrictions – there are 5 people in our business who use their cars for business – in and out all day, visiting properties. We are allowed two 'business' permits and the car parks are always full. The 'business' permits must stipulate a registration number which is impossible as we never know which vehicles will be in use"
- "Suspect that current plans for Bicester town centre development will create major traffic problems – and subsequent pressure on parking and possible charges"
- "Poor road network"
- "Failure to enforce parking regulations. There is "no parking at any time" where I am. People regularly park in front of my shop window at night (2 feet away) – not what I pay my rates for!"
- "New Waitrose store with car parking for 2 hours. Customers do not have time to shop elsewhere and are not encourage to enter town as layout of store leads them back to car park after shopping"
- "Inadequate bus services"

Parking/Access/Traffic:-

- “Yes if Henley/Twyford branch railway line were to close would significantly increase time and cost of travelling to clients – may then use car more frequently”
- “Travelling around Oxford and surrounding areas with roadworks”.
- “Local parking policy – has made Burford a no-stopping zone”
- “Since the introduction of the Oxford Transport Strategy we have experienced a notable decline in footfall – I believe that many shoppers choose to go elsewhere as Oxford is anti-car”
- “Wallingford parking”
- “Parking/access to city”
- “Lack of parking spaces due to major public transport problems”

Red Tape/Regulations/Legislation:-

- “The USA FDA regulations which restrict our sales there”
- “Tax legislation is complicated and time consuming”
- “Having time to keep pace with changing legislation, incurred costs of doing this when others don’t bother, lack of penalties for those that don’t comply”
- “Environmental legislation, health & safety, employment laws, government census forms, customs & excise – these requirements alone cover one full time employee which effectively is a £35,000 tax on my business”
- “Government/European interference in everyday activities. Government red tape and continuous inspection”
- “There are too many rules on advertising for staff, when they should retire, when they get pregnant, their sexual orientation, etc. These all overlook that we have to spend our time making sales of our services to survive or all these rules simply won’t apply – give us back the time to sell please”
- “Constant red tape in all directions”
- “Bureaucracy, red tape, constant government interference and pressure from corporation tax and business rates”
- “Administrative burden of dealing with essential government-related processes such as payroll, taxation, NHI, VAT, employment procedures”
- “Health & Safety and EC Directives and the major problem of trying to keep aware of the changing legislation and the boundless pieces of paper we have to create and recreate only to have it moved on without even being looked at”
- “Just the amount of rules and regulations that we have to try and comply with”
- “Employee rights – whilst very important could be prohibitive if say they become ill, pregnant, etc – we could not continue to pay them and get more staff and still stay profitable”
- “The plethora of new HR and Health & Safety legislation”
- “Bureaucracy – we have to fill in about 12 Census forms each year – crazy!”
- “Any contact with “government” is a nightmare”
- “Surveys and government statistics”
- “Reluctance to expand due to extra time and red tape/costs involved”
- “The amount of training required to satisfy health & safety regulations and the cost of it”

Business Rates:-

- “Business rates in Oxford are as high as in London but there is no relief for small businesses to take this into account”
- “The high level of business rates and ever increasing and unnecessary red tape will affect growth of all small businesses – if not strangle them to death”
- “Business rates in area are too high”
- “Business rates in market towns/high streets are prohibitive. Supermarkets and particularly garden centres pay much less per square metre. There is no restriction on their merchandise and parking is free – how can we compete?”
- “Business rates [have a greater impact] on small retail businesses and are disproportionate in their impact against other businesses”
- “Just a reduction on rates”

Planning-Related:-

- “Total lack of imagination by planning officers. Oxfordshire is the most rural county in the South East region. And yet very few planning applications for change of use are: welcome, straightforward, easy or quick”
- “Each time I find a piece of land I can afford I’m told I’m not allowed to put my business there”
- “Next to useless planning authority which is anti-business start-up in manufacturing!”
- “Lack of support from local council [re planning permission]”

Competition/Unfair Competition:-

- “Direct competition from the government in setting up childcare centres, undercutting our fee structure but paying substantially higher salaries as they are subsidised by the taxpayer”
- “Sunday shop/Tesco opening.”
- “Low cost of construction goods from Eastern Europe”
- “Increased competition due to influx of migrant workers to the area who undercut prices”
- “‘Cowboys’ who undercut, provide shoddy service, don’t comply with regulations [and] only get a letter asking them to comply”
- “Lack of customers because of large increase [in] driving instructors recently in local area”
- “There are too many businesses and not enough footfall (this has dropped markedly in the past [12/18 months]”
- “My business is not directly affected by out of town shopping or internet sales. However, other businesses in the town are – and this has a knock on effect”
- “Oxford has far too many licenced premises and more keep opening. Trade is down. Less people spending less money”
- “Pound is too strong for profitable/competitive exporting” [exports account for 80% of sales of business]

Other Comments:-

- "Late payment of invoices"
- "Waiting for payment from customers"
- "Customers taking too long to pay accounts"

- "Used to find [it] easy to obtain good staff locally, but competence levels have dropped amazingly, presumably because of poor education"
- "Availability of reliable lorry drivers and warehouse staff is very difficult at our main Bicester depot"

- "Lack of police/judicial support in crimes against [the] business"
- "Cannot leave vehicles outside at night – fear of being stolen"

- "Restrictions imposed by major customer"
- "Lack of marketing and [exposure]"
- "Very poor mobile phone signals [in area]"
- "Data protection regulations mean I no longer [receive] out-sourced work from businesses"
- "Lack of profitability in farming a major problem – not a local problem"
- "For us being outside the Euro zone cost us 8% in profitability"
- "Health sector struggling and consequently not able to use my services"
- "Rising utility costs"
- "Sale of Goods Act very onerous on the retailer; lack of support from manufacturers and perceived rights of customers"
- "Lack of government support for technology development"
- "Not easy to post mail after 6pm".
- "Access to local government procurement opportunities"
- "Lack of investment tax breaks"
- "Changing nature of the construction industry"
- "Unrealistic costs of advice/premises etc when we work on small budgets. Also desire to grow, be more ecological, etc – but it all comes off bottom line and hard to do"
- "Lack of availability of suitable premises. Lack of support from local councils. High rent and rates"
- "Government foreign policy – putting off tourists. Economic policy – pricing out tourists and locals. [Brewery's] pricing policy – forces the tied pubs to a price level to compete with other pubs that cannot produce a profit"
- "No support or advertising for small businesses only in large shopping centre. Parking. Recycling of rubbish"
- "Inefficient government departments (DEFRA)"
- "Cost of advertising in local publications, etc – whether advertising is actually cost effective or whether we can only succeed through word of mouth and building a good reputation amongst customers"
- "Local NHS economy" (medical practice prevented from undertaking planned expansion/relocation due to lack of NHS funding)
- "A tourism 'bed tax' would seriously affect this business".

3.7 Disaggregated analysis of responses

The small business population is not homogeneous, and different types of small business face different issues and constraints. In looking at the survey responses, it is therefore useful to compare the responses from different types of small business. This section looks at differences in response by business location (rural/urban and local authority district), and by size and age of business. The main focus is on differences in future employment prospects, business growth aspirations and the key barriers faced by small businesses.

Rural and urban businesses

- There is very little difference between rural and urban businesses in relation to future employment prospects and growth aspirations.
- The use of Oxfordshire-based suppliers by rural and urban businesses is very similar. However, there are differences in the importance of Oxfordshire-based customers. A higher proportion of rural businesses do not serve local markets (20% report that none of their sales are to Oxfordshire-based customers, compared with only 9% of urban businesses).
- A higher proportion of urban businesses identified gaps in existing business support services (30%, compared with 23% of rural businesses).
- Rural businesses are more concerned about regulations/red tape, planning restrictions and access to broadband, but they are less concerned than urban businesses about most other barriers to business. Issues of disproportionate concern for urban businesses include recruiting and keeping staff, skills shortages, transport and market competition.
- The proportion of businesses reporting skill shortages is slightly higher amongst urban businesses, both amongst current staff and when recruiting.
- Lack of affordable housing appears to be a slightly greater concern for urban businesses (16% see this as a major problem, compared with 11% of rural businesses).
- Problems caused by the local transport infrastructure in transporting goods are mainly a concern for urban businesses (18% view this as a major problem, compared with only 4% of rural businesses). However, lack of public transport is predictably mainly a rural issue (10% of rural businesses see this as a major problem, compared with 5% of urban respondents).
- 18% of rural businesses feel that their business has been constrained by planning considerations, compared with only 11% of urban businesses.

Local authority districts

- Employment prospects appear to be strongest amongst South Oxfordshire respondents – 31% of the district's small businesses expect to increase the number of staff employed in the next 12 months. This compares with figures of 23% for Oxford City and Vale of White Horse, 19% for West Oxfordshire and only 16% for Cherwell.
- Business growth aspirations are strongest in Cherwell and South Oxfordshire (84% of respondents in these districts were aiming to grow their business in the next 2-3 years), and lower in Oxford City (72%), West Oxfordshire (69%) and Vale of White Horse (68%).
- Gaps in existing support services for small businesses were reported more frequently by respondents in Oxford City (36%), Vale of White Horse (31%) and South Oxfordshire (28%). Figures were lower for West Oxfordshire (21%) and Cherwell (18%).
- The main barriers to business are common across all five Oxfordshire districts, but there are some important differences in the ranking of particular issues, especially amongst businesses in Oxford City. Compared with the other districts, significantly fewer businesses in Oxford City are concerned about regulations/red

tape and planning restrictions, but more are concerned about transport issues. The availability and cost of business premises is of most concern in Vale of White Horse and Oxford City, and of least concern in Cherwell. Staff recruitment is of highest concern in Vale of White Horse, and of least concern in Oxford City.

- The proportion of businesses reporting skill shortages when recruiting new staff is similar in each of the Oxfordshire districts.
- Lack of affordable housing and the local transport infrastructure are particular issues in Oxford City, but are less of a concern for businesses elsewhere in Oxfordshire.
- Lack of public transport is of most concern to businesses in Cherwell and West Oxfordshire, although this is largely seen as a minor rather than major problem.
- Planning constraints on business appear to be of most concern in Vale of White Horse (18%), Cherwell (17%) and West Oxfordshire (16%). These issues were mentioned less often by respondents in South Oxfordshire (13%) and Oxford City (10%).

Size of business

- Future employment prospects tend to increase with the size of business. Larger businesses (with 10 or more employees) are more likely to predict employment growth; 35% of these businesses expect to increase their employment levels in the next 12 months. This compares with only 11% of those with no employees, 21% of businesses with 1-4 employees and 23% of those with 5-9 staff.
- Growth aspirations are also related to business size. Only 60% of businesses with no employees and 66% of those with 1-4 employees are aiming to grow their business in the next 2-3 years. This compares with 92% of those employing 5-9 staff and 89% of larger businesses (with 10 or more employees).
- The main barriers to business are common across all sizebands, but there are variations in the precise rankings of particular issues. Staff recruitment, retention and skill shortages are more important concerns for the larger businesses (with 10 or more employees), whereas regulations/red tape and planning restrictions seem to be more important for micro-businesses with employees (particularly for those in the growing 5-9 employee sizeband).

Age of business

- Younger businesses are more sanguine about future employment growth than longer-established firms. Amongst businesses started in the last five years, 38% expect to increase their employment level in the next 12 months. This compares with 30% of businesses aged 6-10 years and only 18% of businesses established for over 10 years.
- A similar pattern is found in relation to future business growth aspirations. 88% of businesses started in the last 5 years aim to grow in the next 2-3 years, compared with only 69% of businesses that have been trading for 20 years or more.
- Younger businesses are more likely to identify gaps in existing business support services than longer established businesses. 38% of businesses started in the last 5 years thought that there were gaps in the existing support available for small businesses in the county.
- Longer established businesses are more concerned than younger businesses about the impact of regulations/red tape and planning restrictions. Staff recruitment, retention and skill shortage issues appear to be more important for younger businesses, as are obtaining finance and cash flow.

CHAPTER 4: CASE STUDIES FROM ACROSS THE COUNTY

4.1 Introduction

This section of the report summarises the findings from direct interviews with survey respondents who had indicated that they were willing to discuss in more depth the issues facing small businesses (The twelve case studies are included in Appendix 3). The objective of this task was to map the interdependency of the businesses with each other and the communities that they serve. In addition, further information was gathered about the steps that small businesses are taking to operate in an 'environmentally friendly' manner.

Twelve businesses were chosen from the east and west of the County. The sample of businesses offered a spread of sector types, sizes of business, and various degrees of rurality of location. Witney, in West Oxfordshire and Thame, in South Oxfordshire are small market towns which are of critical importance to rural areas as they act as a service centre for the surrounding hinterland. As noted in Chapter 2 the Oxfordshire Structure Plan (1996-2011) steers most employment-generating development to the country towns.

4.2 Characteristics of the businesses

The manufacturing sector was slightly over-represented in the case studies, accounting for 25% of the sample. Manufacturing industries have a long term connection with Witney and there are a variety of employment sites, large and small, close to the town. Other sectors included within the sample are computer-based software services (2), retail (1), health care services (1), the motor trade (1), the building industry (1), hospitality (1), and agriculture-related (1).

Eight of the businesses are defined as 'micro' employing less than ten members of staff. The remaining four businesses had more than twenty employees. This cross section reveals a group of largely well established firms: 50% of the firms have been operating for more than 25 years. However from this sub-set, two firms have been forced into administration but have overcome this challenge and have re-established themselves since 2000 operating at a reduced level. Only one company has set up business since 2000.

4.3 Catalysts and constraints on business development

Initially all were asked about the 'origin of their business, how it had evolved and their short to medium term plans for the future'. This question served to identify any catalyst and constraint to their long term growth.

Regulations

The majority of companies, regardless of sector, consider that the regulations both government and EU governing their business are proliferating. Most are seen as negative, although some are seen as positive. These are examples of a number of regulations that apply to one electronics business in Witney.

Negative impacts:

DFX Technology Ltd, Witney

The company was established in 1992 as a joint venture offering design and manufacture services in the electronics sector. Its main area of activity is bespoke design for manufacture for businesses. Product types include communications systems, security systems, set-top boxes, drink dispensers etc. The business is actively having to alter its procedures into order to comply with:

- EU RoHS Directive (2006) to provide lead-free products;
- CE marking 'Conformité Européene' The term is derived from Directive 93/68/EEC (1993) and offers an assurance that a product whether manufactured, imported or retailed is compliant with the New Approaches Directive which deal with health and safety regulations. It can then be marketed in any of the member states of the European Economic Area; and
- WEEE (Waste Electrical and Electronic Equipment) Directive will be effective from July 2007 and deals with product end-of-life management.

The interpretation of government regulations is time-consuming, advice is limited, and compliance can be shown to have a financial implication for the company.

Extracts from two interviews demonstrate the impact of new regulations upon the profitability of a business.

Negative impacts:

Tremain Veterinary Practice, Witney

Within last twelve months Competitions Commission has relaxed DTi regulations and from November, 2006 vets are no longer able to charge a fee to sign a prescription form. This has also enabled private companies to sell animal pharmaceuticals directly to the public.

Anywhere Travel, Thame

A number of constraints were identified which will hinder the growth of the business: the loss of commission to travel agents paid by the airline for the sale of tickets; the Airport Passenger Departure (APD)Tax which will have an impact on the sale of flights; and in addition the airlines propose to charge travel agents to receive the listing of flights available. All additional fees will be added to the price of the ticket paid by the customers, and erode the profitability of the business.

However, in the case of a consultancy concerned with the quality assurance of manufacturing and analytical sites for the pharmaceutical industry, an EU Directive, had served to bring in additional business for the company.

Positive impacts:

Newland GXP Consultancy, Witney

The need to implement the EU Clinical Trials Directive, which became effective in 2004, has served as a catalyst to the growth of the business. This meant that companies doing pharmaceutical development have to comply with a code of practice; an inspection mechanism was also introduced. There is however a high degree of competition to undertake this type of scrutiny.

Premises

An inability to find suitable alternative premises to enable the expansion of the business was seen as a constraint by two of the firms interviewed (dental practice, veterinary practice). Parking restrictions were cited as one of the main reasons that these businesses wished to move. However, the availability of other suitable premises, and their cost were regarded as constraining factors. The failure to obtain planning permission to enable the conversion of an agricultural building to business use was also raised by a number of respondents to the postal survey. Two companies (manufacturing, software companies) indicated that they hoped to grow by acquisitions and regarded their current premises as having adequate capacity for the future.

4.4 Inter-dependencies between businesses and the community

Supplies

All the firms interviewed stated that the majority of supplies can be sourced within the UK. Within the manufacturing sector the synergy between producers and consumers was regarded as historical. A statement from one company involved in manufacturing represented a typical dilemma encountered by its sector if it wished to remain profitable:

“The company has to consistently keep the cost of raw materials down in order to remain profitable. Parts are sourced from a mix of UK (Swindon, Basingstoke, and Norwich) and off-shore suppliers. Start-up work, including packaging and metal work, has been undertaken by local companies but has been sent off-shore once larger volumes were required. Raw materials, such as bare circuit boards, are imported from the Far East. Local UK companies are unable to compete with the pricing charged overseas for services, such as tooling.”

The plastering company, hotel and the garage were the only businesses which were able to buy more than 80% of their supplies locally ie. from within Oxfordshire. Legal advice and a wholesale stationer were located on the same industrial estate as the plastering company. Local farms supplied produce for the bed and breakfast establishment.

H & R Body Repairs, Eynsham

Almost 100% of the materials and supplies needed for the business are bought from within Oxfordshire. Distributors include Hartwells and Crosswells Garage in Kidlington. Car panels are sourced from High Wycombe. Other materials come from Swindon.

Sales

The veterinary practice, metal polishers, car body repairs and plastering company have more than 80% of their custom base within Oxfordshire. Other companies are common in experiencing an ever-growing global market and market overseas. Factors outside the control of the one software company had served to drive it into administration.

“Some 40% of the firm’s export market was lost after 9/11. Prior to that date the company had 31 staff and was operating in 21 countries. The company currently has 8 staff members and is operating as a part of the IBM network of companies. Attempts to gain further support from the government to export its products to the Far East have not been successful.”

Business networks

During start up or in order to expand a company’s services, businesses are faced with the challenge of getting their product or service out to the customer. The interviews gave an opportunity for further discussion about the use of business networks and the extent to which advice and support was available locally.

The services offered by the Thames Advisory Centre and BusinessLink were mentioned by four respondents in relation to direct marketing, and also as creating links between operators and suppliers. One respondent suggested that there is little provision to assist staff with developing skills in marketing and software programming. There was only one current member of the Federation of Small Businesses in the sample of businesses interviewed. Two businesses had let their membership lapse believing that their specific concerns were not being addressed. However in terms of up-dating knowledge or setting up referral networks the majority of respondents sought out specialist networks as indicated by this manufacturing company:

Data Plastics Ltd operates on a national scale and has found business networks specific to the sector, such as the British Plastics Federation, useful in supporting the sector through its lobbying activities. The Oxfordshire Manufacturing Consortium, which is co-ordinated through Business Link and was seeded by the government, is regarded as a networking opportunity with some limited benefit given the company’s specific concerns. Although a member of the Manufacturing Forum and the local Chamber of Commerce this has proven to be less valuable to its trading operation.

Interaction with the community

The extent to which businesses rely upon facilities and services offered by the local community was examined. All the companies interviewed recognised the importance of sourcing supplies locally but often the nature of their businesses restricted purchases to stationery etc. A number actively gave financial help or assistance in kind to a local school or theatre group. The greatest synergy between business and community was most apparent with the bed and breakfast establishment. Its trade was dependent upon and showed flux according to other initiatives across the district.

The hotel's occupancy rate recently reduced particularly during the weekdays. In 2006 the Council was undertaking extensive work on its property and made block bookings for its contractors. Occupancy at weekends is enhanced by the eight music weekends held at the Box School during the year. The Cheltenham Races, Blenheim Horse Trials, courses at Brize Norton and other corporate events bring custom to the hotel.

The dental practice is well integrated into the community and has been able to source many supplies/services (25%) from its group of patients. Other products that are needed are of a clinical nature.

The principal way in which the businesses interact and contribute to the local economy is through employment. With an unemployment rate (claimant count) of less than 1% (April 2005), South and West Oxfordshire Districts enjoy one of the lowest rates of unemployment in the EU. Finding staff with appropriate skills is however regarded as particularly difficult for the manufacturing and software sectors. A shortage of affordable homes within the district exacerbates this problem. The majority of staff live within five miles of their place of employment.

4.5 Environmental practices

Business, whatever the sector, has had obligations to meet waste regulations for many years. Since 2004 the rules on disposing hazardous waste have changed significantly, affecting more small businesses and all businesses now have a duty of care under the Landfill Directive to dispose of waste correctly. Manufacturing businesses are likely to have more hazardous waste than other small businesses. The majority of companies interviewed believe that the cost of compliance is now impacting on their future competitiveness. (See, also, the earlier section on 'regulation') A complaint was also aired that any advice on interpretation of environmental legislation is a 'one-size fits all' approach rather than offering specifics for each sector. This presents challenges for small businesses in their efforts to seek effective environmental solutions.

Commercial companies specialising in the collection and disposal of clinical waste are employed by the two dental and veterinary practices. The car body repair shop also employs such a company to remove salvage and oils. Software companies actively recycle printers and cartridges and there is a cash incentive to do this. Most companies suggested that they were keen to take part in other recycling activities ie. paper, and believed that the local authority should offer such a service to businesses.

One of the manufacturing companies, Data Plastics, with the benefit of a Carbon Trust loan, is improving its environmental performance. The Carbon Trust offers independent advice about energy efficiency and can provide loans to install energy efficient boilers and lighting systems.

Data Plastics Ltd had an electricity bill of £7000 a month, and is in the process of introducing low voltage lighting which has reduced the payment by 20%. The company has already reached a national target and with its Carbon Trust loan will work towards environmental standard ISO 1400.

This means that the firm will:

Identify elements of the business that impact on the environment and gain access to the relevant environmental legislation; and

Produce objectives for improvement and a management program to achieve them, with regular reviews for continual improvement.

The Carbon Trust www.thecarbontrust.co.uk/energy is regarded as the best organised government scheme with which the respondent has been involved; special mention was made of its website. The respondent, in the future, intends to take a second interest free loan from the Carbon Trust in order to replace old inefficient machinery. SMEs are responsible for half the carbon generated in manufacturing.

The firm also recycles paper and plastics, as well as close-looping its water-chiller systems. A local person with learning difficulties is employed to chip materials that can be re-used.

Advice and access to an interest-free or low interest loan would support the on-going recycling initiatives of the owner of the Witney Hotel who actively composts kitchen wastes, splits refuse for recycling and makes use of low energy light bulbs throughout the hotel. A quotation for solar panels was not taken up due to cost but there is an intention to replace the petroleum based heating system. Information was well received about the possibility of taking advice from the EIE (Environmental Information Exchange) www.brookes.ac.uk/eie/about.htm at Oxford Brookes University.

CHAPTER 5:

AN OVERVIEW: CURRENT PRACTICE, ISSUES AND POSSIBLE WAYS FORWARD

5.1 Introduction

In this chapter we bring together some key points from the evidence base of the previous two chapters. The chapter has three main sections. In 5.2 a number of the key characteristics of Oxfordshire's small businesses are summarised, with a focus on the economic, community and environmental interactions. Section 5.3 assembles the range of key issues, and their constituent sub-issues, which have been raised in the survey and in the interviews. Section 5.4 focuses on some possible ways forward, and includes some recommendations for various relevant agencies.

5.2 Overview of Oxfordshire small businesses: characteristics and economic, community and environmental interactions

The survey findings and interviews have provided a good snapshot of the characteristics, and economic ecology, of small businesses in Oxfordshire in late 2006. In particular they provide an insight into the nature and degree of local inter-business interaction, community links and environmental actions. Some of the key findings under each of these headings are now briefly summarised below. Examples of good practice are also indicated.

Some characteristics of Oxfordshire small businesses

- The nature of ownership (65% family-owned); legal basis (46% limited companies, 29% sole traders, and 20% partnerships); and location (35% home-based) are very similar to the national pattern of small businesses.
- For 36% of businesses, all staff live within 5 miles; and almost 75% claimed that at least half of their staff lived within 5 miles of their business premises, suggesting reasonably compact staff daily travel to work patterns.
- In terms of indicators of business performance and optimism, over the last twelve months there had been roughly as many businesses increasing employment as reducing employment (c20%) and most had stayed unchanged. Less than a quarter expect employment growth in the next 12 months.
- However, three quarters of businesses aim to grow their business over the next two to three years, mainly through increased turnover with existing products or services, but with new products or services for 28%. The growth aspirations of Oxfordshire businesses appear higher than small businesses nationally (although comparisons are for slightly different periods). Aspirations are highest for the larger small businesses and for the newer businesses.

Local business linkages

- Around 50% of businesses derive more than 50% of their annual turnover from sales within Oxfordshire; but 15% claim to have no local sales. These figures show slightly lower proportions of local customers than small businesses nationally.
- Just over one third of survey respondents have over 50% of their expenditure with suppliers with Oxfordshire-based businesses; but for over half of respondents the proportion was 25% or less.
- The degree of business linkage may partly reflect the relative rurality of Oxfordshire, but, as shown in the interviews, it also varies by type of business –with for example specialised manufacturing businesses operating in national and international markets.
- Just over half of respondents were members of some form of business organisation or support network. Business advice and access to new knowledge and information were seen as benefits. Most small businesses had used some form of support in the last 12 months (especially from banks, solicitors and accountants).
- Half of the respondents were satisfied with the existing level of support, but 25% thought there were important gaps in services. Key issues raised are included in section 5.3 below.

Community links

- Small businesses and their employees make good use of local services, especially local shops (55% of respondents) and local banking and post office facilities (23%). A high proportion regards it as very important to have to have access to such local facilities.
- They also help to support a range of community facilities with, for example, donations to local community groups and charities (46%), personal involvement in community organisations (especially schools), and provision of work experience placements.
- But the principal form of interaction with the community was through the provision of local employment.

Environmental actions

- Survey responses indicate considerable action already taken or planned (of the order of 40-50% of small businesses), especially for waste recycling and reducing water and electricity consumption.
- There are also many examples of other environmental actions and/or plans including: switching to more sustainable suppliers, using renewable energy, introducing environmental management systems, and reducing the use of the car for business purposes.
- But businesses were concerned about the many obstacles that limited their environmental actions including lack of information/time to explore options. Where information was available, there was a danger of a 'one size fits all' approach.
- There was also a general feeling that measures were unlikely to be cost effective. This linked to a response by about two thirds that being 'environmentally friendly' would not necessarily enhance business prospects.

5.3 Overview of key issues facing small businesses and possible ways forward

The survey sought views on key issues both through a general ranking of those of concern, plus questions on topics which were of specific concern to both the researchers and the FSB. Some, perhaps surprisingly in some cases, did not rank too highly as key issues for the respondents. For example, the lack/cost of adequate childcare facilities was seen as a major problem by only about 5% of respondents. Similarly only 8% thought the lack of public transport facilities was a major issue (in terms of difficulty for staff and staff recruitment) and only 11% thought the local transport infrastructure provided a major problem (when transporting goods and services), although this was more of an issue in urban areas.

However there were several other issues which were more regarded as major problems. In Table 5.1 these are roughly divided into two groups. In the first are those issues which were regarded as major by at least 20% of respondents; they include regulation/red tape at the top of the list followed by several other national issues such as the state of the economy and taxation issues. Staff recruitment and skill shortages, which can be seen, as a more local problem, also feature in this list. Red tape was a particular problem in rural areas.

In the second group are a number of issues which have generally been seen as major by between 10-15% of the respondents, plus the environmental concerns which came through strongly in written responses. Some of these can be seen as more locally determined, such as the availability /cost of suitable premises, planning restrictions, transport and environmental issues—although many must be seen in the context of national and EU parameters (eg national planning guidance; EU environmental policies).

Table 5.1 Overview of current issues for small businesses

Key issue area	Constituent sub-issues: some examples	Some possible ways forward	Relevant organisations and suggested actions
Regulation/ red-tape	- mass of changing legislation: health and safety, environmental, employment, customs and excise etc	- simplification of processes and admin by UK government and EU particularly small businesses	EU/Government FSB, to continue its strong and robust lobbying on behalf of small businesses (where appropriate with other business organisations)
	- cost of keeping up with changing legislation	- increase awareness and better use of business networks and relevant agencies	Relevant agencies - BusinessLink
		- simple / but flexible guidance... web-based?	Relevant agencies - BusinessLink
		- recognise that some legislation may bring protection, and possible market opportunities	Small businesses
Taxation issues	- complicated tax legislation; lack of investment tax breaks	-simplification of taxation legislation - improve schemes supporting investment tax breaks	Central Government FSB, to continue its lobbying (where appropriate with other business organisations)
	- high business rates	- assistance with business rates for small and start-up businesses	Central Government Better information to small businesses on rate relief scheme
The economy	- risks of global market	- eg better protection for small firms to cover risks in working with large, often international, corporations	DTI SEEDA

Key issue area	Constituent sub-issues: some examples	Some possible ways forward	Relevant organisations and suggested actions
Cash flow problems and obtaining finance	- customers are slow in paying	- increased effectiveness of implementation of better payment legislation - more/better advice on securing finance for small businesses - importance of maintaining local banking facilities	Central Government FSB, to continue its lobbying (where appropriate with other business organisations) DTI/ banks et al more promotion of better payment practice, small business loan guarantee scheme
Staff recruitment and skill shortages	- employee rights - lack of basic skills	- liaise with local colleges/schools on appropriate training - increase recognition of in-house employee training in the manufacturing sector - financial incentives for training	LSC et al; local colleges/universities Use of skills fora to co-ordinate/promote appropriate training and increase employer engagement
Planning / building regs. restrictions	- delays in the system - difficulty in changing use of agricultural buildings - not commercially oriented - difficult to satisfy building regs	- clear guidance from LPAs on relevant policies (small firms' design and development guide?) - training for LPAs (officers and councillors) on 'business matters'	LPAs (Local Planning Authorities) University CPD provision
Competition in the market	- from globalisation - from influx of migrant workers - from low cost construction goods from Eastern Europe	- assistance with sourcing reliable partners in the growing E. European and Far Eastern markets - develop web-based 'Input-Output Directory' of local services and products to encourage local sourcing and sales	Business Link/SEEDA et al: scope for development of 'local market places' information systems (web and paper based). Good examples to promote? Small businesses to make better use of existing information

Key issue area	Constituent sub-issues: some examples	Some possible ways forward	Relevant organisations and suggested actions
Availability of suitable premises	<ul style="list-style-type: none"> - lack of affordable land - lack of affordable premises 	<ul style="list-style-type: none"> - current initiatives on affordable housing (extend to business premises) - council tax 'holiday' on vacant premises reduces incentive for landlords to lower prices - Local Development Documents to clearly set out business land needs 	<p>FSB, to lobby locally (where appropriate with other business organisations)</p> <p>LPA_s</p>
Transport issues	<ul style="list-style-type: none"> - Oxford Transport Strategy - lack of parking space - poor road network - Oxfordshire roadworks 	<ul style="list-style-type: none"> - see planning above re parking guidance - develop green travel initiatives 	<p>In association with Oxfordshire Sustainable Business Partnership?</p> <p>Possible community initiatives/networks of local businesses</p>
Other environmental issues	<ul style="list-style-type: none"> - UK/EU environmental legislation - lack of recycling facilities - lack of appropriate advice 	<ul style="list-style-type: none"> - refer to appropriate information sources eg EIE, OSBP - greater dissemination of activities of the Carbon Trust and showcase local successes - improve/extend recycling facilities (eg paper refuse for businesses; computing hardware) 	<p>EIE (Oxford Brookes Environmental Information Exchange), OSBP (Oxfordshire Sustainable Business Partnership)</p> <p>Carbon Trust</p> <p>LAs/possible networks of local businesses</p>

5.4 Possible ways forward/actions, by relevant agencies, for a more sustainable small business sector in Oxfordshire

A fundamental aim of the research was to assess the extent to which small businesses had a well developed 'business economic ecology' with close locational links with suppliers and markets and with significant contributions to the social and environmental sustainability of their localities. Some of the key findings are noted in section 5.2 above. There are some encouraging indications from about 50% of the respondents to the survey, and from some of the more detailed case studies. But the picture is patchy and some businesses see more obstacles than opportunities. However there may be a number of actions, by a range of organisations, which could help to enhance the Oxfordshire 'business economic ecology'. An initial list of suggested actions is outlined below:

EU and Central Government

- simplification of legislation, by EU and UK Government, as it relates to small businesses, wherever possible
- better investment tax breaks for small businesses
- lower business rates
- better protection for small business' risks in global markets
- better promotion of support for small businesses (eg small business loan guarantee scheme)

SEEDA/Regional agencies

- increase awareness of existing business support networks
- support for Oxfordshire businesses re risks in the global market; sourcing reliable partners in developing markets
- support development of 'local market places' of small businesses 'input-output' information
- work with local authorities and training/education providers to improve basic and local economy related skills of workforce.

Local authorities

- improve planning support for small businesses; eg ' guidance on design and development ' for small businesses; awareness of importance of small businesses in the local economy; training for officers and councillors recognition in LDDS of small business land/premises needs
- improvement/extension of recycling facilities for small businesses
- facilitate small business sustainable travel , recycling and renewable energy network initiatives
- extend affordable housing initiatives to business premises; review council tax holidays for vacant premises
- support maintenance of network of post offices, local shops and services (eg banking)
- improve maintenance of road network
- work with regional agencies (eg LSC; SEEDA and local colleges/schools/universities) in 'skills fora' to improve basis and specialist skills of workforce.

Other agencies

- as above, local colleges etc to support skills initiatives
- university support on 'planning for small businesses' training (officers and councillors)
- EiE, OSBN and Carbon trust et al to respond to small businesses needs for improved environmental practices

FSB

- as above, support development of 'local market places' of small businesses 'input-output' information.
- continue the strong and robust lobbying for small businesses to EU and Central and Local Government re legislation complexity, business rates, investment tax breaks, maintenance of network of rural post offices etc
- lobby local authorities re small businesses 'planning design and development guide', affordable business premises, adequate business land allocations in LDDs, improved recycling facilities for small businesses, council tax holiday on vacant business premises etc.

Small businesses

- be aware of opportunities, as well as constraints of evolving EU and UK regulations/legislation
- make use of existing information sources on evolving legislation and on local market opportunities
- utilise business rate relief , and small businesses loan guarantee opportunities
- use environmental advice services, such as those provided by the Oxford Brookes Environmental Information Exchange (EiE) and the Oxfordshire Sustainable Business Partnership (OSBP)
- explore opportunities for local business networks for sustainable travel, waste recycling , and renewable energy initiatives
- support local purchasing, and local shops, banks and post offices
- build more links with local schools , including participation as school governors.

CHAPTER 6: SOME CONCLUSIONS

The conclusions briefly highlight some of the key findings in relation to the aims of the research. They draw on four sets of information: contextual material on small businesses nationally and in Oxfordshire; the results of a major survey of a sample of the population of 25,000 small businesses in the county; case study interviews of a number of small businesses from a range of locations in the county; and discussions of findings and implications/recommendations for action with the project Steering Group.

The profile of small businesses in Oxfordshire shows that they constitute a very important sector in the Oxfordshire economy, accounting for the bulk of the number of businesses, and approximately 57% of the county's private sector employment. The small businesses are relatively evenly distributed across the five districts, but taking into account the working age population, the small business density is highest in the more rural districts of West Oxfordshire and South Oxfordshire. About 85% are micro-businesses, employing less than 10 staff, and 5200 (21%) have no employees at all. The survey showed 65% of small businesses are family-owned; 35% are home-based; and 17% are female led.

Recent performance, over the last 12 months, showed little change in employment for most businesses, although 20% had grown in employment and a similar proportion had reduced in employment. However there was some optimism about business growth over the next few years, with 75% aiming to grow their business with a mix of existing activities, new products and services, and new markets. The bulk of small businesses were in services, with wholesale and retail, and real estate and other business activities accounting for about 45% of the total number of businesses.

The small businesses economic eco-system has several dimensions. In terms of interaction with other local (Oxfordshire) businesses, around 50% of businesses derive more than 50% of their annual turnover from local sales, and just over 33% have over 50% of their expenditure with local suppliers. In terms of socio-economic links, small businesses make good use of local shops (55% of survey respondents) and local banking and post office facilities (23%). They also help to support a wide range of community facilities and activities, for example via work experience opportunities, involvement with local schools, charitable donations and sponsorships, and provision of community facilities (eg events, venues, childcare facilities and local transport). Most importantly, they provide local employment, and almost 75% claimed that at least half their staff lived within 5 miles of their business premises.

In terms of environmental actions, up to 50% of the survey respondents indicated that considerable action had already been taken or was planned, especially for waste recycling and for reducing water and energy

consumption. But there was some serious concern about the many obstacles that limited environmental actions, plus a worrying general feeling by small businesses that environmental measures were unlikely to be cost effective or to enhance business prospects.

The issues of concern to small businesses, and a focus for FSB action, are many and wide-ranging. Some of the most important, on regulations/red tape, taxation, the economy, and competition in the market are very much in the realm of UK Government and the EU, but the FSB and other business support organisations have a key lobbying role to play on behalf of small businesses. Other major issues relating to staff and cash flow issues straddle central and regional/local agency levels. The survey and interviews also revealed concern about planning, transport, affordable housing and premises, and environmental issues. The report makes some initial recommendations on possible ways forward, and the appropriate agencies, to address these concerns.

In the context of the FSB's 'Barriers to Growth 2006' survey (and the DTI's Annual Small Businesses Survey), the Oxfordshire study reveals many similarities in findings. For example the ownership, home based, and leadership characteristics are close to the FSB findings. Views on employment prospects are contradictory—lower than the national FSB survey, but higher than the SBS survey –but those surveys were for an earlier period. The proportion of local business linkages are similar to, although a little lower than, the FSB survey, perhaps reflecting the relative rurality of the county. Several other findings are unique to this study, but there are also some comparative findings on issues of concern to local businesses. The list of major issues is broadly similar to that found in the 2005 SBS annual business survey, although regulation, taxation, recruiting staff ranked higher in Oxfordshire, and competition and the economy ranked somewhat lower, perhaps reflecting the pressures of the prosperous Oxfordshire economy. Oxfordshire concerns with transport, planning, and premises issues also reflect local pressures in this buoyant corner of the buoyant SE region.

We conclude with a return to the sentiments of the Foreword to this report. Behind the thinking for this study is a realisation that the economic and social community mirrors nature in a host of different ways. In nature the vast majority of organisms are small. At the human level, the economy is a kind of eco-system in which the participants, large or small, all interact with each other. The most successful and arguably some of the most important forms of life in the natural eco-system are the micro-organisms. The sciences that have developed our understanding of the role of micro-organisms have already revealed just how important they are to us and the world around us. We hope that the present study will initiate the development of a new way of thinking about the role of small businesses as the micro-organisms within the economic eco-system of the community and that it will be a first step in establishing the principles involved.

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Appendix 1: Research team and Steering group

Research team

The research was delivered through OEO, in the OISD at Oxford Brookes University, with the following staff team:

- Prof John Glasson, Research Principal
- Lesley Downing, Research Associate
- Andrew Chadwick, Research Associate
- Dr Helen Lawton Smith, Research Adviser

The OEO was established in 2001 as an independent research centre dedicated to undertaking world class research into the emerging economies of advanced regions, with a particular focus on the Oxfordshire economy. It is a joint venture between the University of Oxford, Oxford Brookes University and Birkbeck College, University of London. The OEO monitors both short and long term trends, and aims to promote an understanding of key processes shaping economic development, benchmarked against the performance of other advanced regions. The objective is for this knowledge to be used to further the growth of the County's firms by contributing to evidence-based policy making. In addition, the Oxfordshire Institute for Sustainable Development (OISD) which provides the Oxford Brookes home for the OEO, also undertakes studies on local and regional economy issues.

Steering group

- Sandy Lovatt, FSB Oxfordshire Branch Secretary
- Barry Wheatley, FSB Oxfordshire Branch Chairman
- Andrew Barter, Policy Officer, Federation of Small Businesses
- Angela Silberberg, Deputy Policy Manager, Federation of Small Businesses

Data Plastics Ltd, Witney

The business, its activities and short-medium term plans

A family business, the company started in 1990 as an importer and distributor of plastic caps and plugs for Niagara Plastics (an American company). During the first five years of operation, the firms' clients were split between those purchasing standard plastic parts and others requesting custom mouldings; these were produced by a company in Banbury. This firm subsequently experienced financial difficulty and was acquired by Data Plastics. The two companies were brought together on a site on the Witney industrial estate. An order from IBM enabled the company to shift its operations to injection moulding.

In the short term, it is intended that the Data Plastics will continue to grow by acquisitions, and seek to develop capacity by moving into medical or bio-medical areas. There are currently 40 employees that working two shifts. The current building and site will accommodate a growth of four times its present capacity.

Business linkages and support

The synergy between producers and suppliers in this sector is historical.

Data Plastics requires several grades of plastics for its operations which it sources from distributors who are supplied by large conglomerates such as ICI or Monsanto. The company has 1,500 accounts of which 94% are located in the UK. A broad customer base is regarded as essential to maintaining a high volume of sales given its low profit margins. Speed of delivery is crucial to the customer but the transport sector is very competitive within the UK.

Data Plastics operates on a national scale and has found business networks specific to the sector, such as the British Plastics Federation, useful in supporting the sector through its lobbying activities. The Oxfordshire Manufacturing Consortium, which is co-ordinated through Business Link and was seeded by the government, is regarded as a networking opportunity with some limited benefit given the company's specific concerns. Although a member of the Manufacturing Forum and the local Chamber of Commerce this has proven to be less valuable to its trading operation. (Data Plastics is not a member of the FSB.) The British banks, as lenders, were not perceived to contrast favourably with the German banks that are willing to play an active part in managing a company.

Community involvement

The firm's main contribution to the local economy is employment. However major problems are experienced in recruiting staff; nine current staff members are Polish. Manufacturing is perceived as being an unpopular sector in which to work. Witney also has very low unemployment rates. Some 50% of employees live within five miles of the company's premises.

Environmental practices

Data Plastics had an electricity bill of £7000 a month, and is in the process of introducing low voltage lighting which has reduced the payment by 20%. The company has already reached a national target and has taken a Carbon Trust loan in order to work towards environmental standard ISO 1400.

This means that the firm will:

- Identify elements of the business that impact on the environment and gain access to the relevant environmental legislation; and
- Produce objectives for improvement and a management program to achieve them, with regular reviews for continual improvement.

The Carbon Trust is regarded as the best organised government scheme with which the respondent has been involved; special mention was made of its website. The respondent, in the future, intends to take an interest free loan from the Carbon Trust in order to replace old inefficient machinery. SMEs are responsible for half the carbon generated in manufacturing.

The firm also recycles paper and plastics, as well as close-looping its water-chiller systems. A local person with special learning difficulties is employed to chip materials that can be re-used.

Newland GXP Consultancy, Witney

The business, its activities and short-medium term plans

This consultancy, which has operated as a partnership since 2000, is primarily concerned with the quality assurance auditing of manufacturing and analytical sites for the pharmaceutical industry mostly overseas. In addition, the consultancy conducts 'qualified person batch release' ie. before a batch of pharmaceuticals can be released for use in a clinical trial, or to market, it must be certified by a qualified person. Currently Newland GXP have on-going 'qualified person' contracts with five small firms and one multinational company, in Bolton, Cambridge, south Wales and Reading.

The need to implement the EU Clinical Trials Directive, which became effective in 2004, has served as a catalyst to the growth of the business. This meant that companies doing pharmaceutical development have to comply with a code of practice; an inspection mechanism was also introduced. There is however a high degree of competition to undertake this type of scrutiny.

There are no plans to change the emphasis of the business. From October 2007 there will be a planned reduction in workload by 50% leading towards retirement.

Business linkages and support

In the first instance, Newland GXP Consultancy had intended to work locally and still receives regular contracts from six Oxfordshire based companies but it now has clients elsewhere in the UK, in Europe and the USA acquired mainly through 'word of mouth'.

The Thames Valley Advisory Centre was very helpful with the initial process of setting-up the business on a personal level. The local Bank also gave constructive advice. As a member of several scientific societies, both national and international, there are opportunities to attend conferences in order to remain current with technical knowledge, and to network. Locally, the Oxfordshire Biotech Network organises meetings but the topics offered are either finance or research based rather than dealing with the manufacturing sector. The consultant is not a member of FSB.

Community Involvement

This is limited to sourcing stationary supplies locally in Witney, and the purchase of postage stamps.

Environmental practices

The consultancy conscientiously recycles paper. To-date there has been no carbon off-setting against the 50-60 flights annually. Tele-conferencing is useful but cannot replace the need for site visits to understand the manufacturing process, and documentation that goes with this.

Tremain Veterinary Group, Witney

The business, its activities and short-medium term plans

This group veterinary practice has served the Witney area for the past 50 years. Originally dealing with farm animals, its four vets and five nursing support staff now confine their services to treating pets. Custom is drawn from a ten miles radius and accounts for more the 75% of its sales.

The location of the practice premises opposite the Church Green which is a residential part of Witney, has restricted the growth of the business. Access to parking for clients and issues of noise nuisance associated with animals kept on the premise is a problem. The business is looking to increase its turnover by opening a veterinary surgery on the outskirts of Witney. There is however limited availability and the cost of other suitable premises is also proving to be a constraining factor.

Veterinary practices are experiencing a drop in the number of animals presenting for treatment. A trend has been noted that pets are not being replaced as frequently. Preventative health care has improved resulting in greater longevity. New premises would provide an opportunity to offer other services such as a grooming parlour, the sale of food and a 'senior clinic' for older dogs. 'Puppy parties' and 'adolescence checks' for dogs and cats are also possibilities which could be explored. This need to diversify to other services beyond health care has recently become more urgent. Within the last twelve months, the Competitions Commission has relaxed DTi regulations and from October, 2006 vets were no longer be able to charge a fee for simply signing a prescription form. This has also enabled private companies to sell animal pharmaceuticals directly to the public.

Business linkages and support

The practice employs a business manager who receives additional support from several external sources. In order to ensure compliance with government regulations, an outside contractor is used to provide health and safety advice. The majority of supplies (50 – 75%) are bought from large companies across the UK. The pharmaceutical companies also offer free advertising to the business.

The practice manager subscribes to the Veterinary Practice Managers Association which provides continuing professional education. The vets are members of the Royal College of Veterinary Surgeons. In addition, the owner is a member of FSB and the Society of Practising Veterinary Surgeons.

Community Involvement

The business employs local people; of which only 20% live within five miles of the premise. The lack of affordable housing was mentioned as a significant problem in recruiting staff. As much as possible, local trade people are used for building or plumbing work etc. However overall, the use of local suppliers is less than 25%.

Environmental practices

The disposal of clinical waste is highly regulated. All bottles and clinical waste is collected and disposed of by a licensed clinical waste disposal provider. Other waste, such as cardboard, is recycled. Much of the paper is shredded to be used as animal bedding. The limited space in the premises makes it difficult to separate recyclables.

DFX Technology Ltd, Witney

The business, its activities and short-medium term plans

The company was established in 1992 as a joint venture offering design and manufacture services in the electronics sector. Its main area of activity is bespoke design for manufacture for businesses. Product types include communications systems, security systems, set-top boxes, drink dispensers etc. The company moved from a home base to premises in Thorney Leys and subsequently to Witan Business Park, in Witney with a workforce of 120 employees.

The company went into administration in 2001 when its main client, Dyson, began sourcing from Malaysia. Trading was resumed in 2003 as a partnership and there are now approximately 25 members of staff. The company provides services to 80% of the breweries nationally.

In the longer term the company intends to sell directly to the public, and to develop the brand of DFX. This will require more emphasis on direct marketing and may seek advice from Business Link with this. The company is also addressing issues around increasing regulation which produces unsustainable costs for small businesses. There is also an ever-growing global market and companies need to work hard to differentiate themselves from competitors.

There is little protection for small businesses and their employees to cover the risks that are taken especially as a player in an arena with much larger corporations eg. against onerous contracts.

Business linkages and support

The client base (30 live customers) has been developed by gaining access to companies that are developing new products mainly through 'word of mouth'. There is a lot of repeat business mainly with companies outside the County (90%) where DFX can make volume sales.

The company has to consistently keep the cost of raw materials down in order to remain profitable. Parts are sourced from a mix of UK (Swindon, Basingstoke, Norwich) and off-shore suppliers. Start-up work, including packaging and metal work, has been undertaken by local companies but has been sent off-shore once larger volumes were required. Raw materials, such as bare circuit boards, are imported from the Far East. Local UK companies are unable to compete with the pricing charged overseas for services, such as tooling.

A local solicitor and bank are employed as needed. A PR company will be commissioned to assist with the process of developing DFX branded lighting products. There is need for assistance with sourcing reliable partners in the Far East or Eastern Europe to support the manufacturing process.

Community Involvement

80% of local staff travel less than five miles to work.

Environmental practices

The electronics industry is heavily regulated and the business has had to alter its process to comply with regulations which include:

- EU RoHS Directive (2006) to provide lead-free products;
- CE marking 'Conformité Européene', the term is derived from Directive 93/68/EEC (1993) and offers an assurance that a product whether manufactured, imported or retailed is compliant with the New Approaches Directive which deal with health and safety regulations. It can then be marketed in any of the member states of the European Economic Area assurance that a product whether manufactured, imported or retailed is compliant with the New Approach Directives which deal with health and safety regulations. It can then be marketed in any of the member states of the European Economic Area.
- WEEE (Waste Electrical and Electronic Equipment) Directive will be effective from July 2007 and deals with product end-of-life management. The company will be taking advice as to how this regulation should be implemented once they sell directly to the end customer.

DFX believes that there is some need for assistance with the implementation of these Directives, and their interpretation for a specific manufacturing sector. They are a member of the British Standards Institute.

J.A. Brooks Plastering Ltd., Eynsham

The business, its activities and short-medium term plans

The company was established in 1992 by a sole trader but has operated as a partnership since 1999. Initially based on a small local industrial estate it moved to larger premises in 2001 to accommodate growth and has a turnover in excess of £3M. It currently has 33 employees but uses a large number of sub-contractor so generally operates with a staff of some 60-70 people. .

Its main area of activity includes the insulation, wet plastering, damp proofing, external rendering etc. of timber framed buildings. Its clients tend to be within an hour's drive of the company premises. Some 50% of the work is in the social housing sector. The company has recently taken the decision not to extend its operations. It is a competitive sector where foreign labour is progressively being used in order keep cost down.

Business linkages and support

80% of the company's supplies are bought locally. The company uses three local distributors of plaster board, plaster, insulation etc which include Encon Insulation Ltd. at Stanton Harcourt and the Builders Centre in Witney. They also make use of the services available at units on their business estate which include Margaret Johnson Stationers Ltd and Rushbrook Associates for financial advice.

The company is a member of the Federation of Plastering and Drywall Contractors. They are not a member of the FSB.

Community involvement

All the employees have been recruited locally and live within 20 minutes drive of the business premise. There is no problem with the recruitment of staff which are trained in-house; five apprentices were employed this year.

Environmental practices

Plaster board contactors are being encouraged to reduce wastage as gypsum can be crushed and re-used. However the company regards this form of recycling as not commercially viable.

The Construction Industry Training Board (CITB) requires employees to complete NVQ2 (Health and Safety) in order to be 'carded' and to be able to work on a major housing group sites. Limited monitoring by CITB however means that not all companies in this sector comply with this regulation. J. A. Brooks Plastering Ltd currently pays the Construction Training Board's levy of 0.5% from the wages of each employee and 1.5% for each sub-contractor for this accreditation; an annual cost of £22K. A grant of £560 per employee is awarded to the company on completion of the NVQ. The firm would prefer a CITB scheme which recognises the value of the in-house training currently provided.

The Witney Hotel

The business, its activities and short-medium term plans

This bed and breakfast establishment, located in a conservation area in central Witney, has ten rooms and have been run by the current proprietors for the last seven years. The hotel was sold as a going concern.

The hotel's occupancy rate has recently reduced particularly during the weekdays. In 2006 the Council was undertaking extensive work on its property and made block bookings for its contractors. Occupancy at weekends is enhanced by the eight music weekends held at the Box School during the year. The Cheltenham Races, Blenheim Horse Trials, courses at Brize Norton and other corporate events bring custom to the hotel.

The owners do not intend to extend the business. There is some concern about the proposal to open a Hilton Express nearby and that local parking may become more restrictive. Witney is a prosperous area with plans for further expansion which should benefit the hotel's trade.

Business support and advice

The Tourist Information Office was the business' main source of advice during its start-up phase. They are a member of Tourism South East and have taken part in the Big Breakfast Project in association with the Oxfordshire Food Group. Their access to training opportunities has tended to be limited due to the timing which conflict with either running the business or raising a young family. There is a business network in Witney which meets weekly at 8am.

Community involvement

The hotel has its eggs delivered by a local farmer from Home Farm in Tetbury and sausages come from Eadles in Beckbury. Much of its other produce is bought from a local supermarket and there is a local farmers market. There are four part time staff who live locally.

Environmental practices

The respondent actively composts kitchen waste and splits her refuse for recycling which she then takes to the tip. The hotel has enrolled in the Council's Green Waste Bin Scheme at an annual cost of £30. Low energy light bulbs are used throughout the hotel. Cost is the main factor constraining the respondent from erecting solar panels.

There is petroleum based heating system. However the petrol delivery has to be channelled through the hotel. The respondent is anticipating being forced to look for an alternative source of heating.

Vision Technology UK Ltd, Witney

The business, its activities and short-medium term plans

This 'software' company was launched in 1989 with software that enabled companies to identify over-charging by the banks. Subsequently further software was produced for estate agents' use in lettings and management. This software has been branded and sold for the past 17 years to UK (95%) and international clients. Further software has been developed for the estate agent market.

The funds which have accrued through licensing agreements have enabled the company to expand. In the future, Vision Technology anticipates growing by acquisition as many of the smaller software companies are now struggling. It will however have to meet challenges associated with the recruitment and retention of appropriately skilled staff.

Business support and advice

The business is allied with Microsoft and receives 'snapshots' of future products and technical support. Business Link has not been able to adequately provide the type of advice, specifically legal, accounting and recruitment, that is required. They have however paid towards client's training costs. The company has received several clients through its listing as software supplier with Business Link.

Community Involvement

There are nine members of staff with skills spilt equally between technical and sales. Staff development takes place in-house. All live within a five mile radius of the office. The company uses Eynsham Hall on a monthly basis for its training. All other supplies are purchased through the internet.

Environmental practices

A recycling service specifically for businesses would be appreciated. There is a cash incentive for the company to recycle its printers and cartridges. The company shreds paper but other recycling has to be taken home for disposal. It adopted low wattage lighting in its offices.

Eynsham Dental Care

The business, its activities and short-medium term plans

This partnership business was established some twenty years ago but has operated from its current premises on the outskirts of Eynsham since 1993. There are three dentists, one hygienist and two receptionists supporting this practice which offers private care to adults and NHS treatment for children. The practice has tried to re-locate to a more central location within the village but has had planning permission refused due to parking issues. Planning permission for signage is also required.

The business would like to attract more custom from Eynsham, the surrounding villages and local business parks. It has relied on advertising through parish magazines and word of mouth referral. From April 2006 the NHS dental budget has been under the control of the local Primary Care Trust. This has served to constrain the expansion of NHS services at the practice.

Business support and advice

The practice staff are members of their respective professional associations.

Community involvement

The business is well integrated into the community and has been able to source many supplies/services (25%) from its group of patients. Dental materials are bought from national specialist suppliers. There is a dental laboratory within walking distance. All staff live locally but it is not always easy to recruit qualified staff with the appropriate skills. There have been vacancies at the practice.

Environmental practices

The practice employs a company to dispose of clinical waste. Its waste water is monitored by Thames Water for mercury contamination. Confidential materials, such as records or X-rays, are incinerated on the grounds. The practice is interested in extending its recycling activities.

Pro Polishers, Eynsham

The business, its activities and short-medium term plans

This family company is based in a business unit located in a small village outside Witney. It has been active for eleven years and engages in metal polishing components used in manufacturing which range from screws to wheels as well as dealing directly with the general public.

The company relies upon 'word of mouth' and local advertising to maintain and grow its clientele.

Business linkages and support

The company receives repeat businesses from 60-70 regular customers and draws 80% of its clients from within Oxfordshire although two of its major clients have recently gone into administration. Industrial abrasives are the principal product required for this type of work and are sourced from suppliers as local as Harwell and as far away as south Wales and Staffordshire.

The partners were members of FSB but have left their membership lapse.

Community Involvement

The three partners and the part-time secretary live within ten miles of the business. The secretary works on a self-employed basis. Stationery for the company is purchased from a firm in Witney.

Environmental Practices

All industrial waste is collected on a weekly basis. Industrial lighting is required for the work and the respondent was uncertain whether this was low wattage.

H & R Body Repairs, Eynsham

The business, its activities and short-medium term plans

This garage, located on a small industrial estate, is run by a sole trader and was established in 1984. Its activities include all aspects of body and mechanical car repairs, servicing and insurance work; at any one time it can accommodate five cars in its workshop. There is one full-time and one part-time employee.

The company owns its premises. There are no plans for expansion of the business. Three of the five units on the estate have recently been bought by Jewsons, a builders' merchant and property investment group who may wish to acquire all the property for later redevelopment. The site is above a former gas works.

Business support and advice

The business is reliant on a secretary for all accounting and banking support. The business advertises in the local church diary and pays for advertising space in the local theatre's programmes.

The owner is not a member of a trade association.

Community involvement

Almost 100% of the materials and supplies needed for the business are bought from within Oxfordshire. Distributors include Hartwells and Cross Roads Garage in Kidlington. Car panels are sourced from High Wycombe. Other materials come from Swindon.

Customers, both individual car owners and companies, are again very local. Local companies using the garage, on a regular basis, include Warburton Builders, St Edwards School, in Oxford and Spareacre Hire, a car hire company located on the same industrial estate.

Environmental practices

Waste associated with the car servicing etc is collected by a commercial company for disposal/salvage. The Council does not collect paper from businesses for recycling and the respondent is compelled to recycle this at home.

Tickets Anyway, Thame

The business, its activities and short-medium term plans

This travel agency was established thirty five years ago and moved to Thame in 1987. The business opened a second office in 2002. It offers various types of holiday packages to walk-in and internet customers, and acts as a booking office for the local theatre. There are ten employees. 50% of its custom is taken from within the County, and company is seeking to develop its trade in tailor-made packages.

The company has recently built a new website with a grant from Business Link to enable web bookings. Business Link will also be undertaking a 'micro business performance diagnostic', a free service, in the near future. A number of constraints were identified which will hinder the growth of the business: the loss of commission to travel agents paid by the airline for the sale of tickets; the Airport Passenger Departure Tax (APD) which will have an impact on the sale of flights; and in addition the airlines propose to charge travel agents to receive the listing of flights available. All additional fees will be added to the price of the ticket paid by the customers, and erode the profitability of the business.

Business linkages and support

The firm is IATA registered, holds an ATOL license and belongs to the Advantage Travel Centres consortium which collectively is able to arrange better commission rates. The owner had been a member of the Federation of Small Businesses but needed access to large corporations undertaking frequent travel.

Advertising with local newspapers has been difficult given Thame's location near the boundary of several Counties. Much of the custom comes from word of mouth.

The firm buys locally in Thame or Risborough where possible and commercially sensible.

Community Involvement

Staff is recruited with experience, and most live locally. The company sells tickets, without commission, on behalf of Thame Players, a theatrical group after the Thame Tourist Board out-sourced to Austria.

Environmental practices

Brochures are recycled using bins available at the local supermarket.

VALELink 2000 Ltd, Thame

The business, its activities and short-medium term plans

VALELink 2000 Limited was established as a partnership of two businesses in 1988 offering 'computer based software services to allow organisations to achieve degrees of integration, data accessibility and electronic transaction processing services'.

Networks have been crucial to the development of the business and have evolved to reflect changes in software technology. VALELink 2000, together with a company in Milton Keynes, initially offered 'turn-key solutions' to sales and service companies (hardware, software, training and engineering support). At that time, compatibility with software was assured if buying approved hardware. As the market became more open the firm allied itself with a software company in Wycombe which had world-wide coverage. It has subsequently developed its own software product which is used by office equipment companies such as Xerox and Toshiba, and their distributors. 50%-75% of its annual sales are in the south east of England.

In the early 90's, when the UK marketplace that VALELink served was in decline the Company actively sought export business. No help was available from local or central government but despite this VALELink won business in a number of countries and the Company grew to the benefit of the local community e.g. extra jobs, expenditure with local suppliers etc.

Some 40% of the firm's export market was lost after 9/11 and again any appeals for assistance from Government met with negative responses. Prior to that date the company had 31 staff and was operating in 21 countries. The company currently has 8 staff members and is operating as a part of the IBM Business Partner network of companies. Attempts to gain further support from the government to export its products to the Far East and to assist in the Iraq reconstruction have not been successful.

In the medium term the company has been attempting to modernise its software, and has acquired an Access Dimensions dealership, a range of accounting software, to which VALELink 2000 attach their own products for use by sales and servicing companies. The firm will be targeting local accountancy firms to aid in selling this product.

Business support and advice

Regionally VALELink 2000 is associated with Thames Link Consultants to access new knowledge and has realised some orders from this connection. The firm also attended several Business Link seminars and finds their website valuable. The Managing Director was a member of Institute of Marketing.

Community involvement

VALELink 2000 uses a local recruitment agency to find its technical and support staff; all who live locally. It is hard to find people with the correct skills but recruiting outside the area is difficult given the cost of local housing. The company has had difficulty finding suitable courses especially in marketing and programming for its young staff.

Their current premise is rented and is sufficient to accommodate double the present staffing numbers. However the lack of local affordable business premises for purchase has constrained the growth of the business. It is easier to raise financing if the firm owns its own premises.

Environmental practices

Printer cartridges are recycled through the local authority refuse service. Much of its paper is shredded. An initiative from the local authority to recycle computer hardware would be appreciated as currently all computers, routers, printers etc are sent to the tip.

