DR

# DR Business Survey
# South Hams, Teignbridge and West Devon

2014 Business Survey
help us help you

March 2015

Dartmoor National Park
South Hams District Council
Teignbridge District Council South Devon
West Devon Borough Council

# 1. CONTENTS

## 2. TABLE OF FIGURES

## 3. EXECUTIVE SUMMARY

3.1 365 businesses responded to this survey that covered the South Hams, Teignbridge and West Devon.

3.2 The spread of responses across the districts was fairly even, with a total of 23% of businesses being based within Dartmoor National Park.

3.3 The survey captured a representative sample of businesses in the area, with over half the responses from the *accommodation and food service*, *wholesale and retail*, and *professional and technical* sectors.

3.4 Smaller, non -VAT registered businesses that play such an important role in the local economy are well represented in this survey at 39% of respondents.

3.5 As has been found in previous surveys, the proportion of businesses that have been established for more than 10 years was considerably higher than the national average, particularly on Dartmoor.

3.6 There were also fewer startups than the regional or national averages, but those that did start were more likely to succeed.

3.7 There has been a dramatic increase in staff employment since 2012, both casual and permanent, and the projections made by businesses show that this is set to continue into 2015.

3.8 In spite of this, the average business size is still considerably smaller that the regional and national averages.

3.9 The average business owner in the area is male and over 45 years old, which is older than the national average.

3.10 However, the proportion of female owned / managed businesses is higher in the survey area (35%) than the national average (29%).

3.11 The average business turnover varied between districts but over the whole area it compared favourably to the regional and national average.

3.12 Nearly half of the respondents reported an increase in turnover from 2013 to 2014, with a further third reporting stable turnover.

3.13 The larger the business, the more likely they were to report an increase in turnover.

3.14 When considering profitability, one quarter of respondents reported an increase from 2013 to 2014 with a further 58% reporting stable profits.

3.15 Projections for the future were very positive with 94% of businesses expecting that turnover and profits would remain stable or increase into 2015.

3.16 A similar picture was found with regard to the customer base of the businesses, with 80% reporting the same number or more customers since 2013.

3.17 Overall the performance was more positive and the outlook much more optimistic than was found in the previous survey.[1]

3.18 Almost half of the businesses that had tried to recruit additional staff in the past 12 months had experienced difficulties doing so.

3.19 The most frequent issue was insufficient applicants for posts, particularly in the South Hams and particularly for the *accommodation and food service* sector.

3.20 Within Dartmoor, all of the *accommodation and food service* businesses who have tried to recruit staff reported that they received insufficient applicants.

3.21 A number of potential reasons were identified for this, including inadequate public transport, inaccessibility, lack of affordable housing, perception of poor career prospects and difficulties attracting employees away from the urban areas.

3.22 The most significant impact of these issues was that they restricted business growth opportunities, particularly for businesses in Teignbridge and for micro-businesses.

3.23 Businesses had been proactive in carrying out improvements to enhance their business in the past three years.

3.24 The most frequent type of improvement was to develop their web presence, and for some businesses this included setting up web trading.

3.25 More than half of businesses had made premises changes or improvements.

3.26 However, for one third of businesses, developments had not been implemented as planned.

3.27 The main constraints that held businesses back were identified as poor public transport links and inadequate mobile coverage.

3.28 There were specific wards within the area for whom mobile coverage was considerably more of an issue, and it is of some concern that businesses in most of these wards also reported inadequate broadband connectivity. This is of significance in relation to the government plans to extend superfast broadband coverage using the mobile network.

3.29 Access to finance for capital investment was still an issue for 38% of businesses, but this had dropped since 2012 when 60% of businesses experienced this issue.

3.30 Half of the businesses surveyed have a current business plan, although in the South Hams the level was higher at 59%.

3.31 Of the businesses that are planning moderate or rapid growth in the next three years, 15% don’t have a current business plan, nor any plans to prepare one.

[1] The previous survey was carried out in 2012 and included businesses in West Devon and the South Hams, but did not include Teignbridge.

3.32 In terms of environmental policies, the *construction* and *agricultural* sectors are most likely to have developed formal policies, which is likely to be (in part) a reflection of government policy which requires or incentivises this action.

3.33 41% of businesses had recently developed new products or services, down on the 2012 level of 46%.

3.34 20% of businesses had increased their workforce in 2014, with a further 24% planning to do so in 2015.

3.35 Across all formal business development areas, larger businesses were more likely to have carried out actions than smaller ones.

3.36 Almost one third of businesses were interested in changing their existing premises or building / finding new premises. For the majority of these businesses, this would enable them to expand.

3.37 The demand for types of premises varied between districts, with the greatest demand for larger industrial premises in Teignbridge, for smaller industrial premises in West Devon, and for offices in the South Hams.

3.38 In selecting new premises, businesses placed a higher importance on features that could have an impact on the profitability of their business such as cost.

3.39 Other important factors were those that may impact on the practical side of running a business such as access to broadband, the availability of parking and services.

3.40 Mobile coverage was also of particular concern to businesses in the South Hams.

3.41 Accessibility was a key feature in the location of premises, with broadband connectivity, access to town / city and access to a trunk road featuring most highly.

3.42 Within the survey area, Totnes, Okehampton and Newton Abbot were selected most frequently as possible new locations, but 41 businesses were also considering relocating out of the survey area.

3.43 When considering the second rail route, the views were divided between those businesses that perceived it as a threat (primarily those close to the current route), and those that considered it an opportunity (mostly those close to the proposed additional route).

3.44 There were many detailed comments made, and a particular emphasis on consideration for how any additional route would be developed to be of greatest value to local businesses, for example by linking in to other transport systems, and promoting the credentials of the area to attract visitors.

3.45 The majority of businesses reported that a fast, reliable broadband connection was either critical for their business or would enable them to improve.

3.46 Only one business that responded to the survey reported that they do not use a computer for their business.

3.47 In general broadband coverage was considered less of an issue in Teignbridge than in West Devon or the South Hams.

3.48 50 businesses reported that there were barriers to them taking up broadband, and there was some demand for additional support, particularly in the *food and accommodation services* sector.

3.49 In general businesses are using broadband for a wide range of activities.

3.50 The take up of broadband in the *agricultural* sector is relatively high, but their typical use of broadband is more limited to general email communication, internet browsing and government reporting.

3.51 Across the whole survey area, the majority of businesses are dissatisfied with the speed of broadband. This is particularly pronounced in West Devon and Dartmoor.

3.52 The reliability of broadband is less of an issue, but still of concern to over one third of businesses.

3.53 In general there is an increased awareness of the potential of broadband and the internet for business benefit, but some frustration with the inadequacies of the provision in the survey area.

# 4. INTRODUCTION

### Background

4.1 The DR Company has carried out a series of comprehensive business surveys covering thousands of businesses in rural Devon since 2005, covering all areas of business function, development and growth.

4.2 Copies of reports on previous surveys are available on our website: www.drcompany.co.uk

4.3 This latest survey covers the South Hams, Teignbridge and West Devon (including Dartmoor National Park).

4.4 The survey covers a range of context setting general questions about business, and then explores some themes that are of significance to businesses.

### Methodology

4.5 This research study was carried out as an online survey, with the option of telephone interviews for businesses without internet access[2].

4.6 The survey was designed in consultation with Dartmoor National Park Authority, South Hams District Council, Teignbridge District Council and West Devon Borough Council.

[2] The survey was carried out online, and whilst telephone surveys were offered as an alternative, this option was infrequently taken up. The results on broadband and ICT usage are interpreted in this report in this context, and where this may have influenced the results a comment is made in the relevant section.

4.7 It covered the following main topics: General business demographics, developing new ideas, products & services, business planning, current premises and future needs, computers and broadband.

4.8 The survey was open for responses from October to November 2014.

4.9 The survey was publicised through a series of press releases, and promoted through partner organisations.

4.10 It was also emailed out to the databases of businesses held by the DR Company and each of the local authorities.

4.11 The FSB sent out over 1,100 cards publicising the survey to their members in these areas, and included an item about the survey in their e-newsletter.

4.12 The response rates were analysed to ensure that a representative sample of businesses was included, and this was followed up by targeted emails to businesses in specific locations to balance the overall business sample.

4.13 The results were analysed using SPSS[3] and tested for their statistical significance where appropriate. This is noted in the report along with the significance level where relevant.

4.14 This was backed up by desk research into the latest business trends and demographics to put the findings into a wider context.

4.15 This report represents a summary of all the findings.

[3] Statistics Package for Social Sciences; IBM

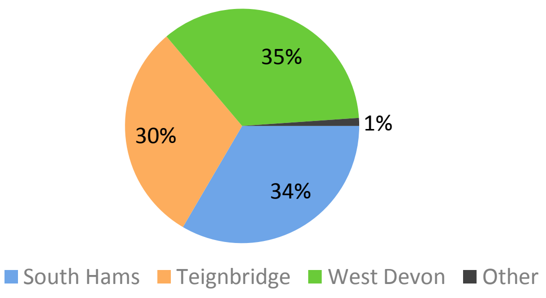
# 5. SAMPLE

## Response Rates

5.1 365 survey responses were received by the survey close date of 10th November 2014. Four responses were received from businesses based outside of the survey area.

5.2 Of the responses from within the survey area, 122 (34%) were from the South Hams, 111 (31%) from Teignbridge, and 128 (35%) from West Devon, as shown below. There were 4 (1%) responses from other areas within Devon.[4]

**Figure 1 Responses Per District**




5.3 In total, 82 (23%) of these responses were from businesses in Dartmoor National Park.[5]

## Business Types

5.4 The businesses were categorised by business type using the 2007 Standard Industrial Classification Codes (SIC codes).

5.5 The number of businesses of each type who responded to the survey are shown in the table below, and compared with the regional[6] and national[7] figures for 2013.

[4] Note: The "other" responses relate to businesses from outside of the three districts but are close to district borders and their views are still of relevance in this survey. From this point on, the "other" responses are included in the total results but excluded from results by district.

[5] Throughout this report, results are given for each of the three districts, and separately for businesses in Dartmoor National Park. It should be noted that the DNPA results overlap with the district results. Of the DNPA businesses, 47% were in West Devon, 43% in Teignbridge and only 10% in the South Hams.

[6] Throughout this report, "the region" and "regional results" refer to the South West of England, comprising Cornwall and the Isles of Scilly, Devon, Somerset, Dorset, Gloucestershire, Wiltshire and including the 9 unitary authority areas of Bath and NE Somerset, Bournemouth, Bristol, North Somerset, Plymouth, Poole, South Gloucestershire, Swindon and Torbay. This is the standard regional grouping that is used in all government statistics.

[7] Throughout this report "national" refers to England.

**Table 1 Businesses per SIC code in each area**

| SIC Code | South Hams | | Teignbridge | | West Devon | | Dartmoor | | Total | | South West | National |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | No | % | No | % | No | % | No | % | No | % | % | % |
| A: Agriculture, forestry and fishing | 7 | 5.8 | 10 | 9.1 | 9 | 7.1 | 14 | 17.1 | 26 | 7.2 | 9.9 | 5.7 |
| B, D and E: Mining / quarrying; utilities; water services | 0 | 0 | 1 | 0.9 | 1 | 0.8 | 0 | 0 | 2 | 0.6 | 0.6 | 0.6 |
| C: Manufacturing | 6 | 5.0 | 9 | 8.2 | 5 | 4.0 | 1 | 1.2 | 20 | 5.6 | 5.2 | 5.3 |
| F: Construction | 0 | 0 | 3 | 2.7 | 6 | 4.8 | 1 | 1.2 | 9 | 2.5 | 11.0 | 10.3 |
| G: Wholesale and retail | 19 | 15.8 | 18 | 16.4 | 24 | 19.0 | 4 | 4.9 | 63 | 17.5 | 18.2 | 18.7 |
| H: Transportation and storage | 5 | 4.2 | 4 | 3.6 | 1 | 0.8 | 1 | 1.2 | 10 | 2.8 | 2.9 | 3.3 |
| I: Accommodation and food service activities | 31 | 25.8 | 13 | 11.7 | 26 | 20.6 | 20 | 24.4 | 70 | 19.4 | 7.1 | 6.4 |
| J: Information and communication | 7 | 5.8 | 8 | 7.2 | 5 | 4.0 | 6 | 7.3 | 20 | 5.6 | 5.8 | 6.7 |
| K: Financial and insurance activities | 7 | 5.8 | 0 | 0 | 4 | 3.2 | 1 | 1.2 | 11 | 3.1 | 2.2 | 2.5 |
| L: Real estate activities | 1 | 0.8 | 6 | 5.5 | 2 | 1.6 | 4 | 4.9 | 9 | 2.5 | 3.4 | 3.6 |
| M: Professional, scientific and technical activities | 19 | 15.8 | 14 | 12.7 | 20 | 15.9 | 10 | 12.2 | 53 | 14.7 | 12.8 | 14.8 |
| N: Administrative and support service activities | 7 | 5.8 | 8 | 7.2 | 5 | 4.0 | 6 | 7.3 | 20 | 5.6 | 6.2 | 6.9 |
| O: Public administration and defence; compulsory social security | 1 | 0.8 | 0 | 0 | 1 | 0.8 | 1 | 1.2 | 2 | 0.6 | 1.1 | 1 |
| P: Education | 4 | 3.3 | 2 | 1.8 | 3 | 2.4 | 3 | 3.7 | 10 | 2.8 | 2.4 | 2.6 |
| Q: Human health and social work activities | 2 | 1.7 | 5 | 4.5 | 3 | 2.4 | 2 | 2.4 | 10 | 2.8 | 5.7 | 5.8 |
| R: Arts, entertainment and recreation | 3 | 2.5 | 4 | 3.6 | 9 | 7.1 | 6 | 7.3 | 17 | 4.7 | 1.9 | 1.9 |
| S: Other service activities | 1 | 0.8 | 5 | 4.5 | 2 | 1.6 | 2 | 2.4 | 8 | 2.2 | 3.6 | 3.9 |
| T: Activities of households as employers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

5.6 Among the respondents, the dominant business sectors were *accommodation and food service activities* (19%) and *wholesale and retail* (18%). A significant number of responses were also received from businesses in the *professional, scientific and technical activities* sector (15%). These three sectors make up 52% of the total responses.

5.7 Compared with the national average, *accommodation and food service activities* are very highly represented in the sample at 19%, three times the national figure of 6%.

5.8 Whilst the general profiles were similar across the areas covered in the survey, the detailed profile of businesses reveals variations between the South Hams, Teignbridge, West Devon and Dartmoor National Park areas.

5.9 Among the survey respondents, the dominant business sectors in the South Hams were *accommodation and food service activities* (26%), *professional, scientific and technical* activities (16%) and *wholesale and retail* (16%).

5.10 In Teignbridge, the distribution was more even, with the highest proportions of *wholesale and retail* businesses (16%) and *professional and technical* sectors (13%).

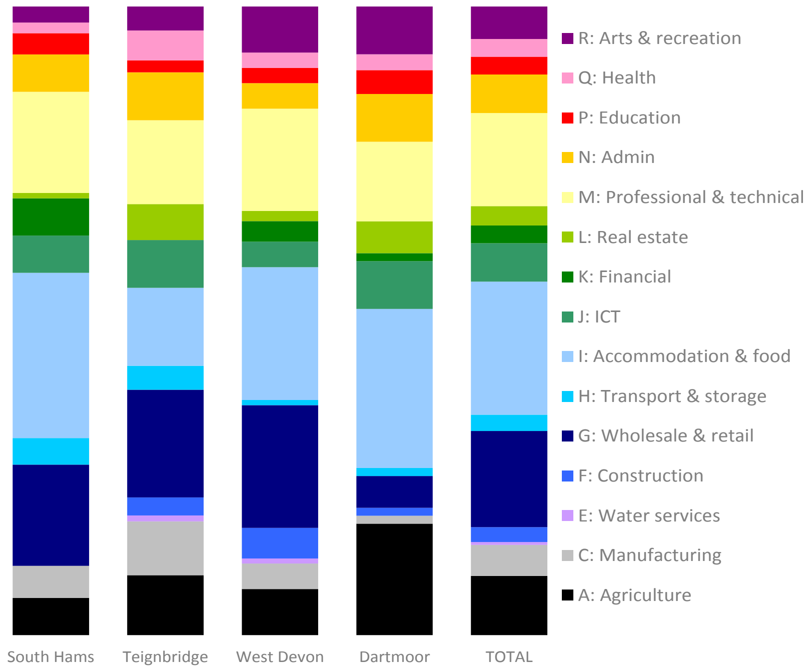
5.11 Survey respondents from West Devon were mainly from the *accommodation and food services* sector (21%), and the *wholesale and retail* sector (19%).

5.12 In the Dartmoor National Park area, *accommodation and food services* was again the dominant sector (24%), followed by *agriculture, forestry and fishing* (17%).

5.13 Interestingly, whilst the numbers were small there were higher proportions of *information and communication* businesses within Dartmoor National Park than outside this area (7% compared with 5%). This has implications in relation to the provision of superfast broadband (see Chapter 8).

5.14 The overall distribution of businesses between SIC code categories is illustrated below.

**Figure 2 Business Types**



5.15 There were local variations in the proportions of *agricultural* businesses from 9% of businesses in Teignbridge to 17% of businesses in Dartmoor. Across the whole area, the proportion of these businesses was considerably higher than the national average, but lower than the regional average.

5.16 When compared with the profile of VAT-registered businesses in the area[8], the high proportion of *food and accommodation service activity* businesses in the sample reflects the high proportion of small non-VAT registered businesses in this sector that are "under the radar" as they are too small to be represented in most nationally produced figures. The information gathered in this survey provides a valuable insight into this significant local business category.

5.17 There were fewer *construction*, and *human health and social work* businesses than either the national or the regional averages.

5.18 The distribution of businesses between SIC code categories among the respondents to the 2012 Business Survey was broadly similar to that of the 2014 Business Survey, with the main variations being a higher proportion of *agriculture, forestry and fishing*, and *accommodation and food service activities,* and a correspondingly lower proportion of *manufacturing* and *arts, entertainment and recreation* businesses.

8 Source: ONS UKBA01b Enterprise Units by Broad Industry Group and Local Authority District, 2014

## Business Location

5.19 The table overleaf shows the breakdown of responses within each district to ward level.

5.20 There was generally a good spread of businesses across the wards in each district, although there were areas with higher concentrations of businesses which generated more responses.

5.21 In the South Hams, higher numbers of responses were received from Salcombe & Malborough (14%), followed by Dartmouth & Kingswear (11%).

5.22 The highest concentration of respondents from Teignbridge were in Ashburton & Buckfastleigh (16%), Bushell (15%) and Moorland (14%)

5.23 West Devon saw the highest proportion of responses from Tavistock North (17%) and Lew Valley (10%).

**Table 2 Responses per Ward**

| Teignbridge Wards | No | % | South Hams Wards | No | % | West Devon Wards | No | % |
|---|---|---|---|---|---|---|---|---|
| Ambrook | 4 | 3.7 | Allington & Loddiswell | 3 | 2.6 | Bere Ferrers | 4 | 3.2 |
| Ashburton & Buckfastleigh | 17 | 15.6 | Avon and Harbourne | 2 | 1.7 | Bridestowe | 4 | 3.2 |
| Bishopsteignton | 1 | 0.9 | Bickleigh and Shaw | 2 | 1.7 | Buckland Monachorum | 10 | 7.9 |
| Bovey | 8 | 7.3 | Charterlands | 3 | 2.5 | Burrator | 1 | 0.8 |
| Bradley | 2 | 1.8 | Cornwood & Sparkwell | 2 | 1.7 | Chagford | 7 | 5.6 |
| Buckland and Milber | 3 | 2.8 | Dartington | 2 | 1.7 | Drewsteignton | 4 | 3.2 |
| Bushell | 16 | 14.7 | Dartmouth & Kingswear | 13 | 11.2 | Exbourne | 1 | 0.8 |
| Chudleigh | 7 | 6.4 | Dartmouth Townstal | 2 | 1.7 | Hatherleigh | 2 | 1.6 |
| College | 2 | 1.8 | Eastmoor | 4 | 3.4 | Lew Valley | 12 | 9.5 |
| Dawlish Central and North East | 1 | 0.9 | Erme Valley | 9 | 7.8 | Lydford | 8 | 6.3 |
| Dawlish South West | 3 | 2.8 | Ivybridge Central | 3 | 2.6 | Mary Tavy | 8 | 6.3 |
| Haytor | 4 | 3.7 | Ivybridge Filham | 1 | 0.9 | Milton Ford | 2 | 1.6 |
| Kenn Valley | 3 | 2.8 | Ivybridge Woodlands | 1 | 0.9 | North Tawton | 2 | 1.6 |
| Kenton with Starcross | 3 | 2.8 | Kingsbridge East | 4 | 3.4 | Okehampton East | 3 | 2.4 |
| Kerswell-with-Combe | 2 | 1.8 | Kingsbridge North | 10 | 8.5 | Okehampton West | 7 | 5.6 |
| Kingsteignton East | 3 | 2.8 | Newton & Noss | 4 | 3.4 | South Tawton | 5 | 4.0 |
| Kingsteignton West | 6 | 5.5 | Salcombe & Malborough | 16 | 13.7 | Tamarside | 5 | 4.0 |
| Moorland | 15 | 13.8 | Saltstone | 2 | 1.7 | Tavistock North | 21 | 16.7 |
| Shaldon and Stokeinteignhead | 2 | 1.8 | Skerries | 3 | 2.5 | Tavistock South | 6 | 4.8 |
| Teignmouth Central | 1 | 0.9 | South Brent | 4 | 3.4 | Tavistock South West | 2 | 1.6 |
| Teignmouth East | 4 | 3.7 | Stokenham | 3 | 2.6 | Thrushel | 6 | 4.8 |
| Teignmouth West | 2 | 1.8 | Thurlestone | 3 | 2.6 | Walkham | 6 | 4.8 |
| | | | Totnes Bridgetown | 4 | 3.4 | | | |
| | | | Totnes Town | 7 | 6.0 | | | |
| | | | Wembury & Brixton | 2 | 1.7 | | | |
| | | | West Dart | 4 | 3.4 | | | |
| | | | Westville & Alvington | 4 | 3.4 | | | |

## Business Age

5.24 Businesses reported how long they had been established, as shown below.

**Table 3 Number of Years Business Has Been Established**

| Age of Business | South Hams | | Teignbridge | | West Devon | | Dartmoor | | Total | | South West[9] | England |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | No | % | No | % | No | % | No | % | No | % | % | % |
| **<1yr** | 8 | 6.6 | 3 | 2.8 | 5 | 3.9 | 2 | 2.5 | 17 | 4.7 | 13.9 | 17.4 |
| **1-3 yrs** | 13 | 10.7 | 13 | 12.0 | 19 | 15.0 | 14 | 17.5 | 45 | 12.5 | 10.9 | 13.1 |
| **4-10 yrs** | 25 | 20.5 | 28 | 25.9 | 22 | 17.3 | 12 | 15.0 | 75 | 20.8 | 25.8 | 26.6 |
| **11-19 yrs** | 30 | 24.6 | 18 | 16.7 | 23 | 18.1 | 16 | 20.0 | 72 | 20.0 | 49.4 | 42.8 |
| **20+ yrs** | 46 | 37.7 | 46 | 42.6 | 58 | 45.7 | 36 | 45.0 | 151 | 41.9 | | |

5.25 Overall 62% of businesses have been established for more than 10 years; higher than the national average of 43%, and the regional average of 49%. On Dartmoor, 65% of businesses were more than 10 years old.

5.26 Overall there were lower proportions of startups than the regional and national averages. This was just 5% for the survey area, compared to the South West (14%) and England (17%). Within the survey area, Teignbridge and Dartmoor had the lowest proportions of startups at 3%.

5.27 However, the survival rate for startups in the survey area is strong, with 66% surviving for at least 3 years, compared with the national average figure of 58%[10].

[9] Source: UK Business: Activity, Size and Location – 2013, ONS.

## Business Size

5.28 Businesses were asked to report on how many staff they employed, and how this changed over a three year period.

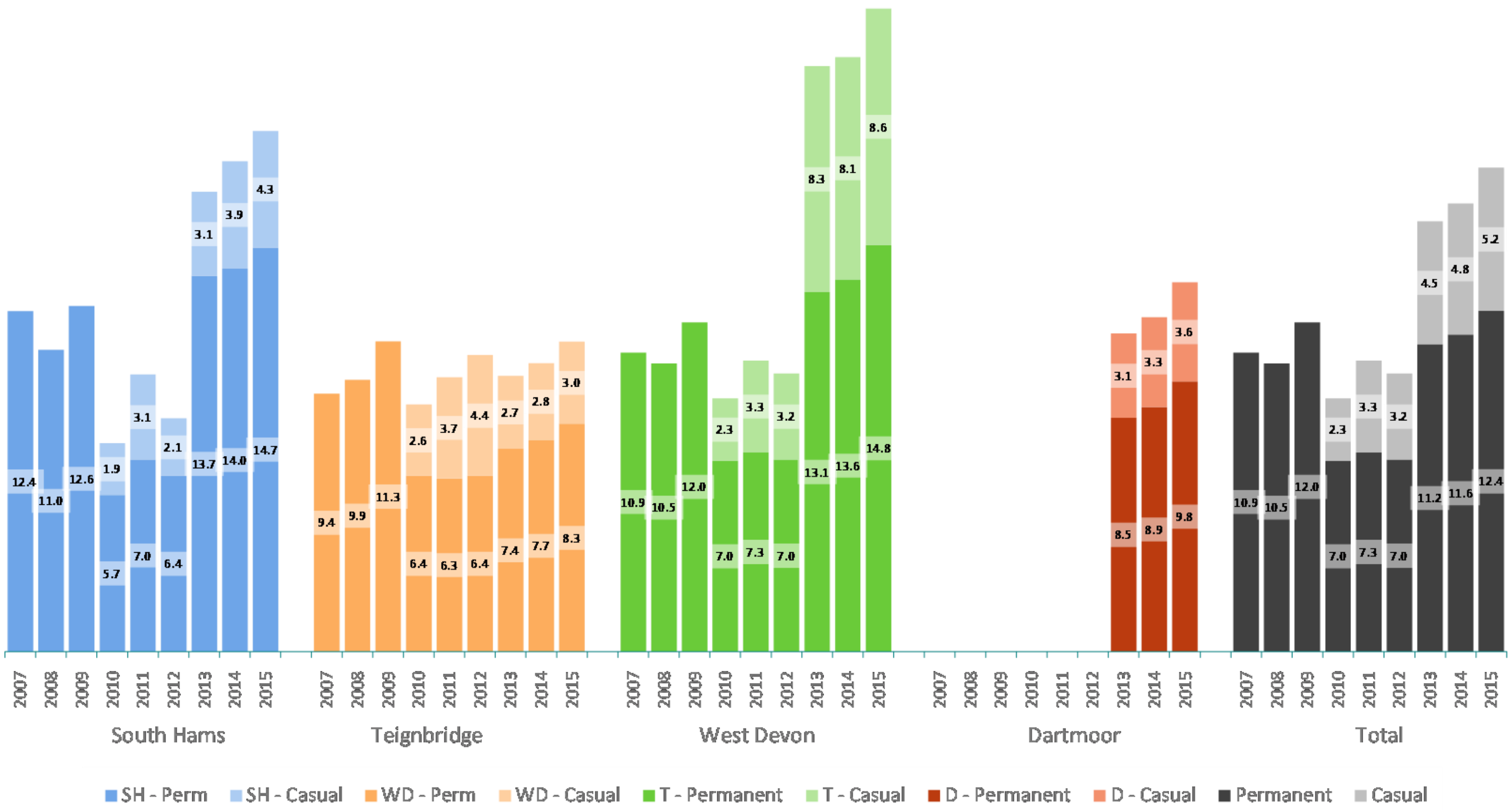
5.29 Overall, businesses reported a slight increase in staffing between 2013 and 2014, and predicted that this trend would continue in 2015, as illustrated in the chart below, and compared with the reported number of staff in previous years[11] [12].

[10] Source: ONS Business Demography, 2013

[11] In 2007–2009, businesses were asked to report on the combined figure for permanent and casual/temporary staff. This was separated in the data from 2010 onwards

[12] Responses were not separated out prior to 2013 for Dartmoor businesses

**Figure 3 Average Number of Staff per Business**



5.30 Businesses in all of the survey areas have reported an increase in the average number of permanent staff per business. All areas have also reported an increase in the average number of casual employees. This a stronger picture than during the 2012 survey period when the effects of the recession were still being felt strongly within the area.

5.31 When categorised into the main business size categories, the following results were found for each district.

**Table 4 Business Size**

| Age of Business | South Hams | | Teignbridge | | West Devon | | Dartmoor | | Total | | South West [13] | England |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | No | % | No | % | No | % | No | % | No | % | % | % |
| 0-1 (SoHo) | 26 | 21.8 | 27 | 25.5 | 26 | 20.5 | 23 | 29.1 | 79 | 22.3 | 88.5 | 88.5 |
| 2 – 9 (Micro) | 64 | 53.8 | 54 | 50.9 | 73 | 57.5 | 45 | 57.0 | 193 | 54.4 | | |
| 10 – 49 (Small) | 24 | 20.2 | 17 | 16.0 | 24 | 18.9 | 8 | 10.1 | 66 | 18.6 | 9.5 | 9.7 |
| 50 – 249 (Medium) | 3 | 2.5 | 8 | 7.5 | 4 | 3.1 | 3 | 3.8 | 15 | 4.2 | 1.5 | 1.7 |
| 250 – 999 (Large) | 2 | 1.7 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0.6 | 0.3 | 0.3 |

5.32 More than three quarters of businesses that responded to the survey employed 9 staff or fewer (78%). In contrast, only 5% of businesses employed 50 or more staff.

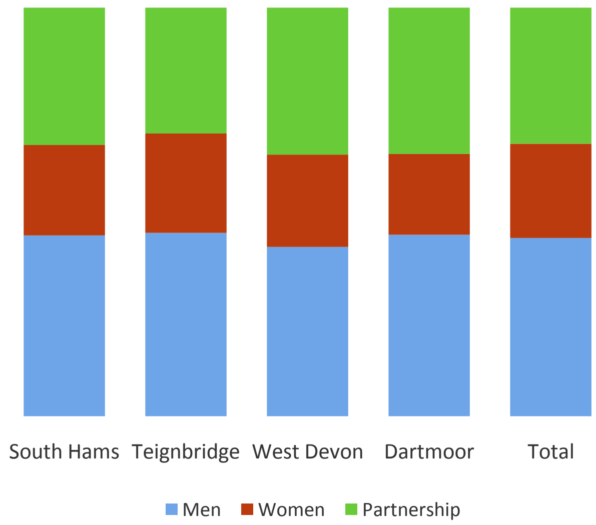
5.33 This is broadly representative of the business demography in the area, but there are more small and medium businesses than either the regional or national averages.

[13] Source: UK Business: Activity, Size and Location – 2013, ONS.

## Critical Business Decision Makers

5.34 In 157 (44%) businesses, critical business decisions are made by men, as shown below.

**Figure 4 Gender of Decision Makers**




5.35 The distribution was similar in all the survey areas.

5.36 When the partnerships are discounted, the proportion of female critical decision makers is 33% in the South Hams, and 35% in both Teignbridge and West Devon. This is higher than the national average of 29%.[14]

[14] Source: BIS - Bigger, Better Business – Helping Small Firms Start, Grow and Prosper Jan 2011.

5.37 Overall, 235 (65%) critical decision makers were over 45, with 137 (38%) over 55 and only 25 (7%) under 35 years old, as shown in the table below.

**Table 5 Age of Decision Maker**

| Age of Decision Maker | South Hams | | Teignbridge | | West Devon | | Dartmoor | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | No | % | No | % | No | % | No | % | No | % |
| **Under 35** | 10 | 8.8 | 8 | 8.4 | 7 | 6.3 | 8 | 12.1 | 25 | 7.8 |
| **35 – 44** | 23 | 20.4 | 20 | 21.1 | 19 | 17.1 | 12 | 18.2 | 62 | 19.3 |
| **45 – 54** | 33 | 29.2 | 27 | 28.4 | 36 | 32.4 | 22 | 33.3 | 98 | 30.4 |
| **55 – 64** | 34 | 30.1 | 33 | 34.7 | 34 | 30.6 | 15 | 22.7 | 101 | 31.4 |
| **65+** | 13 | 11.5 | 7 | 7.4 | 15 | 13.5 | 9 | 13.6 | 36 | 11.2 |

5.38 The age profile is a little older than the average profile of business owners in the UK. Nationally, 34% of business owners are aged less than 45, and only 7% are over 65[15], whilst only 27% of the business owners that responded to this survey were under 45, and 11% were over 65.

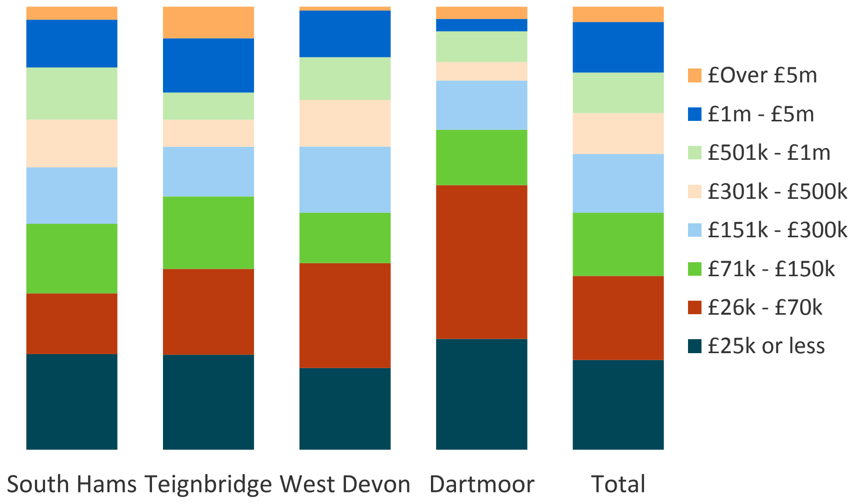
5.39 This older age profile was particularly pronounced in West Devon and Dartmoor.

[15] Source: The Average Entrepreneur 2014; Startups.co.uk

## Business Finances and Health

5.40 Businesses were asked to report on their turnover for the financial year ending 2014, and the results are shown in the chart below.

**Figure 5 Turnover**




5.41 The majority of businesses had a turnover between £1k and £70k across the survey area.

5.42 The responses to the 2014 Business Survey show a very similar picture to that of the previous survey in 2012.

5.43 Using derived estimates[16], the average actual turnover for businesses across the whole survey area was £624k.

[16] Derived estimates use the mid point of each turnover range to calculate an average turnover per area.

5.44 There was a significant variation between districts[17], with the highest average turnover in Teignbridge (£791k), followed by the South Hams (£606k) and then West Devon (£483k).

5.45 Average business turnover was significantly lower again for Dartmoor businesses[18] at £339k.

5.46 Based on these derived estimates, and with the exception of the Dartmoor businesses, the survey respondents compare favourably with the South West average turnover of £407k, and with the England average turnover of £465k[19].

5.47 As with previous surveys, this survey captured a good proportion of responses from the non-VAT registered businesses that are often excluded from national statistics, as shown below.

**Table 6 VAT Registration**

| VAT Registered? | South Hams | | Teignbridge | | West Devon | | Dartmoor | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | No | % | No | % | No | % | No | % | No | % |
| **Yes** | 64 | 52.5 | 61 | 62.2 | 67 | 58.8 | 35 | 48.6 | 193 | 60.7 |
| **No** | 40 | 32.8 | 37 | 37.8 | 47 | 41.2 | 37 | 51.4 | 125 | 39.3 |

5.48 Overall, 125 businesses (39.3%) who responded to the survey were not VAT registered.

[17] Significance test: Chi Square, p<0.01
[18] Significance test: Chi Square, p<0.01
[19] Source: ONS Business Size, Activity and Location 2014

5.49 The proportion of VAT registered business respondents was higher in Teignbridge than West Devon and the South Hams (62%, 59% and 53% respectively).

5.50 They were then asked to review their turnover against the previous year and against their prediction for the next year, and the results are shown below[20].

**Figure 6 Actual Turnover Change 2013 to 2014**

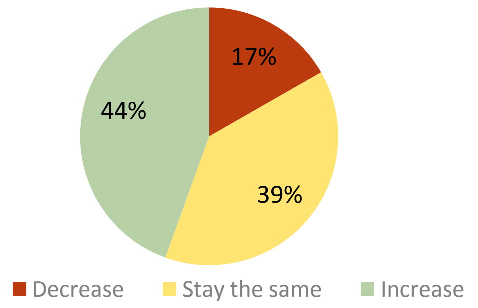
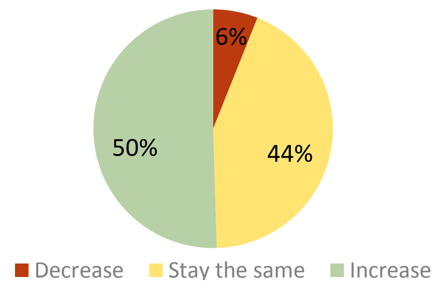



**Figure 7 Predicted Turnover Change 2014 to 2015**




[20] Businesses that were in their first year of trading are excluded from these results

5.51 44% of businesses reported an increase in turnover from 2013 to 2014, with 17% reporting a decrease.

5.52 More businesses in West Devon reported an actual decrease in turnover from 2013 to 2014 than in Teignbridge and the South Hams (20%, 16% and 13% respectively). 20% of Dartmoor businesses also reported a decrease.

5.53 Larger businesses were most likely to report increased turnover from 2013 to 2014, with 82% of the largest businesses (over £5m turnover), reporting an increase, compared with only 19% of the smallest businesses (less than £25k turnover).

5.54 Businesses were more optimistic about their future prospects with 94% predicting increased or maintained turnover, and only 6% of all respondents predicting a decrease in their turnover for 2015.

5.55 Businesses in the South Hams were the most optimistic in their turnover predictions for 2015, with 54% of respondents expecting an increase. This figure was 49% for Teignbridge, West Devon and Dartmoor.

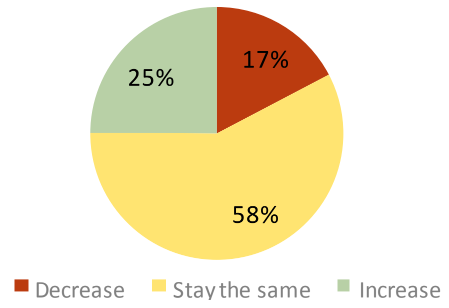
5.56 Contrastingly, West Devon and Dartmoor had the highest proportions of businesses predicting a decrease in turnover into 2015 at 8%, compared with 5% of Teignbridge and 4% of South Hams businesses.

5.57 Again, larger businesses (over £1m turnover), were more positive about their future prospects, with 77% predicting an increase in turnover for 2015, and the remaining 23% expecting their turnover to remain the same.

5.58 For smaller businesses (less than £300k turnover), only 44% are predicting an increase in their turnover in this period.

5.59 Businesses were also asked to comment on their relative profitability, as shown in the chart below.

**Figure 8 Change in Profitability 2013 to 2014**




5.60 One quarter of businesses reported that their profits had increased, and a further 58% reported that their profits were stable.

5.61 However, 17% of businesses reported that their profitability had decreased from 2013 to 2014.

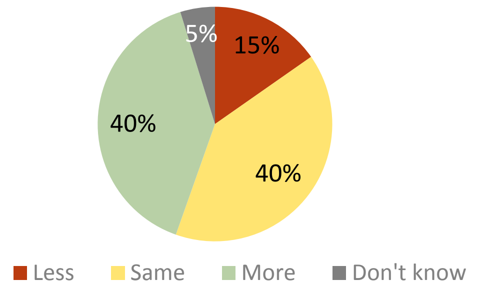
5.62 When compared with the previous survey, over one third of businesses were facing decreased profits, so this represents an improvement in business performance since that time.

5.63 The responses from the three districts were broadly similar on this question, although a slightly higher proportion of businesses in Teignbridge reported a decrease in their profitability compared to West Devon and the South Hams. (20%, 15% and 14% respectively.) Within Dartmoor, this figure was 18%.

5.64 Conversely, 25% of businesses in West Devon and the South Hams reported an increase in profits from 2013 to 2014. This was slightly lower in Teignbridge and Dartmoor at 21%.

5.65 In order to complete the picture of business health, they were also asked about changes in their customer base as shown in the chart below.

**Figure 9 Changes in Customer Base 2013 to 2014**




5.66 40% of businesses reported an increase in their customer base from 2013 to 2014, with a further 40% of businesses retaining their customer numbers.

5.67 In Teignbridge, businesses were more likely to report a steady performance, with 52% of businesses retaining a steady customer base between 2013 and 2014, whilst in West Devon this proportion was 37% and in the South Hams 32%. In Dartmoor, 44% of businesses reported a consistent customer base.

5.68 51% of businesses in the South Hams reported they had increased their customer numbers, compared to 39% in West Devon, 35% in Dartmoor and 30% in Teignbridge.

5.69 20% of businesses in West Devon reported that their customer numbers had decreased, compared to 18% in Dartmoor, 15% in Teignbridge and 11% in the South Hams.

5.70 It is of concern that 5% of businesses were unable to assess whether their customer base had changed. This was also the case in the 2012 DR Business Survey for West Devon and the South Hams.

## Summary

5.71 The survey captured a representative sample of businesses in the area, with over half the responses from the *accommodation and food service*, *wholesale and retail*, and *professional and technical* sectors.

5.72 Smaller, non -VAT registered businesses that play such an important role in the local economy are well represented in this survey at 39% of respondents.

5.73 As has been found in previous surveys, the proportion of businesses that have been established for more than 10 years was considerably higher than the national average, particularly on Dartmoor.

5.74 There were also fewer startups than the regional or national averages, but those that did start were more likely to succeed.

5.75 There has been a dramatic increase in staff employment since 2012, both casual and permanent, and the projections made by businesses show that this is set to continue into 2015.

5.76 In spite of this, the average business size is still considerably smaller that the regional and national averages.

5.77 The average business owner in the area is male and over 45 years old, which is older than the national average.

5.78 However, the proportion of female owned / managed businesses is higher in the survey area (35%) than the national average (29%).

5.79 The average business turnover varied between districts but over the whole area it compared favourably to the regional and national average.

5.80 Nearly half of the respondents reported an increase in turnover from 2013 to 2014, with a further third reporting stable turnover.

5.81 The larger the business, the more likely they were to report an increase in turnover.

5.82 When considering profitability, one quarter of respondents reported an increase from 2013 to 2014 with a further 58% reporting stable profits.

5.83 Projections for the future were very positive with 94% of businesses expecting that turnover and profits would remain stable or increase into 2015.

5.84 A similar picture was found with regard to the customer base of the businesses, with 80% reporting the same number or more customers since 2013.

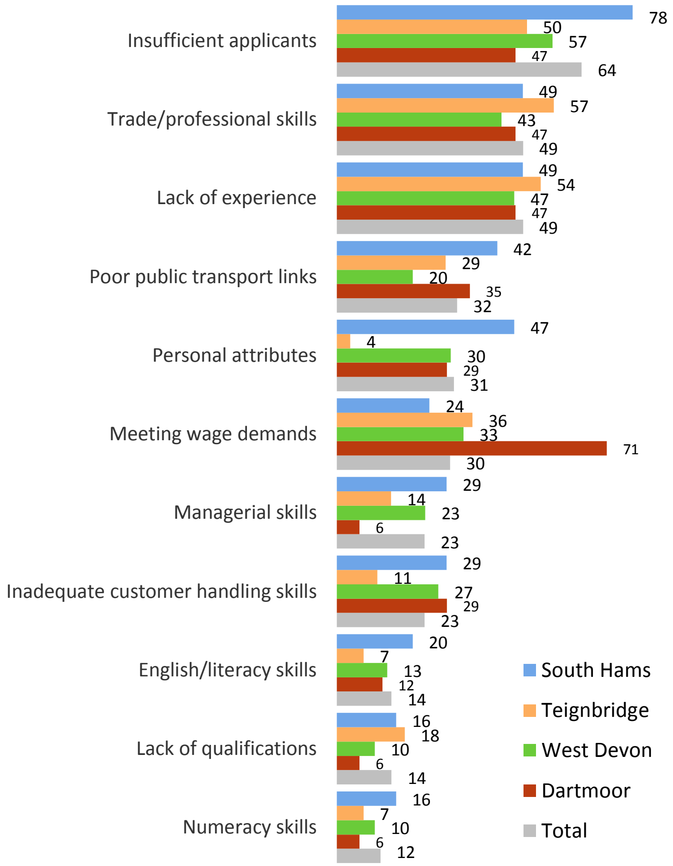
5.85 Overall the performance was more positive and the outlook much more optimistic than was found in the previous survey.

## 6. STAFFING AND RECRUITMENT

### Recruiting New Staff

6.1 213 (59%) businesses attempted to recruit staff during 2013 / 14, and of these, 104 (49%) experienced difficulties as shown below.

**Figure 10 Difficulties with Recruitment**




6.2 The most frequently reported issue when recruiting suitable new staff is insufficient applicants for the posts (64%). This has overtaken a lack of relevant experience which was the dominant issue in the 2012 Business Survey.

6.3 This was particularly pronounced in the South Hams, where 78% of businesses reported insufficient applicants.

6.4 The issue of insufficient applicants was also a particular problem for *accommodation and food service* businesses, the dominant business sector in the area, for whom 89% of businesses reported insufficient applicants for posts.

6.5 The recent People First review of the hospitality sector reported that "38% of reported vacancies in the hospitality and tourism sector are deemed to be hard-to-fill" and that such vacancies "are still being perceived as a short-term career path" which deters potential applicants.[21]

6.6 There was also a notable issue on Dartmoor where 71% of businesses found it difficult to meet wage demands.

6.7 A lack of relevant experience, and a lack of trade or professional skills were also significant factors, with 49% of businesses reporting these recruitment issues.

6.8 Concerns about candidates' personal attributes were highlighted as a difficulty by 47% of businesses in the South Hams, but only 4% of Teignbridge businesses identified this as a problem.

[21] Source: People 1st Hospitality and tourism – Creating a sustainable workforce, 2014

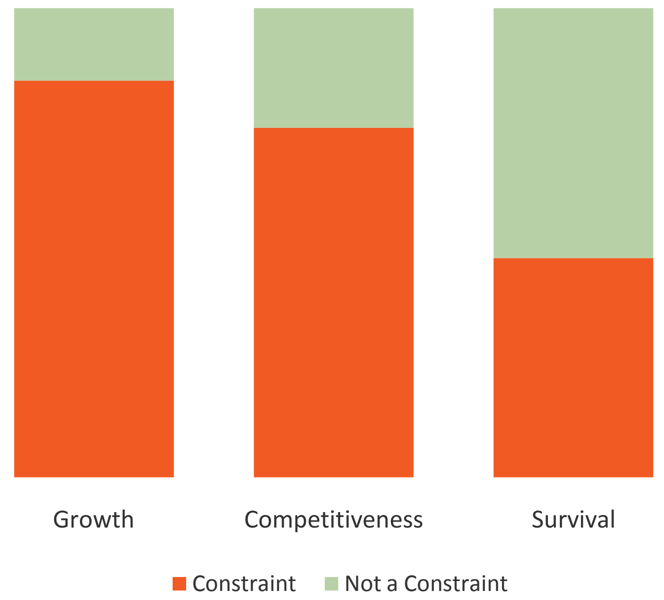
6.9 Businesses described a range of other issues that have affected their ability to recruit suitable staff.

> ***"Transport or lack of it is a big problem."***
> Pub, South Hams
>
> ***"Just too few suitable people locally, and travelling any distance is too costly given wage levels for cook, cleaner, bar staff."***
> Pub, South Hams
>
> ***"Insufficient public transport on Sundays. Hours are very irregular especially out of season."***
> Bed and Breakfast, South Hams
>
> ***"Professional people not wanting to move away from cities to work in Tavistock"***
> Solicitor, West Devon
>
> ***"Lack of interest in getting a job especially those seeking employment through Jobcentre Plus."***
> Food manufacturer, Teignbridge
>
> ***"Commitment to position."***
> Boarding Kennels, Teignbridge

6.10 The most frequent comments related to a lack of affordable housing and difficulties with transport, particularly in the South Hams. Other factors included a lack of willingness to work, and difficulties in attracting professionals away from larger cities to more rural areas.

6.11 For those businesses that experienced recruitment difficulties, the majority reported that it constrained their growth and competitiveness, as shown in the chart below.

**Figure 11 Impact of Recruitment Difficulties**




6.12 For 82 (85%) businesses, the issue of staff recruitment difficulties was considered a threat to the growth of their business.

6.13 This reflects previous surveys, but it is of concern that the proportion has increased since the 2012 Business Survey.

6.14 91% of South Hams businesses reported the issue of staff recruitment to have an impact on the growth of their business. Businesses in West Devon, Teignbridge and Dartmoor also reported this as a significant concern (82%, 78% and 75% respectively).

6.15 The impact of staff recruitment was considered to be a constraint on businesses competitiveness; which reflects previous survey results, whilst the impact on the survival of their businesses was reported as less significant.

6.16 79% of Teignbridge businesses reported that the impact of staff recruitment is a constraint on business competitiveness, in comparison to 77% of Dartmoor, 74% of South Hams and 70% of West Devon businesses.

6.17 93% of micro-businesses (2-9 employees) and 82% of small businesses (10-49 employees) reported that staff recruitment difficulties act as a constraint on the growth of their business.

### Summary

6.18 Almost half of the businesses that had tried to recruit additional staff in the past 12 months had experienced difficulties doing so.

6.19 The most frequent issue was insufficient applicants for posts, particularly in the South Hams and particularly for the *accommodation and food service* sector.

6.20 Within Dartmoor, all of the *accommodation and food service* businesses who has tried to recruit staff reported that they received insufficient applicants.

6.21 A number of potential reasons were identified for this, including inadequate public transport, inaccessibility, lack of affordable housing, perception of poor career prospects and difficulties attracting employees away from the urban areas.

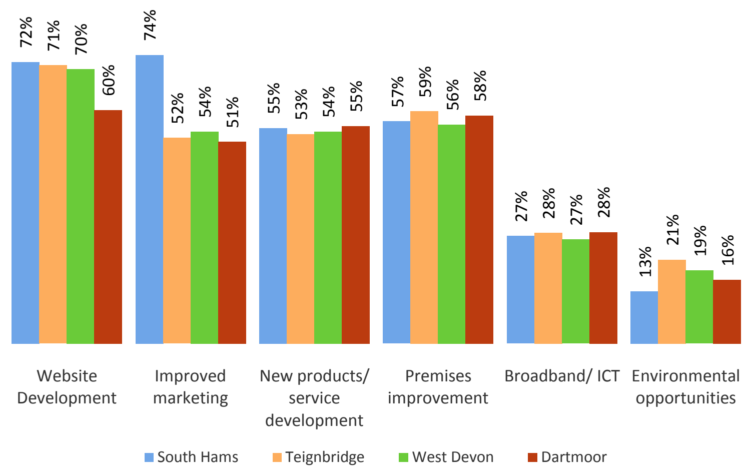
6.22 The most significant impact of these issues was that they restricted business growth opportunities, particularly for businesses in Teignbridge and for micro-businesses.

# 7. DEVELOPING THE BUSINESS

## Recent Developments

7.1 332 (91%) businesses had implemented development plans over the last three years.

**Figure 12 Business Developments**




7.2 The most frequently reported development was website development, with over 70% of businesses in the South Hams (73%), Teignbridge (72%) and West Devon (71%) taking this course of action. A smaller proportion (60%) of Dartmoor businesses developed their website.

7.3 In the South Hams, 74% of businesses improved their marketing. This was a significantly higher proportion[22] than in West Devon, Teignbridge or Dartmoor (54%, 52% and 51% respectively).

7.4 More than half of the businesses in each area carried out improvements to their premises.

7.5 Developing new products and services also represented a significant part of development plans for businesses across the whole survey area, with more than 50% of businesses taking this action.

7.6 When compared to the 2012 Business Survey, similar numbers of businesses are developing new products and services. However, more businesses have improved their marketing (55% in 2012) or developed their website (67% in 2012).

7.7 The businesses were also asked if their plans over this period had been implemented successfully, and 228 (62% of all respondents) of businesses reported that they had, whilst 104 businesses (28%) reported that they had not been able to develop as planned.

7.8 26 businesses reported business development actions that were not already covered by the survey. Of these, 7 (27%) had invested in staff training and development and 5 (19%) in improving systems and processes to make best use of their existing resources.

[22] Significance test: Chi Square, p<0.01

> ***"Extensive internal and external training for staff at all levels."***
> Estate Agent, West Devon
>
> ***"Improving systems and productivity"***
> Motor Dealership, South Hams
>
> ***"Encouraging employed member[s] of staff to increase output"***
> Website Systems Developer, Teignbridge

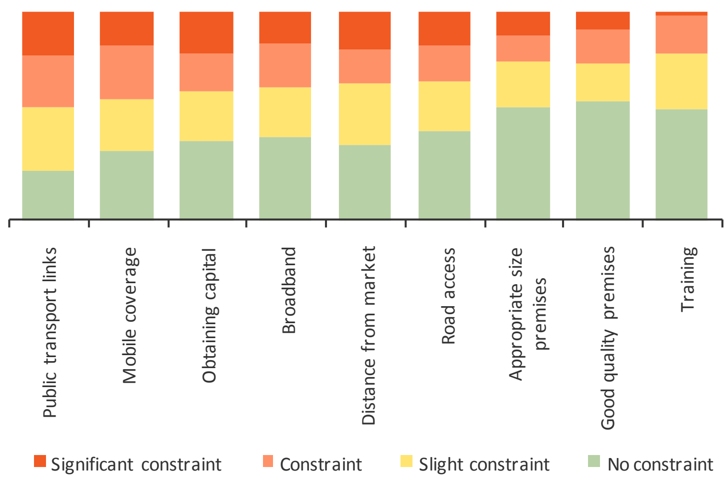
7.9 For other businesses, actions were focused on working together and networking for mutual benefit.

> ***"Appointed as Growth Accelerator Coach"***
> Sales & Marketing Consultant, South Hams
>
> ***"Outreach and community events to engage support and market our business"***
> Agriculture & Forestry, South Hams
>
> ***"Undertaking Professional Development Training (CPD) and networking with Devon Conservation Officers Group and IHBC"***
> Architect, West Devon

## Constraints on Growth

7.10 Businesses were asked which factors 'constrained' or 'significantly constrained' their development plans, and the most frequently raised issue was poor public transport links (46%), as illustrated in the chart below. This was followed by mobile coverage (42%).

**Figure 13 Constraints on Business Development**




7.11 53% of businesses in West Devon and 50% of businesses in both the South Hams and Dartmoor identified poor public transport links as a 'constraint' or 'significant constraint'.

7.12 A higher proportion of businesses in the South Hams (48%) reported that mobile coverage was a constraint to their business, compared to West Devon (42%), Teignbridge (36%) and Dartmoor (46%).

7.13 There was an even spread between the districts for businesses that reported that obtaining capital finance was the most important constraint to overcome.

7.14 21% of South Hams businesses and 20% of West Devon businesses reported that the distance from market or customers was the most important constraint to overcome. No businesses in Teignbridge identified this as an issue.

7.15 This was a much more significant issue for the Dartmoor businesses, for 36% of whom distance from market was a significant constraint.

7.16 Businesses in West Devon were more likely to report overcoming poor public transport links as the most important constraint to overcome, with 50% of the businesses that selected this option being based within the district.

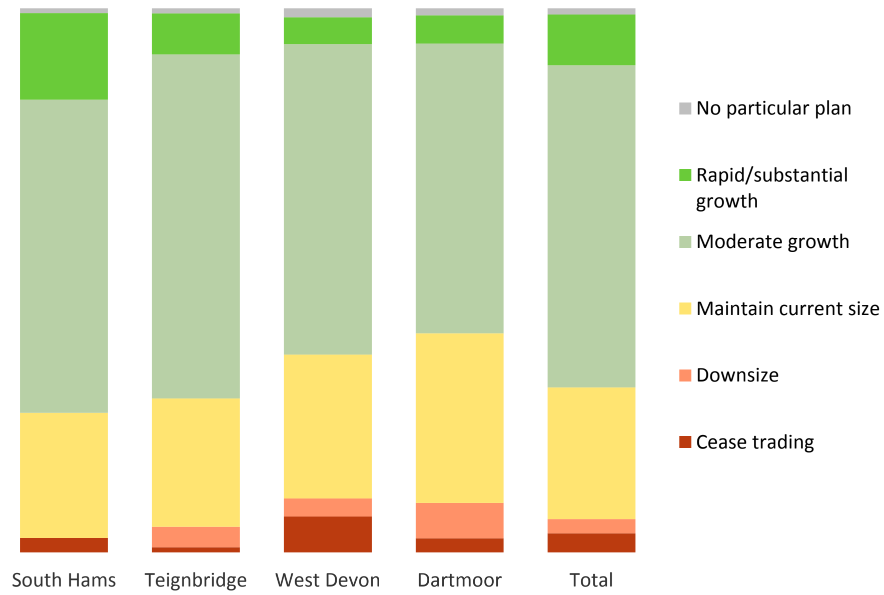
7.17 Businesses were also asked which the most important constraint to overcome was, and 23 businesses (26%) reported that obtaining finance for capital expenditure was the most important constraint to overcome.

7.18 In previous surveys, this figure had increased each time to a peak of 60% of businesses identifying obtaining capital finance as a factor that constrained or significantly constrained their business in 2012. In 2014, this figure has fallen to 38%.

## General Plans for the Future

7.19 Businesses were asked to comment on their plans for expansion over the next three years, with the following results.

**Figure 14 Business Growth Plans**




7.20 Across the area 69% of businesses were interested in either moderate or rapid / substantial growth over the next 3 years. This represents an increase from the previous survey when 60% of businesses were planning this type of growth.

7.21 The South Hams has the highest proportion of businesses planning rapid or substantial growth over the next three years (16% of South Hams businesses).

7.22 The majority of businesses (59%) are planning moderate growth over the next three years. 63% of Teignbridge businesses are expecting moderate growth, compared to 58% in the South Hams, 57% in West Devon and 53% in Dartmoor.

7.23 Businesses reported on the specific actions they intended to take to sustain and develop their business and the timescale to achieve this as shown in the following sections.

## Business Planning

7.24 50% of businesses had already prepared a formal business plan, with a further 18% planning to write one within the next 3 years.

7.25 In contrast, 31% had no plans to write a formal business plan at all.

**Table 7 Writing a Business Plan**

| | South Hams | | Teignbridge | | West Devon | | Dartmoor | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | No | % | No | % | No | % | No | % | No | % |
| **Undertaken recently** | 56 | 58.9 | 42 | 46.7 | 45 | 45.0 | 24 | 40.0 | 144 | 50.3 |
| **Plan within 12 months** | 13 | 13.7 | 17 | 18.9 | 16 | 16.0 | 12 | 20.0 | 46 | 16.1 |
| **Plan within 3 years** | 2 | 2.1 | 2 | 2.2 | 3 | 3.0 | 3 | 5.0 | 7 | 2.4 |
| **Not planning** | 24 | 25.3 | 29 | 32.2 | 36 | 36.0 | 21 | 35.0 | 89 | 31.1 |

7.26 Significantly more businesses in the South Hams (59%) reported that they had already prepared a formal business plan than businesses in Teignbridge, West Devon and Dartmoor (47%, 45% and 40% respectively)[23].

7.27 The proportion of businesses that have developed a formal business plan has not increased from the 2012 level (50%).

7.28 It is also of particular note that 15% of businesses who are planning moderate or rapid growth don't have a formal plan nor any plans to develop one.

[23] Significance test: Chi Square, $p<0.01$

7.29 Most businesses in *mining and quarrying* (100%); *financial and insurance* (90%); *transportation and storage* (78%); *education* (71%) and *other service activities* (67%) already have a business plan in place.

7.30 In comparison, none of the *utility related* businesses, and only 29% of *construction* businesses have a business plan or have any plans to write one.

7.31 The larger the business, the more likely they are to have or be planning a business plan; with 93% of medium and large having this in contrast to only 72% of Sole traders, 63% of micro and 77% of small businesses.

## Investing in New Equipment

7.32 51% of businesses have recently made an investment in new equipment, with a further 34% planning to do so within the next three years.

7.33 In contrast, 15% had no plans to invest in equipment as shown below.

**Table 8 Investing in New Equipment**

| | South Hams | | Teignbridge | | West Devon | | Dartmoor | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | No | % | No | % | No | % | No | % | No | % |
| **Undertaken recently** | 51 | 52.6 | 52 | 51.5 | 51 | 48.1 | 33 | 47.1 | 155 | 50.8 |
| **Plan within 12 months** | 27 | 27.8 | 28 | 27.7 | 27 | 25.5 | 24 | 34.3 | 82 | 26.9 |
| **Plan within 3 years** | 6 | 6.2 | 7 | 6.9 | 8 | 7.5 | 3 | 4.3 | 21 | 6.9 |
| **Not planning** | 13 | 13.4 | 14 | 13.9 | 20 | 18.9 | 10 | 14.3 | 47 | 15.4 |

7.34 There are no significant differences between the three districts covered by the survey.

7.35 When compared to the 2012 Business Survey, there has been a slight increase in the number of businesses that have already or are planning to invest in new equipment.

7.36 69% of *information and communication* businesses, 70% of *transportation and storage* businesses, and 75% in the *education* sector have recently invested in new equipment.

## Investing in Improving Premises

7.37 40% of businesses had invested in improving their premises, with a further 38% planning to do so within the next three years.

7.38 In contrast, 22% of businesses had no plans to invest in premises, as shown below.

**Table 9 Investing in Improving Premises**

| | South Hams | | Teignbridge | | West Devon | | Dartmoor | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | No | % | No | % | No | % | No | % | No | % |
| **Undertaken recently** | 40 | 43.0 | 38 | 38.8 | 43 | 40.6 | 30 | 42.9 | 121 | 40.5 |
| **Plan within 12 months** | 22 | 23.7 | 26 | 26.5 | 25 | 23.6 | 20 | 28.6 | 75 | 25.1 |
| **Plan within 3 years** | 13 | 14.0 | 12 | 12.2 | 13 | 12.3 | 8 | 11.4 | 38 | 12.7 |
| **Not planning** | 18 | 19.4 | 22 | 22.4 | 25 | 23.6 | 12 | 17.1 | 65 | 21.7 |

7.39 There are only small variations between the three districts, with a slightly higher proportion of South Hams businesses (43%) having already invested in improving their premises than those in West Devon (41%) and Teignbridge (39%).

7.40 Businesses on Dartmoor were most likely to have plans to improve their premises in the next 12 months.

7.41 The proportion of businesses that have recently invested in improving their premises is very similar to that of 2012 (41%). However, higher proportions are planning to improve their premises, an increase from 32% in 2012 to 38% in 2014.

7.42 60% of *accommodation and food service* businesses have made improvements to their businesses, as have 71% in the *education* sector, 63% in the *construction* sector and 60% in *transportation and storage*.

7.43 Again the larger the business, the more likely they are to invest in improving premises; 100% of medium and large businesses have either recently improved their premises or have plans to do so. This figure drops to 73% for micro-businesses.

## Increased Marketing / Sales

7.44 48% of businesses had already increased their marketing and sales activity, with a further 38% planning to do so within the next three years.

7.45 In contrast, 14% had no plans to increase marketing and sales activity at all as shown below.

**Table 10 Increased Marketing / Sales**

| | South Hams | | Teignbridge | | West Devon | | Dartmoor | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | No | % | No | % | No | % | No | % | No | % |
| **Undertaken recently** | 57 | 55.9 | 41 | 45.6 | 43 | 41.3 | 29 | 46.8 | 142 | 47.8 |
| **Plan within 12 months** | 34 | 33.3 | 32 | 35.6 | 45 | 43.3 | 23 | 37.1 | 111 | 37.4 |
| **Plan within 3 years** | 1 | 1.0 | 3 | 3.3 | 0 | 0 | 0 | 0 | 4 | 1.3 |
| **Not planning** | 10 | 9.8 | 14 | 15.6 | 16 | 15.4 | 10 | 16.1 | 40 | 13.5 |

7.46 56% of businesses in the South Hams had already increased their marketing and sales activity, compared 46% in Teignbridge and 41% in West Devon. 47% of businesses within Dartmoor National Park had also taken this action.

7.47 In addition, West Devon has the highest proportion of businesses that are planning to increase their marketing and sales activity within the next 12 months.

7.48 A minority of businesses has not already increased their marketing and sales activity and has no plans to do so. The South Hams has the lowest proportion of businesses that fit this profile (10%).

7.49 Overall, there has been a decrease in marketing / sales developments from 54% in 2012 to 48% in 2014.

7.50 Whilst an increased number have plans to undertake this work within the next 12 months (31% in 2012, 37% in 2014), there has been a small increase in the number of businesses that have no plans to increase their marketing activity from 12% to 14%.

7.51 *Education* and *information and communication* businesses were the most likely to have invested in marketing and sales activity recently at 71%.

7.52 57% of *accommodation and food service* businesses, have already undertaken this activity, and a further 31% are planning to do so. Of the businesses in the *arts, entertainment and recreation* sector, 50% have recently increased their marketing activity, and the remaining 50% have plans to do so within the next 12 months.

7.53 Taking into account all business sizes, the vast majority have either undertaken or have plans to carry out increased sales and marketing activities. Micro enterprises are the least likely to take this action, with 18% having no plans to increase their existing marketing and sales activity.

## Developing an Environmental Policy

7.54 40% of businesses had already developed an environmental policy, with a further 16% planning to do so within the next 3 years.

7.55 In contrast, 44% had no plans to develop an environmental policy at all, as shown below.

**Table 11 Developing an Environmental Policy**

| | South Hams | | Teignbridge | | West Devon | | Dartmoor | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | No | % | No | % | No | % | No | % | No | % |
| **Undertaken recently** | 32 | 41.6 | 31 | 35.6 | 40 | 42.1 | 24 | 40.7 | 104 | 40.0 |
| **Plan within 12 months** | 6 | 7.8 | 5 | 5.7 | 10 | 10.5 | 4 | 6.8 | 21 | 8.1 |
| **Plan within 3 years** | 4 | 5.2 | 10 | 11.5 | 7 | 7.4 | 8 | 13.6 | 21 | 8.1 |
| **Not planning** | 35 | 45.5 | 41 | 47.1 | 38 | 40.0 | 23 | 39.0 | 114 | 43.8 |

7.56 Teignbridge has a lower proportion of businesses with an environmental policy (36%) when compared to the South Hams (42%), West Devon (42%) and Dartmoor (41%).

7.57 Teignbridge businesses are also the least likely to develop an environmental policy, with 47% having no plans to do so. This is similar in the South Hams (46%), but lower in West Devon (40%).

7.58 The number of businesses with an environmental policy has remained reasonably steady since 2012 when 41% of businesses had recently adopted one. However, the number of businesses that are not planning to implement an environmental policy has increased from 38% in 2012 to 44% in 2014.

7.59 *Construction* businesses were most likely to have developed an environmental policy, at 71%, followed by *agriculture, forestry and fishing* at 67%.

7.60 This may link to legal requirements and procurement priorities in the *construction* sector, and incentivisation in the *agricultural* sector where the environmental stewardship system (and associated farm payments) are linked to environmental performance.

7.61 *Real estate* businesses were the least likely to develop an environmental policy with 83% having no plans do so, followed by *wholesale and retail* at 63%.

7.62 100% of medium and large businesses either already have (82%) or are planning to develop an environmental policy.

7.63 Micro-businesses are the least likely to develop an environmental policy, with 37% having no plans to do so.

## Achieving Formal Accreditations

7.64 Businesses were asked about their intentions to achieve formal accreditations such as Investors In People (IIP), and star ratings.

7.65 27% of businesses reported that they had invested in achieving such accreditations, and a further 20% plan to do so within the next three years.

7.66 In contrast, 53% had no plans to gain formal accreditations, as shown below.

**Table 12 Achieving Formal Accreditation**

| | South Hams | | Teignbridge | | West Devon | | Dartmoor | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | No | % | No | % | No | % | No | % | No | % |
| **Undertaken recently** | 25 | 29.8 | 15 | 17.9 | 28 | 32.2 | 15 | 26.8 | 68 | 26.6 |
| **Plan within 12 months** | 13 | 15.5 | 9 | 10.7 | 8 | 9.2 | 5 | 8.9 | 31 | 12.1 |
| **Plan within 3 years** | 10 | 11.9 | 6 | 7.1 | 5 | 5.7 | 3 | 5.4 | 21 | 8.2 |
| **Not planning** | 36 | 42.9 | 54 | 64.3 | 46 | 52.9 | 33 | 58.9 | 136 | 53.1 |

7.67 Businesses in West Devon were the most likely to have achieved formal accreditations (32%), closely followed by the South Hams (30%).

7.68 A significantly lower proportion of Teignbridge businesses had recently achieved formal accreditation (18%). The district also had the highest proportion of businesses that had no plans to pursue this activity (64%).

7.69 There has been a significant increase in the number of businesses gaining formal accreditation since 2012, when 20% of businesses had recently carried out this activity.

7.70 The number of businesses with no plans to pursue formal accreditation has decreased from 60% in 2012 to 53% in 2014.

7.71 Businesses in the *construction* sector are most likely to have recently undertaken formal accreditations, at 57%. Other significant sectors are *education* (50%), *financial and insurance* businesses (50%) and *accommodation and food service* businesses (49%).

7.72 Businesses in the *arts, entertainment and recreation* sector are the least likely to undertake activities to attain formal accreditation, with no businesses having recently undertaken this activity, and 91% having no plans to do so.

7.73 Medium and large businesses are most likely to have already achieved formal accreditation, with 82% of businesses having already undertaken this activity. However, 43% of small businesses have also gained formal accreditations.

## Developing New Products / Services

7.74 41% of businesses had already developed a new product or service recently, with a further 33% planning to do so within the next three years.

7.75 In contrast, 27% had no plans to develop new products or services at all, as shown below.

**Table 13 Developing New Products / Services**

| | South Hams | | Teignbridge | | West Devon | | Dartmoor | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | No | % | No | % | No | % | No | % | No | % |
| **Undertaken recently** | 35 | 40.7 | 36 | 40.9 | 41 | 39.8 | 27 | 45.8 | 113 | 40.6 |
| **Plan within 12 months** | 23 | 26.7 | 18 | 20.5 | 27 | 26.2 | 11 | 18.6 | 68 | 24.5 |
| **Plan within 3 years** | 9 | 10.5 | 4 | 4.5 | 8 | 7.8 | 4 | 6.8 | 21 | 7.6 |
| **Not planning** | 19 | 22.1 | 30 | 34.1 | 27 | 26.2 | 17 | 28.8 | 76 | 27.3 |

7.76 On this activity, there was very little distinction between businesses in South Hams, Teignbridge and West Devon. Dartmoor had a slightly higher level of businesses that had already carried out this activity, at 46%.

7.77 Businesses in Teignbridge were the least likely to develop a new product or service, with 34% having no plans to do so.

7.78 Overall the level of new product and service development has dropped since 2012, when 46% had recently undertaken this work and 31% were planning to do so within the next three years.

7.79 The *information and communication* sector has the highest proportion of businesses that have recently developed a new product or service, at 69%. This was followed by *manufacturing* (68%) and *human health and social work* activities (56%).

7.80 Small businesses with between 10 and 49 employees are the most likely to have already developed a new product or service, at 51%, whilst micro-businesses with between 2 and 9 employees are the least likely to have already carried out this activity, at 36%.

7.81 The picture is mixed for other sizes of business, and there is no clear relationship between the size of a business and its intention to develop new products or services.

## Changes to Workforce

7.82 Businesses were asked whether they were planning to either increase or decrease their workforce in order to sustain their business.

7.83 20% of businesses had recently increased their workforce, and a further 24% had plans to do so within the next 12 months.

7.84 In contrast, 42% of businesses had no plans to increase the size of their workforce.

**Table 14 Increase Workforce**

| | South Hams | | Teignbridge | | West Devon | | Dartmoor | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | No | % | No | % | No | % | No | % | No | % |
| **Undertaken recently** | 21 | 23.9 | 16 | 18.0 | 18 | 18.0 | 9 | 15.8 | 55 | 19.8 |
| **Plan within 12 months** | 23 | 26.1 | 20 | 22.5 | 22 | 22.0 | 16 | 28.1 | 66 | 23.7 |
| **Plan within 3 years** | 12 | 13.6 | 13 | 14.6 | 16 | 16.0 | 8 | 14.0 | 41 | 14.7 |
| **Not planning** | 32 | 36.4 | 40 | 44.9 | 44 | 44.0 | 24 | 42.1 | 116 | 41.7 |

7.85 Businesses in the South Hams were more likely than other areas to have recently taken on additional staff (24%), or be planning to do so within the next 12 months (26%).

7.86 Businesses in the *education* sector are most likely to have increased their workforce, with 57% having done so recently. 27% of *IT and communication* businesses have also recently increased their workforce.

7.87 57% of *administrative and support service* businesses, and 50% of *professional and technical* businesses plan to increase the size of their workforce. In both sectors, the majority of businesses plan to do this within the next 12 months.

7.88 Businesses in the *arts and recreation*, and *accommodation and food services* are least likely to plan to employ more staff, with 53% and 52% respectively having no plans to increase their workforce.

7.89 The survey also asked whether businesses were planning to decrease their workforce to help sustain their business.

**Table 15 Decrease Workforce**

| | South Hams | | Teignbridge | | West Devon | | Dartmoor | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | No | % | No | % | No | % | No | % | No | % |
| **Undertaken recently** | 3 | 4.5 | 0 | 0 | 3 | 3.7 | 1 | 1.9 | 6 | 2.6 |
| **Plan within 12 months** | 1 | 1.5 | 1 | 1.2 | 4 | 4.9 | 3 | 5.7 | 7 | 3.0 |
| **Plan within 3 years** | 1 | 1.5 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0.4 |
| **Not planning** | 62 | 92.5 | 80 | 98.8 | 74 | 91.4 | 49 | 92.5 | 217 | 93.9 |

7.90 The vast majority of businesses (94%), have not recently decreased their workforce and have no plans to do so.

7.91 Businesses that have recently decreased their workforce were in the *agriculture and forestry*, *manufacturing*, *accommodation and food services*, and *arts and recreation* sectors. [24]

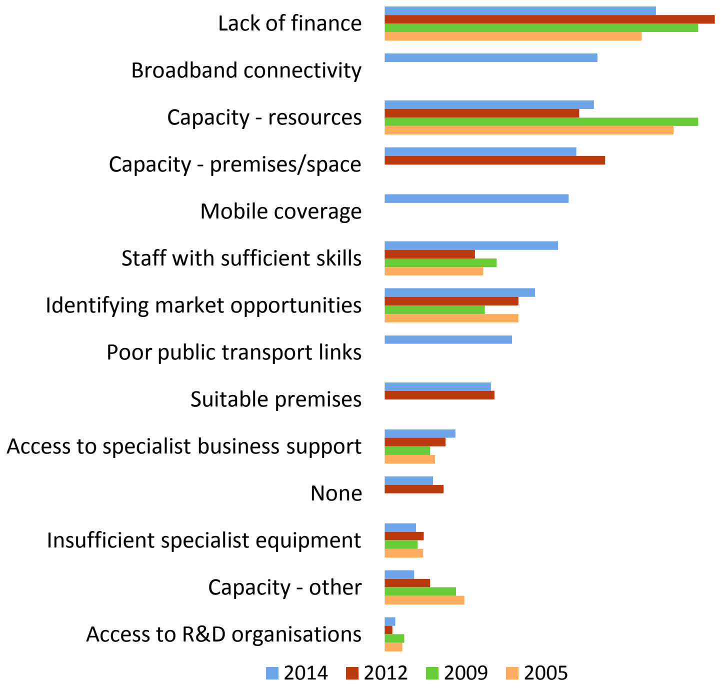
[24] It should be noted that businesses completed the survey during October 2014. This is at the end of the traditional tourism season, and businesses in the

7.92 In addition, businesses that are planning to decrease their workforce within the next 12 months were mainly from the *agriculture and forestry*, *accommodation and food services*, *information and communication* and the *arts and recreation* sectors.

## Barriers to Developing New Opportunities

7.93 Businesses were asked what the main barriers were to developing new opportunities, as shown in the chart below and compared with the previous three surveys[25]:

**Figure 15 Barriers to Development**




accommodation and food services, and arts and recreation sectors may have recently 'laid off' their seasonal staff.

[25] Mobile coverage, broadband connectivity and public transport links were introduced as new options in this survey, so no comparison data is available. Capacity – premises / space and "none" were added as options in 2012.

7.94 As in previous years, lack of finance was the main barrier to developing new opportunities. However, this was less of an issue than in the previous two surveys suggesting that finance is starting to become more available.

7.95 Capacity, both in terms of premises / space and resources was also identified as one of the main barriers to development, with 27% and 30% of businesses reporting these issues respectively.

7.96 For 30% of businesses, broadband connectivity was a barrier to developing new opportunities, and 26% of businesses identified that mobile coverage was also a barrier.

7.97 More than 50% of businesses in the following wards reported that mobile coverage was a barrier to their development; Bridestowe, Buckland Monachorum, Charterlands, Eastmoor, Haytor, Mary Tavy, Newton and Noss, Skerries, Thrushel, West Dart.[26]

7.98 It is of note that broadband connectivity was also an issue for more than 50% of businesses in all of the same wards except Mary Tavy and Thrushel. This has implications when considered against the government proposals to use the mobile network to provide broadband coverage in remote rural areas.

7.99 Businesses made additional comments on the barriers that they faced when trying to develop new opportunities.

***“It’s difficult to find time to invest in business growth when I’m busy running the business.”***

Website systems design, Teignbridge

***“Obtaining Planning Permission”***

Hotel, West Devon

*20 businesses across all districts commented on planning difficulties*

***“Meeting compliance and regulatory standards”***

Bus and coach transport, South Hams

***“Our location is off the beaten track, difficult to attract customers as well as staff”***

Pub, restaurant & accommodation, South Hams

***“Lack of high speed broadband is a major restriction.”***

Defence & Safety Consultant, West Devon

7.100 When asked which barrier to growth they considered hardest to address, 21% of businesses identified lack of finance as the hardest issue to address.

[26] Mobile coverage was also reported as an issue in the following wards where the sample size is too small for this to be considered valid: Avon and Harbourne, Bere Ferrers, Burrator, Cornwood and Sparkwell, North Tawton, Thurlestone.

7.101 This has decreased since 2012, when 48% of businesses reported it to be the hardest issue to address.

7.102 The other barriers which businesses identified as challenging to address were identifying market opportunities, broadband connectivity and capacity in terms of resources.

7.103 With the exception of broadband connectivity, the most challenging barriers to address have remained unchanged from the 2012 Business Survey.

7.104 Whilst for the majority of issues there was no significant difference between the three local authority areas, there were three where there was substantial variation.

7.105 Where a lack of finance was considered to be the most challenging barrier to overcome in Teignbridge (25%), businesses in the South Hams, Dartmoor and in West Devon were less likely to identify this as an issue (20%, 20% and 18% respectively).

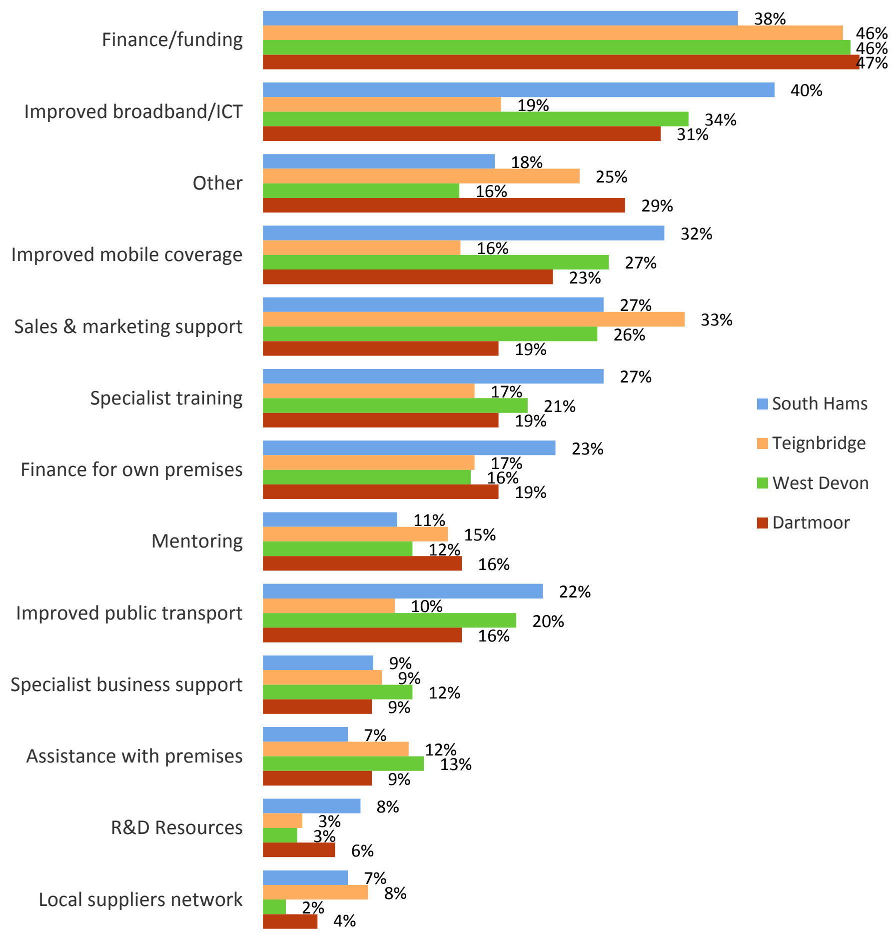
7.106 Finding suitable premises was again more of a barrier to development for businesses in Teignbridge (7%) than West Devon, Dartmoor or the South Hams (4%, 4% and 2% respectively).

7.107 Broadband connectivity showed the highest variation between regions. In Teignbridge, just 2% of businesses reported that this would be the most challenging barrier to overcome, in contrast to 11% on Dartmoor, 12% in West Devon and 13% in the South Hams.

## Overcoming Barriers to Growth

7.108 Businesses were asked to consider the measures that could be taken to address these barriers identified above, as shown below.

**Figure 16 Addressing Barriers**



7.109 The most frequently stated response was finance / funding with 134 (43%) businesses mentioning this approach, followed by improved broadband / ICT with 98 (31%) businesses.

7.110 Businesses in the South Hams (40%) were the most likely to report that improved broadband / ICT is the most important factor in overcoming barriers to growth.

7.111 Broadband connectivity is explored in more detail in Chapter 9.

7.112 In the remaining survey area, businesses reported that access to finance / funding was the most important barrier to address, with 46% of businesses in Teignbridge and West Devon, and 47% of businesses in Dartmoor selecting this response.

7.113 Accessing finance / funding was highlighted as an issue by more than 50% of businesses in the following sectors: *construction*, *information and communication*, *admin and support, education, health and social work* and *arts, entertainment and recreation*.

7.114 With regard to broadband and ICT, more than 50% of *finance and insurance* and *health and social work* businesses identified this as an important barrier to address.

7.115 Improved mobile coverage was important to businesses in all sectors, but particularly to *accommodation and food service* businesses (39%) and *real estate* businesses (38%).

7.116 90 businesses reported that support with sales and marketing was important to help them overcome barriers to developing new opportunities, and this was particularly focused in the *admin and support services* sector.

7.117 Businesses were also able to identify other factors that they felt were important for overcoming barriers.

***"Improved marketing and forming partnerships with other local destination partners."***

Hotel, Teignbridge

***"Availability of staff, but this is a location problem, it's hard to grow and stay in the current area because of the lack of people."***

IT Development, Sales & Support, South Hams

***"Greater flexibility to expand our use of renewable energy. This is currently hindered by government legislation that does not address the requirements of properties pre 1900 and the inadequacies of the grid."***

Bed and Breakfast, West Devon

***"Desperately need more staff."***

Domiciliary Care Provider, South Hams

## Summary

7.118 Businesses had been proactive in carrying out improvements to enhance their business in the past three years.

7.119 The most frequent type of improvement was to develop their web presence, and for some businesses this included setting up web trading.

7.120 More than half of businesses had made premises changes or improvements.

7.121 However, for one third of businesses, developments had not been implemented as planned.

7.122 The main constraints that held businesses back were identified as poor public transport links and inadequate mobile coverage.

7.123 There were specific wards within the area for whom mobile coverage was considerably more of an issue, and it is of some concern that businesses in most of these wards also reported inadequate broadband connectivity. This is of significance in relation to the government plans to extend superfast broadband coverage using the mobile network.

7.124 Access to finance for capital investment was still an issue for 38% of businesses, but this had dropped since 2012 when 60% of businesses experienced this issue.

7.125 Half of the businesses surveyed have a current business plan, although in the South Hams the level was higher at 59%.

7.126 Of the businesses that are planning moderate or rapid growth in the next three years, 15% don't have a current business plan, nor any plans to prepare one.

7.127 In terms of environmental policies, the *construction* and *agricultural* sectors are most likely to have developed formal policies, which is likely to be (in part), a reflection of government policy which requires or incentivises this action.

7.128 41% of businesses had recently developed new products or services, down on the 2012 level of 46%.

7.129 20% of businesses had increased their workforce in 2014, with a further 24% planning to do so in 2015.

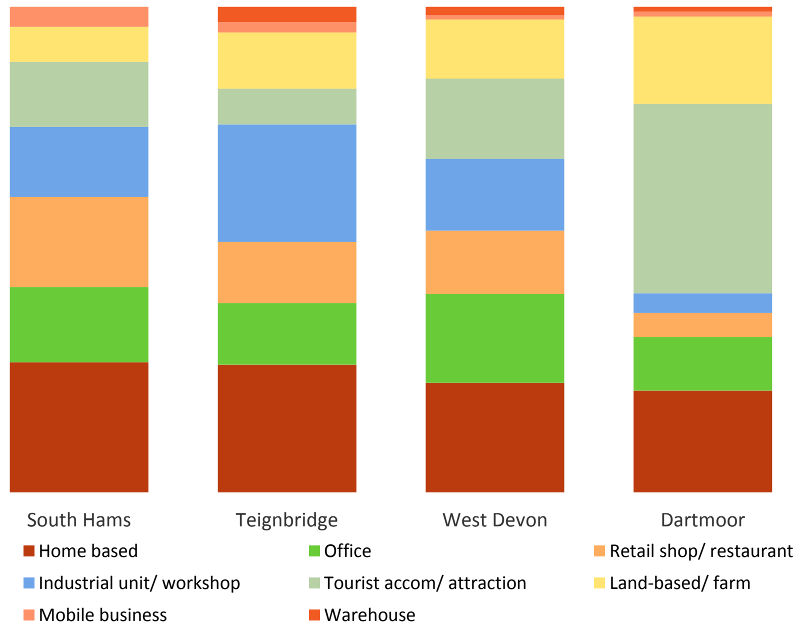
7.130 Across all formal business development areas, larger businesses were more likely to have carried out actions than smaller ones.

## 8. BUSINESS PREMISES

### Current Premises

8.1 78 businesses (25%) who responded to the survey currently operate their business from home, and 55 (18%) operate from an industrial unit or workshop, as illustrated in the chart below.

**Figure 17 Premises Types**[27]




8.2 In all three districts (including the Dartmoor National Park area), the most frequently reported business premises type was home based businesses, and this is largely typical of rural areas.

8.3 In West Devon, 18% of businesses operated from an office and 17% from tourist accommodation / attraction premises.

8.4 In the South Hams, 18% of businesses operated from retail shops / restaurants.

8.5 Teignbridge had the highest proportion of businesses operating from industrial units / workshops (24%).

8.6 29% of businesses within Dartmoor National Park operated from home, with a further 25% operating from land based / farm premises.

8.7 56% of *information and communication* businesses operated from home, with the remaining 44% operating from an office base.

8.8 65% of *manufacturing* businesses and 88% of *construction* businesses operate from industrial units / workshops.

8.9 60% of *finance and insurance* businesses operate from an office base.

[27] In addition, one response each was received from businesses operating from a work hub, a clinic, a care home, a boatyard and a community centre. These results have been excluded from the analysis to protect the anonymity of the respondents.

### Relocation of Businesses

8.10 38 businesses have moved into the survey area within the last 5 years. This was evenly split between the three districts, and 42% of these businesses were within Dartmoor National Park.

8.11 The majority of businesses relocated to the survey area from the UK, but outside of Devon. London was the most frequently given response, with 5 businesses moving from this area.

8.12 The majority of businesses that relocated to the survey area stated that the quality of life and the quality of the natural environment were the main reasons for moving (68% and 51% respectively).

8.13 Businesses that responded to the survey had either purchased an existing business, or had started it themselves.

8.14 Businesses that have relocated / set-up / taken on a business in the area had generally done so mainly for lifestyle reasons.

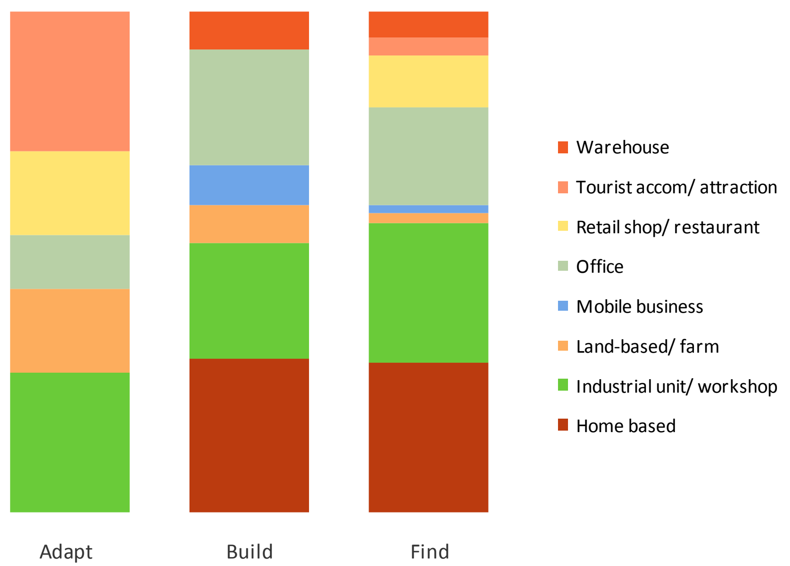
8.15 The vast majority of businesses have no plans to pass on or close in the future. A small proportion do plan to make this change, with 10% planning to sell their business within the next 3 years, 7% planning to relocate to a different area within this timescale, and 3% planning to close within the next three years.

### Premises Changes

8.16 92 (29%) businesses reported that they had plans to make premises changes over the next five years.

8.17 Businesses explained the way in which they intended to implement changes as shown in the chart below.

**Figure 18 Premises Changes**




8.18 In general, businesses were more likely to plan to find more suitable existing premises rather than building or adapting their own premises, with the exception of tourist accommodation / attractions and land-based businesses who were interested in adapting their existing premises.

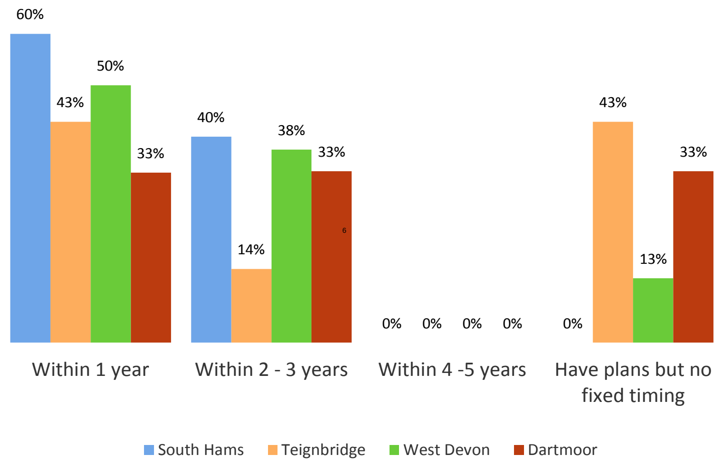
8.19 Of the businesses that plan to build new premises, 31% were currently home-based, 23% operated from industrial units / workshops and 23% were based in offices.

8.20 Each of these is explored in more detail below.

## Adapting Existing Premises

8.21 For those businesses that planned to adapt their existing premises, their planned timescale was as illustrated in the chart below.

**Figure 19 Timing of Premises Adaptation**

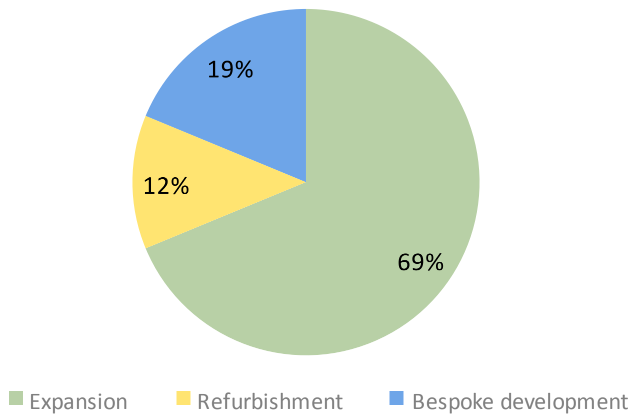



8.22 The majority of businesses were planning to implement changes for adapting their existing premises within three years.

8.23 Businesses in the South Hams had more immediate plans, whilst businesses in Teignbridge and Dartmoor had no fixed timing in mind for the changes that they plan to make.

8.24 The way in which the businesses planned to develop their premises was split into expansion, refurbishment, developing bespoke space and reducing size, and this is illustrated in the chart below.

**Figure 20 Types of Premises Adaptation**




8.25 The majority of the businesses (69%) planned on expanding their existing premises, with 19% planning a bespoke development and just 12% planning on refurbishment.

8.26 When commenting on the reasons for adaptations, the businesses were focused on meeting the needs of the business and providing better facilities for their customers.

***"Need additional space for growth"***
Hotel, West Devon

***"Increased capacity. Improved layout for business efficiency. More attractive and engaging environment for customers."***
Café / Delicatessen, South Hams

***"Additional production capacity"***
Food manufacture, Teignbridge

***"Maximise the space we have to accommodate more customers"***
Hotel, South Hams

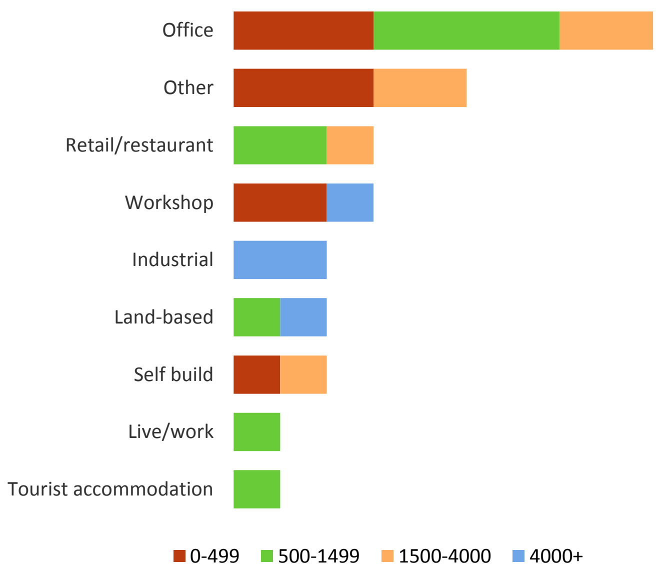
***"To utilise the space more effectively. To work in a tidier environment."***
Manufacturing and sales, West Devon

***"Install LED lighting throughout the buildings to increase reliability for residents and visitors and reduce power bills"***
Educational Charity, Teignbridge

## Finding New Premises

8.27 The 57 businesses that reported they would be seeking new premises were asked for more details of the size (floor area in square feet) and type of premises[28]. The results are shown by area in the charts below.

**Figure 21 Premises Demand in the South Hams**



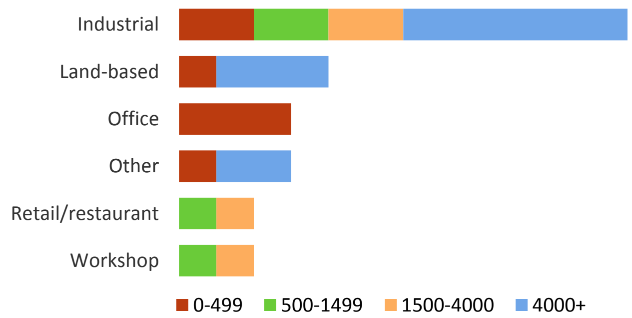

8.28 The greatest demand in the South Hams was for office accommodation. The demand was for a range of different office sizes up to 4000 square feet.

8.29 The 'other' premises that were sought included leased premises, a boatyard and a community centre.

8.30 The largest premises were sought for industrial use, workshops and for land-based activities.

8.31 The premises demand in Teignbridge was quite different, with a significant focus overall on industrial premises.

**Figure 22 Premises Demand in Teignbridge**




8.32 The demand for industrial premises covered the full range of floor space sizes, with half of all of the businesses seeking premises in excess of 4,000 square feet.

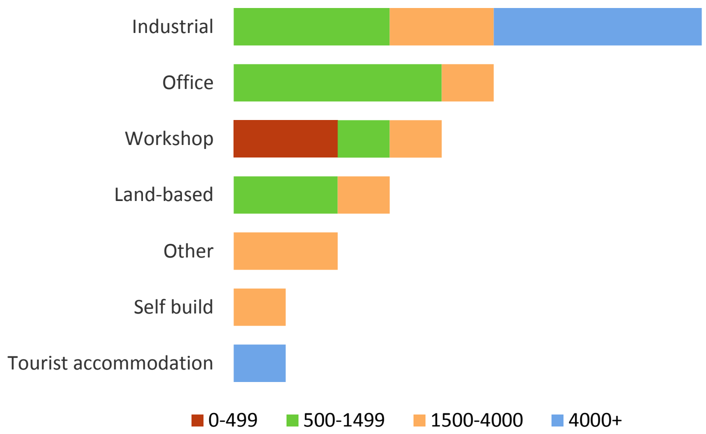
8.33 Overall there was a smaller range of premises types sought in Teignbridge, but in general the demand was for larger premises.

8.34 The 'other' premises that were sought included a clinic and a residential care home.

[28] Although the numbers of businesses seeking additional premises are small, and not statistically significant, the detail given here illustrates absolute and specific demand for premises that may be relevant for planning purposes.

8.35 In West Devon the picture was similar to Teignbridge with businesses particularly seeking larger industrial premises.

**Figure 23 Premises Demand in West Devon**

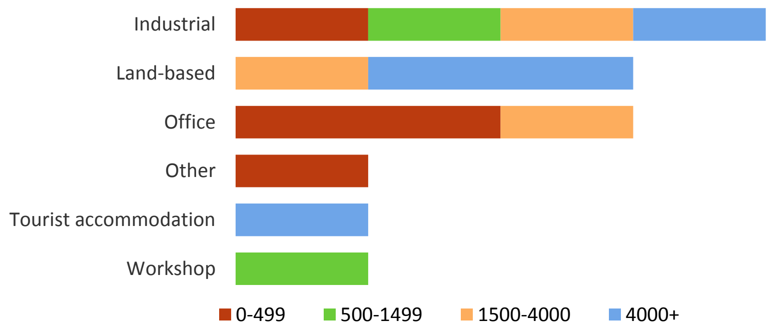



8.36 Office premises were in greater demand in West Devon, ranging from 500 to 3,999 square feet in area.

8.37 The only smaller premises (less than 500 square feet) sought in this area were workshops.

8.38 The responses from businesses in Dartmoor National Park were then separated out. It should be noted that these replicate some of the figures shown above and do not represent additional demand. The results are as shown below.

**Figure 24 Premises Demand on Dartmoor**

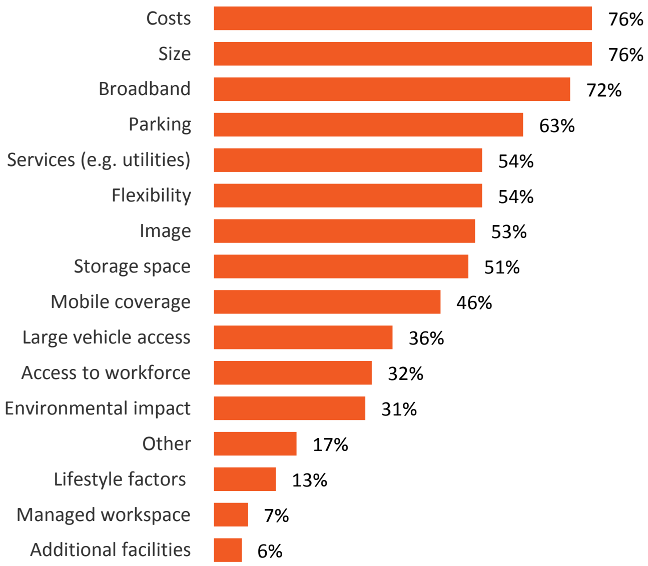



8.39 Within Dartmoor National Park, the greatest demand was for industrial premises of all sizes, followed by larger land based premises.

8.40 There was also some demand for smaller offices in the area.

8.41 Businesses also selected from a list of options to indicate the features they would look for in new premises, whether it was self built or rented / purchased, as illustrated below.

**Figure 25 Important Premises Features**




8.42 The most frequently selected response were cost and size, which were both selected by 76% of businesses, followed by broadband access which was identified by 72% of businesses.

8.43 Understandably, businesses placed a higher importance on features that could have an impact on the profitability of their business such as cost. Other important factors were those that may impact on the practical side of running a business such as access to broadband, the availability of parking and services.

8.44 54% of businesses identified flexibility as an important feature for their premises.

8.45 Businesses placed a lower importance on additional facilities (6%), managed workspace (7%) and lifestyle factors (13%).

8.46 Of these responses, premises cost was reported as the most important factor in making their decision by 41% of businesses, followed by size by 15% businesses.

8.47 Businesses in the South Hams were less likely to require access for larger vehicles at their premises than those in Teignbridge or West Devon.

8.48 Businesses in the South Hams placed a higher importance on access to a suitably skilled local workforce.

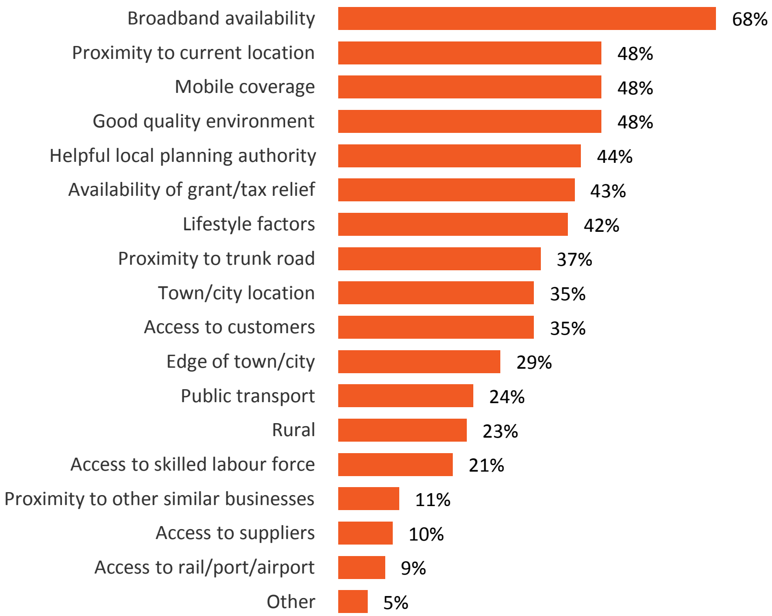
8.49 Fewer West Devon businesses identified access to parking as an important feature, than those in Teignbridge or the South Hams. However, more than half of businesses selected this feature.

8.50 More businesses in Teignbridge selected cost as an important feature compared to West Devon and the South Hams.

8.51 Mobile coverage was selected by fewer businesses in Teignbridge than in any other part of the survey area.

8.52 Businesses then reported on their location requirements, as shown in the chart below.

**Figure 26 Location Requirements**




8.53 Broadband availability was reported as an important factor most frequently (68% of businesses), followed by proximity to current location, mobile coverage and a good quality environment which were each selected by 48% of businesses.

8.54 Of the location requirements, proximity to current location and a town / city location were reported as the most important in making their decision, with each selected by 16% of businesses. This was followed by proximity to trunk road which was selected by 12% of businesses.

8.55 Broadband availability had increased in importance for businesses from 44% of businesses in 2012 to 68% in 2014.

8.56 Broadband availability was most important to businesses in the South Hams (75%), followed by Teignbridge and Dartmoor (both 69%) and West Devon (61%).

8.57 Proximity to the current business location was a more important requirement for businesses in Dartmoor National Park (62%), in comparison to West Devon (57%), Teignbridge (46%) and the South Hams (39%).

8.58 Mobile coverage was significantly more important to businesses in the South Hams (71%) than it was to businesses in West Devon (36%), Teignbridge (35%) and Dartmoor (23%).

8.59 Some respondents also provided comments to explain their specific requirements.

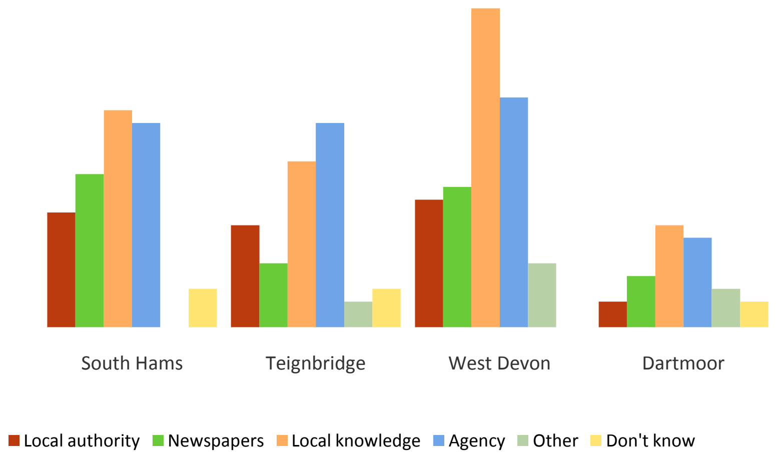
***"Want to build an eco-office"***
Publishing, Teignbridge

***"Near a beach and a forest"***
Outdoor Education, South Hams

***"Dartmoor National Park village location"***
Car & light commercial servicing & repair, Teignbridge

***"We're looking for an old woollen mill to regenerate: anyone know of any?"***
Textile Manufacture, West Devon

8.60 They were also asked about how they would find out about the availability of premises, and the results are shown in the chart below.




8.61 Businesses were most likely to find out available premises through local knowledge (77% businesses) and through a commercial agency (71% businesses).

8.62 Businesses in the South Hams were more likely to find out about available premises through the local authority than those in West Devon or Teignbridge (45%, 36% and 36% respectively).

8.63 5 businesses reported that they would use internet searches to find out about available premises.

8.64 In the South Hams, in most frequently selected location was Totnes, selected by 14 businesses (18%).

8.65 In Teignbridge, in most frequently selected location was Newton Abbot, selected by 15 businesses (20%).

8.66 In West Devon, in most frequently selected location was Okehampton, selected by 15 businesses (21%).

8.67 Across Dartmoor National Park, the most frequently selected locations were Ashburton (8), Buckfastleigh (7) and South Brent (6), although there were also businesses prepared to consider more rural parts of the moor.

8.68 Businesses were also able to select locations outside of the survey area. Of the 41 businesses that were considering other areas, 26 (63%) were prepared to consider relocating to Exeter, 10 (24%) to Plymouth, 7 (17%) to Torbay and 19% to other locations[29].

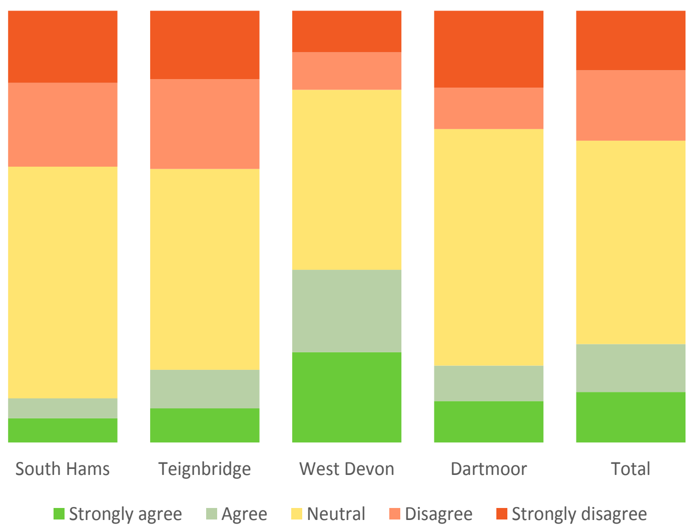
[29] Note: Businesses could select more than one location

## Second Rail Route

8.69 A series of questions were included in this survey about the proposed complementary rail route to supplement the current main line with the aim of improving local connectivity and network continuity in the event of disruption.

8.70 A significant proportion of respondents to these questions selected 'neutral' responses to the questions relating to a second rail route that will complement the current main line through Dawlish.

**Figure 27 "An additional complementary route would … be beneficial for my business"**

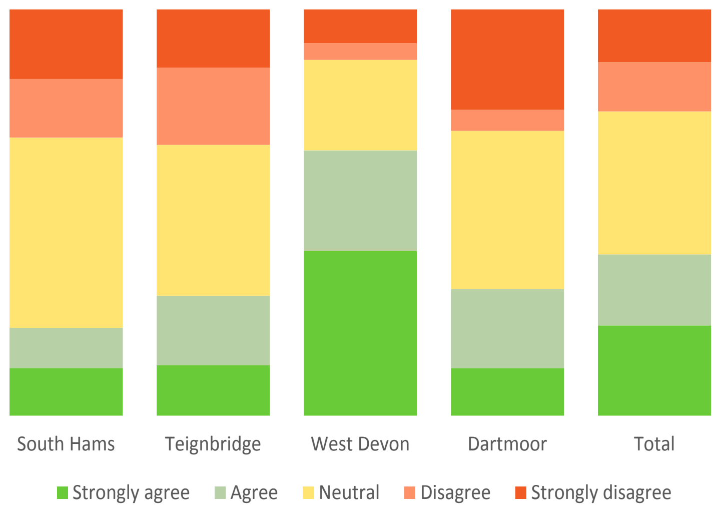



8.71 Businesses in West Devon were most likely to agree or strongly agree that the second complementary route would be beneficial for their business (65%). This is unsurprising given that the route could provide additional transport service into the West Devon area.

8.72 Businesses in Teignbridge were most likely to disagree or strongly disagree that the second route would be beneficial for their business (33%).

8.73 The chart below shows the views on businesses of the impact of the complementary route on access to staff.

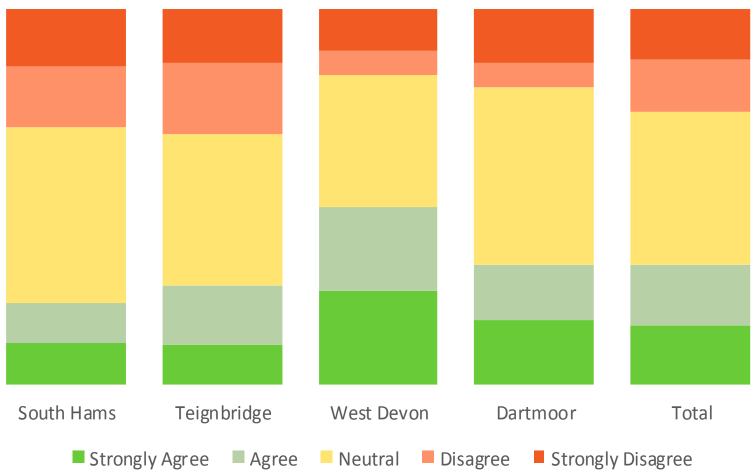
**Figure 28 "An additional complementary route would … improve access for staff"**



8.74 As with the previous question, the majority of businesses that felt that the second rail route would improve access for their staff were in West Devon, with 40% of businesses in that district selecting 'agree' or 'strongly agree' to this statement.

8.75 Only 10% of businesses in the South Hams agreed with this statement. 37% of businesses in Teignbridge disagreed or strongly disagreed with this statement.

**Figure 29 "An additional complementary route would ... enable better access to market"**




8.76 47% of businesses in West Devon agreed or strongly agreed that the complementary rail route would enable better access to their market, as did 32% of businesses in Dartmoor National Park.

8.77 34% of businesses in Teignbridge and 32% of businesses in the South Hams disagreed or strongly disagreed with this statement.

**Figure 30 "An additional complementary route would ... enable better access to suppliers"**


8.78 Businesses in West Devon were most likely to agree that the second rail route would enable better access to their suppliers, with 37% of businesses in the district agreeing with this statement. 34% of businesses in both the South Hams and Teignbridge disagreed or strongly disagreed on this point.

8.79 126 businesses (35%) made further comments on the impact of a complementary rail route on their business. There were several broad themes that emerged as follows:

8.80 Businesses on or near the existing mainline route through Dawlish were concerned that a second rail route would be detrimental to their business. This could be due to a potential decrease in the number of passengers travelling along the south coast, and the perception that a second route could put the existing route at risk.

8.81 Businesses on or near the suggested route were more positive about the potential benefits of a second rail route into Devon. These businesses felt that there would be greater potential to tap into 'green tourism', and attract visitors to the area without them needing to be reliant on private cars. Businesses also commented on the potential for them to use the rail route for their own business travel, as well as enabling their staff to commute to work by rail rather than by car.

8.82 It was acknowledged by several respondents that if a second rail route was to be developed, consideration would need to be given to onward travel to destinations as well as local transport for people once they have reached Devon. Any additional route will need to link to other local public transport links.

### Summary

8.83 Almost one third of businesses were interested in changing their existing premises or building / finding new premises.

8.84 For the majority of these businesses, this would enable them to expand.

8.85 The demand for types of premises varied between districts, with the greatest demand for larger industrial premises in Teignbridge, for smaller industrial premises in West Devon, and for offices in the South Hams.

8.86 In selecting new premises, businesses placed a higher importance on features that could have an impact on the profitability of their business such as cost.

8.87 Other important factors were those that may impact on the practical side of running a business such as access to broadband, the availability of parking and services.

8.88 Mobile coverage was also of particular concern to businesses in the South Hams.

8.89 Accessibility was a key feature in the location of premises, with broadband connectivity, access to town / city and access to a trunk road featuring most highly.

8.90 Within the survey area, Totnes, Okehampton and Newton Abbot were selected most frequently as possible new locations, but 41 businesses were also considering relocating out of the survey area.

8.91 When considering the second rail route, the views were divided between those businesses that perceived it as a threat (primarily those close to the current route) and those that considered it an opportunity (mostly those close to the proposed additional route).

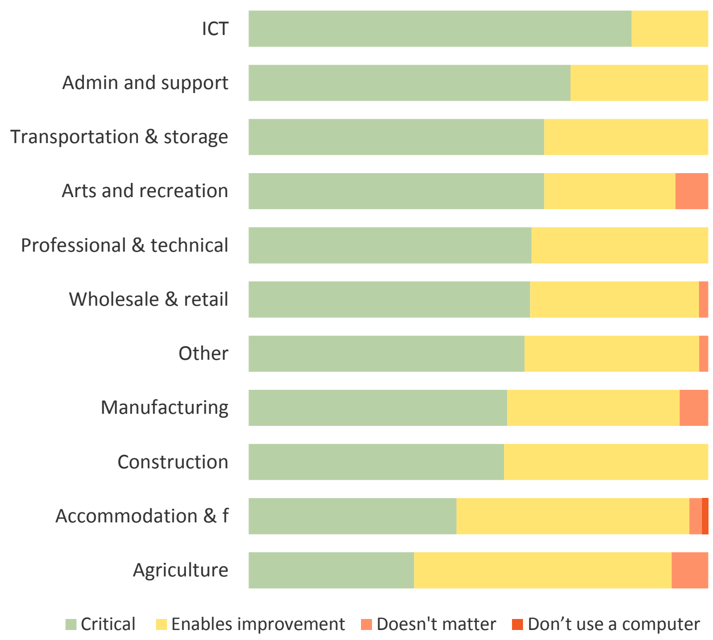
8.92 There were many detailed comments made, and a particular emphasis on consideration for how any additional route would be developed to be of greatest value to local businesses, for example by linking in to other transport systems, and promoting the credentials of the area to attract travellers.

# 9. Computers and Broadband

## The Significance of Broadband to Businesses

9.1 Businesses had varying views about the importance of broadband, with notable differences between business sectors, as shown in the chart below.

**Figure 31 Significance of Broadband**




9.2 Across all sectors, the majority of businesses reported that a fast, reliable broadband connection was either critical for their business or would enable them to improve (57% and 40% respectively).

9.3 Only one of the 312 businesses that responded to this section reported that they did not use a computer at all in their business. This business was from the *arts and recreation* sector.

9.4 When considering the various business sectors, it is unsurprising that a higher proportion of those in the *IT and communication* sector reported that broadband connectivity was a barrier to developing new opportunities (9 businesses, 47%).

9.5 19 (6%) businesses reported that any broadband access at all would be an improvement. Of these businesses, 12 (63%) were in West Devon, 5 (26%) were in the South Hams and 2 (11%) were in Teignbridge. Only 6 (32%) businesses were within the Dartmoor National Park area.

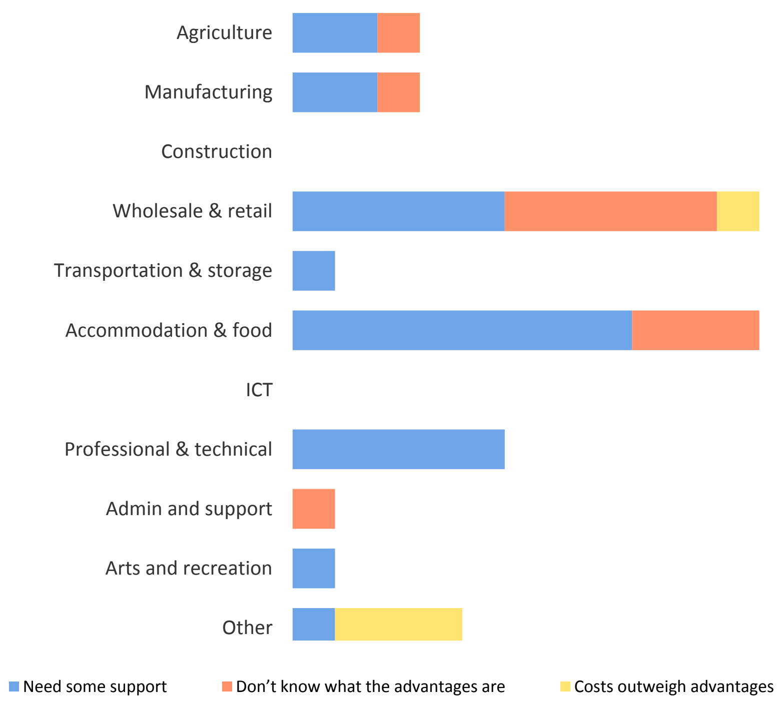
9.6 When asked to identify the main barriers to developing new opportunities, 102 (30%) businesses reported broadband connectivity as an issue. Of these businesses, 41 (40%) were in the South Hams, 39 (38%) in West Devon, 26 (26%) in Dartmoor and 21 (21%) were in Teignbridge.

9.7 From the responses received, it appears that businesses in Teignbridge are the least likely to experience difficulties as a result of poor broadband connectivity.

9.8 33 (36%) businesses reported that access to broadband was a 'constraint' or a 'significant constraint' on their business.

9.9 Some businesses indicated that they were unable or unwilling to make use of broadband, as shown below.

**Figure 32 Perceived Barriers to Broadband Take Up**




9.10 In total 50 businesses perceived that there were barriers to making best use of broadband, with half of them stating that some support is needed.

9.11 Businesses in the *ICT* and *construction* sectors did not identify any barriers to broadband take up.

9.12 Overall, support was particularly sought in the *accommodation and food service* and *wholesale and retail* sectors.

9.13 In the 2012 Business Survey, businesses in all sectors reported that they would need some support in this respect, but by 2014 this was no longer the case for the *construction*, *ICT*, and *administration and support* sectors.

9.14 As was the case in 2012, businesses in the *wholesale and retail*, and *accommodation and food service* sectors were most likely to report that they don't know what the advantages of broadband are.

9.15 A minority of businesses believed that the costs of broadband outweigh the advantages for their business. These were in the *wholesale and retail* and *other* sectors.

9.16 For those businesses benefitting from broadband, the nature of their use of the technology both now and in the future was reported, and is considered in the following sections.

## Basic Use of Broadband

9.17 Basic use covers general browsing on the internet, internal business communication and general email use, and the results are shown in the charts below.

**Figure 33 Internet Browsing**

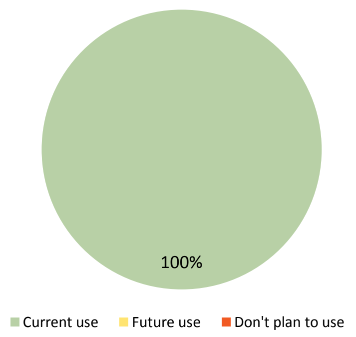
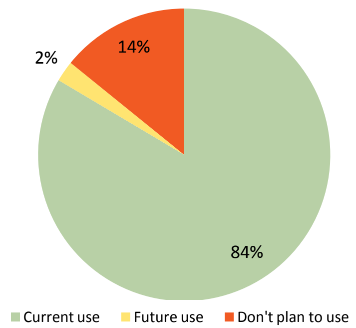
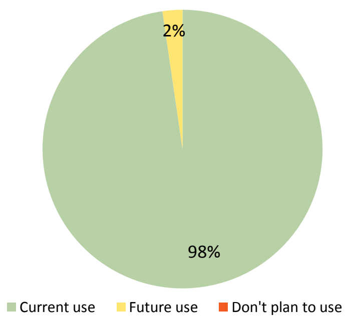



**Figure 34 Internal Communication[30]**




[30] Sole traders were omitted from this analysis as internal communication is not relevant to their businesses

Figure 35 General Emails




9.18 100% of respondents reported using broadband for internet browsing. 98% currently use broadband for general email communication, with the remainder planning to do so.

9.19 With regards to internal communication, 84% of businesses currently use their broadband for this purpose, although 14% do not and have no plans to do so.

9.20 28% of *accommodation and food services* businesses do not plan to use broadband for internal communication, the highest level of any business sector, with 25% of *arts and recreation* and 21% of *agricultural* businesses following.

9.21 These results correspond with the findings of the 2012 Business Survey, where the same sectors were the least likely to move towards using broadband for internal communication.

## More Advanced Communication

9.22 More advanced communication includes communication with customers, online banking, online purchasing and official reporting, such as tax returns, and the results are shown in the charts below.

Figure 36 Communicating with Customers

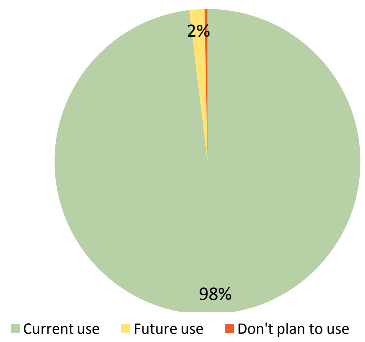



Figure 37 Online Banking

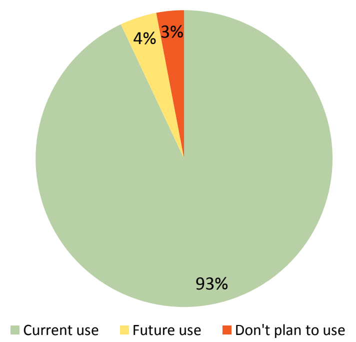


**Figure 38 Online Purchasing**

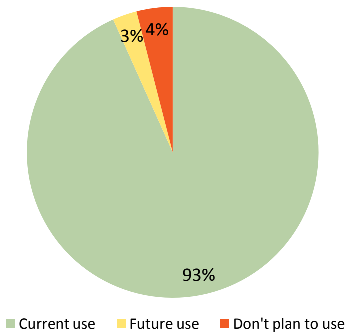
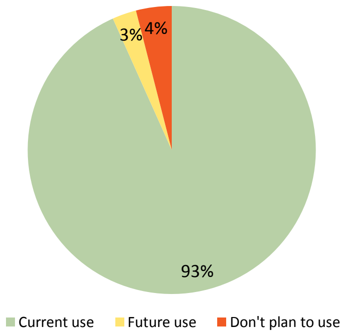



**Figure 39 Official Reporting**




9.23 Over 90% of businesses are currently using broadband for all types of communication.

9.24 98% use broadband to communicate with their customers, and 93% use it for both online banking and online purchasing.

9.25 The proportion of businesses using broadband for official reporting has barely changed since 2012, when 89% of businesses used it for this purpose (88% in 2014).

9.26 5% of businesses are planning to use broadband for official reporting in the future; of these businesses 27% were from the *wholesale and retail* sector, and 27% were from the *professional and technical* sector.

9.27 Of the 7% of businesses that have no plans to use broadband for official reporting, 35% were from *accommodation and food services*, and 20% were from the *professional and technical* sector.

9.28 91% of *agriculture, forestry and fishing* businesses currently use broadband for official reporting.

## Advanced Business Use

9.29 Advanced business use includes having a web presence, monitoring competitors and online sales, and the results are shown in the charts below.

**Figure 40 Business Website**

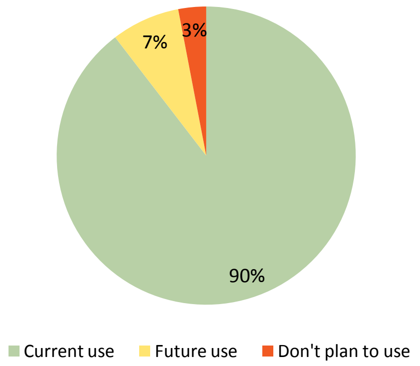



**Figure 41 Monitoring Competitors**

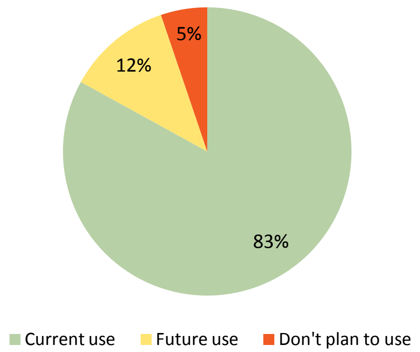
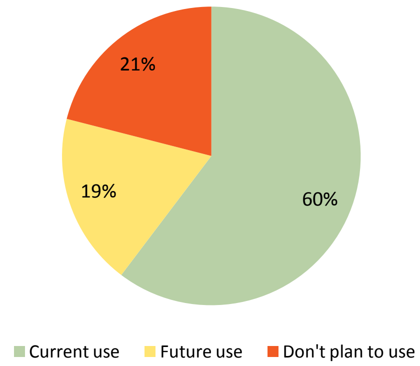



**Figure 42 Online Sales**




9.30 90% of businesses use broadband to maintain their own web presence, and 83% use it to monitor their competitors. This has remained unchanged since the 2012 survey.

9.31 The majority of businesses across all sectors either currently use broadband to maintain their web presence, or plan to in the future. Just 3% of businesses have no plans to use it for this purpose.

9.32 14% of *agriculture, forestry and fishing* businesses and 10% of *manufacturing* businesses do not plan to use broadband to maintain their web presence.

9.33 A large number of businesses use broadband to monitor their competitors. 93% of *wholesale and retail* businesses, 94% of *ICT* businesses and 93% of *administration and support* services already use it in this way.

9.34 More specific questions were also asked about business plans to develop internet trading, as shown below.

**Table 16 Developing Internet Trading**

| | South Hams | | Teignbridge | | West Devon | | Dartmoor | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | No | % | No | % | No | % | No | % | No | % |
| **Undertaken recently** | 34 | 39.5 | 36 | 40.9 | 28 | 29.5 | 17 | 31.5 | 98 | 36.3 |
| **Plan within 12 months** | 18 | 20.9 | 14 | 15.9 | 25 | 26.3 | 13 | 24.1 | 58 | 21.5 |
| **Plan within 3 years** | 5 | 5.8 | 7 | 8.0 | 4 | 4.2 | 6 | 11.1 | 16 | 5.9 |
| **Not planning** | 29 | 33.7 | 31 | 35.2 | 38 | 40.0 | 18 | 33.3 | 98 | 36.3 |

9.35 36% of businesses have recently developed internet trading, and a further 27% have plans to do so within the next three years.

9.36 Businesses in West Devon are less likely to implement internet trading, with 40% of businesses having no plans to take this action.

9.37 Businesses in Dartmoor and the South Hams are more likely to have developed internet trading or have plans to within the next three years (67% and 66% respectively).

9.38 A high proportion of businesses in several sectors have no plans to develop internet trading. In many cases this is probably as a result of the type of product or service that they sell. The sectors least likely to develop internet trading are *construction*, *agriculture*, *manufacturing* and *health and social work*.

## Satisfaction with Broadband

9.39 Businesses were asked to report on their satisfaction with both the speed and reliability of their current connection, as shown in the charts below.

**Figure 43 Satisfaction with Broadband Reliability**

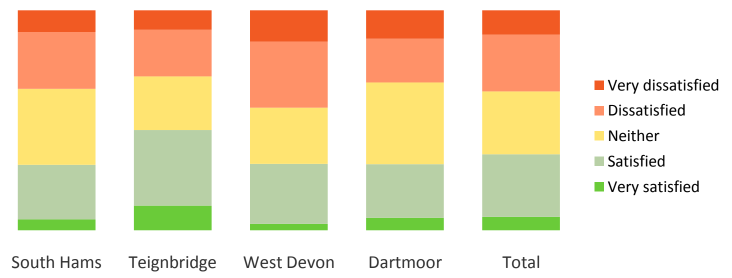
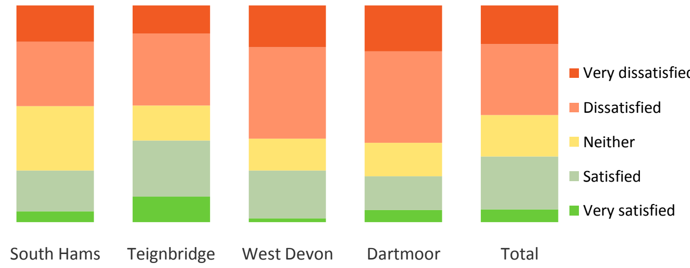



**Figure 44 Satisfaction with Broadband Speed**




9.40 The satisfaction ratings for reliability were higher than those for broadband speed for all areas.

9.41 Satisfaction levels for reliability were lower in West Devon than in all other areas.

9.42 In all areas, businesses were more likely to be dissatisfied or very dissatisfied than satisfied with the available broadband speed.

9.43 Businesses from the postcode areas of EX20 (West Devon), PL19 (West Devon), EX7 (Teignbridge) and PL20 (West Devon) were more likely to report that they were dissatisfied or very dissatisfied with the speed of their broadband connection (at 49%, 54%, 75% and 73% respectively).

9.44 Businesses reporting that they were satisfied with the speed of their broadband connection were low generally, but 53% of businesses from the TQ6 (South Hams) postcode, 57% from PL16 (West Devon) and 49% from TQ12 (Teignbridge) were satisfied with their broadband speeds.

9.45 Within the *accommodation and food services* sector, 60% of businesses were dissatisfied or very dissatisfied with the speed of their broadband connection.

9.46 50% of businesses in the *IT and communication* sector were satisfied or very satisfied with their broadband speeds.

9.47 Businesses also made general comments about their broadband use. Of those businesses that made further comments, 7 (40%) commented on the need to have Wi-Fi available for their customers.

***"Guests (particularly business travellers) insist on broadband connection. When there are 30 or more online at one time the whole system grinds to a snail's pace."***
Hotel, Teignbridge (within Dartmoor National Park)

***"Government bodies such as DEFRA, Natural England, animal movements, are insisting of on-line form filling - this is becoming impossible to manage with slow internet speeds"***
Farm, West Devon

***"[We have issues] operating our remote data centre"***
Software Company, South Hams

***"Guests use it*** *[Wi-Fi]* ***and expect high speed like they have in their own homes"***
Holiday Park, West Devon

## Summary

9.48 The majority of businesses reported that a fast, reliable broadband connection was either critical for their business or would enable them to improve.

9.49 Only one business that responded to the survey reported that they do not use a computer for their business.

9.50 In general broadband coverage was considered less of an issue in Teignbridge than in West Devon or the South Hams.

9.51 50 businesses reported that there were barriers to them taking up broadband, and there was some demand for additional support, particularly in the *food and accommodation services* sector.

9.52 In general businesses are using broadband for a wide range of activities.

9.53 Whilst 60% of businesses report that they offer sales online, only 36% categorise this as internet trading.

9.54 The take up of broadband in the agricultural sector is relatively high, but their typical use of broadband is more limited to general email communication, internet browsing and government reporting.

9.55 Across the whole survey area, the majority of businesses are dissatisfied with the speed of broadband. This is particularly pronounced in West Devon and Dartmoor.

9.56 The reliability of broadband is less of an issue, but still of concern to over one third of businesses.

9.57 In general there is an increased awareness of the potential of broadband and the internet for business benefit, but some frustration with the inadequacies of the provision in the survey area.