



## Report of the Director of City Development

### Scrutiny Board (City Development)

Date: 18<sup>th</sup> September 2007

**Subject: CP-ED50- To increase the proportion of businesses who say they are satisfied that the Council is helping to create a good business environment in Leeds**

#### Electoral Wards Affected:

Ward Members consulted  
(referred to in report)

#### Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

## 1 Purpose of this report

1.1 To recommend that the Corporate Plan indicator ED50 be deleted.

## 2 Background

- 2.1 At the Scrutiny Board meeting on 19<sup>th</sup> December 2006 it was reported that indicator ED50 would be reviewed in terms of its distribution and content in an attempt to gain a more accurate reflection of how satisfied Leeds businesses are that the Council is creating a good business environment.
- 2.2 For the past two years the information for indicator CP-ED50 has been gathered by inserting additional questions (appendix 1) into the Leeds Chamber of Commerce's July to September Quarterly Economic Survey (which is sent to its 1,600 members).
- 2.3 In both years the response rate has been low. In 2006, 118 companies responded to the survey giving a response rate of 7.3% which is slightly lower than the 8.6% in 2005. Considering that there are 18,215 VAT registered businesses in Leeds, and an estimated total of 43,000 enterprises, the validity of the findings is questionable. Therefore consideration was given to whether better methods could be employed to collect data and whether the current questions could be improved. In order to do this the opinions of other local authorities were sought (appendix 2).

## 3 What are other local authorities doing?

3.1 Feedback from 13 local authorities was gained. Most stated that they did not try to collect this type of information and instead surveyed businesses for the purpose of client satisfaction surveys (for business support and inward investment enquiries, and

managed workspace tenants), and/ or general business surveys collecting information on business type, development and supply networks.

- 3.2 Only three councils were attempting to collect information on how satisfied businesses were with the local authority, Bradford, Essex and Manchester.
- 3.3 Bradford adopt exactly the same approach as Leeds by adding a question annually to the Bradford Chamber of Commerce's quarterly economic survey. Response rates from the Bradford Survey are slightly higher with 158 responses in 2005 compared to 139 in Leeds in the same year (Bradford Chamber of Commerce has 1200 members). However, satisfaction levels were much lower in Bradford with only 21% of businesses being satisfied with the council compared to 54% in Leeds in 2005.
- 3.4 Essex County Council has adopted a more in-depth approach having undertaken a telephone survey of 1000 local businesses. The survey was carried out in February 2007 and asks approximately twenty five questions. The aim of the survey is to identify how services provided to businesses by the council and its partners can be improved. The areas covered in the questionnaire are as follows;
  - Business profile
  - Satisfaction with; premises, planning, assistance with relocations and business support, and Essex as a business location.
  - Opinions on how business friendly the council is across various services.
  - Opinions on how services can be improved.
- 3.5 The main conclusion of the research with regards to the satisfaction levels of businesses with Essex County Council was that although it attracts a fairly high level of satisfaction among users of its business support services, it is generally not considered particularly business friendly in its services and activities.
- 3.6 The Essex survey appears to be a comprehensive method of collecting information on businesses satisfaction with local authorities creating good business environments. Essex paid consultants £22,000, however they have around 45,500 VAT registered businesses, so the costs for Leeds would be less.
- 3.7 Similarly, Manchester City Council undertakes an annual telephone survey of 600 businesses within regeneration areas in the city. This survey combines gathering information on the profile of businesses and their future ambitions, and their opinions on how well the Council and its partners are performing on a range of activities aimed at developing Manchester as a city of national and international significance. These activities range from shopping and leisure facilities, to transport, housing and crime. This survey is also undertaken by consultants and costs £15,000 per annum.

#### **4 Collection methods**

- 4.1 Methods of collecting data for the indicator suggested by local authorities include holding regular business forums and undertaking telephone surveys.
- 4.2 In terms of business forums, these would enable more detailed feedback directly from businesses. However, efforts would need to be made to ensure that a diverse range of businesses contributed to the panels so that a representative range of views are found. This method would not lend itself to quantitative analysis and reporting.
- 4.3 With regards to carrying out the survey via telephone this would guarantee a greater response rate, although it is much more resource intensive than the current collection

method. There is also the option of extending the collection of the survey by sending it out with mailings undertaken by other partner organisations such as the Federation of Small Businesses, LFSI and Leeds Media. This would have the added benefit of gaining a more representative view from businesses of varying sizes and across different sectors. However the most appropriate collection method should be determined by the content of the questionnaire, as adding a more in-depth questionnaire to other organisations existing surveys may not be feasible.

## **5 Supplementary Business Rate (SBR)**

- 5.1 In the 2007 Review of sub-national economic development and regeneration, the Government reiterated that it will consider giving powers to local authorities to levy a supplementary business rate, following the Lyons recommendation. The revenue, which in Leeds would be around £6.6 m a year for a 1p supplement, would be ring fenced to economic development/ infrastructure projects. The key condition in both Lyons and the governments proposals is that any system must be based on strong accountability to business. This means that a local authority's proposals will need to be systematically and transparently discussed with local businesses before the supplement is introduced. Lyons says that the supplement should;

*“be agreed within the local community, with the local business community having a strong voice in the final decision on whether there should be a supplement, and the purpose to which the proceeds are put.”*

- 5.2 Furthermore the Review of sub-national economic development and regeneration emphasised that local authorities should lead economic development activity in their areas, requiring close partnership working with business.
- 5.3 If the SBR power is introduced, the Council will need to decide on the mechanisms for consulting the large and diverse business community in Leeds. A stratified sample survey of businesses might be one of the better consultation methods.

## **6 Conclusions**

- 6.1 The 2006 survey revealed that many businesses were unaware or confused about the services provided by Leeds City Council and that the current questions are too simplistic. Therefore questions which ask how businesses might have used council services and greater detail on what is actually needed to improve are required. The surveys adopted by Essex and Manchester would provide a good template but questions would need to be tailored to take into account services provided by Leeds City Council. In addition it is important that a properly stratified sample of businesses are surveyed in order to gain a representative view.
- 6.2 It is clear that the current method of collecting data for the indicator is inadequate and that the recommended method would be to carry out a more comprehensive and properly stratified survey. However this option will require a considerable amount of resource on an annual basis, which for the purposes of reporting on one indicator seems hard to justify. It is therefore recommended that the indicator be dropped from the corporate plan and consideration be given to its reintroduction if SBR plans become more definite.

**Appendix One- Business Satisfaction Survey**

**1. How satisfied are you that Leeds City Council is helping to create a good business environment in Leeds?**

Very Satisfied

Fairly Satisfied

Neither satisfied nor dissatisfied

Fairly Dissatisfied

Very Dissatisfied

No Opinion

**2. How would you rate the Councils performance on;**

*(1 is very good and 5 is very bad)*

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>5</b> <b>N/A</b>				

Business support and assistance with relocations

The promotion of Leeds as a business location

Dealing with your enquiries

Availability of business development information

**3. Any Further Comments:**

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## ***Appendix Two***

The local authorities and other agencies which supplied information are as follows;

- Bedfordshire
- Birmingham
- Bradford
- Burnley
- East Lindsey
- East Riding
- Essex
- Halton Borough Council
- Manchester
- Newcastle
- Rotherham
- Suffolk
- Wellingborough
- Federation of Small Businesses
- Leeds Financial Services Initiative
- Leeds Media