

# Weathering recession and surviving the upturn in Bradford

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**The report focuses on the impact of the recession on Bradford businesses and looks at prospects for business and the Bradford District economy post-recession.**

Bradford businesses were adversely affected by the recession, although they adapted well and were resilient in the face of difficult market conditions. Most feel that they are well-placed to take advantage of the upturn, despite evidence of over-dependence on the public sector and a decline in private-sector jobs. The implications of this are that the Bradford economy will be vulnerable to public spending cuts. Growing the private sector will be a key challenge for the District.

The report examines:

- the impact of the recession on Bradford businesses;
- how Bradford businesses have responded to the recession;
- the scale and nature of business support during the recession;
- how well-placed Bradford businesses are to take advantage of the upturn in the economy.



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# Executive summary

## Introduction

The research study focuses on the impact of the recession on Bradford business and enterprise. The main elements of the research design were:

- Literature review and desk research
- Mapping exercise on the business support infrastructure.
- Qualitative interviews with 30 key informants (26 businesses and four public sector organisations)
- Quantitative surveys of 401 businesses and 100 social enterprises
- Stakeholder engagement with key organisations in the district

The primary research was undertaken between March and June 2010. The aims of the research were:

1. To gather detailed evidence and data to establish the impacts of the credit crunch and ensuing recession on businesses and enterprises in the Bradford District.
2. To provide robust evidence in terms of how the recession has affected, in terms of business sectors, age and size of business, ownership and geographic location.
3. To map the initiatives and policies providing support to established and emerging local businesses; to gain an understanding of how successful these interventions have been; and to identify significant gaps in support.
4. To understand the way in which different Bradford businesses have responded to the recession and how they are positioned to make the most of an economic upturn.
5. To establish the short-, medium- and long-term impacts of the recession on businesses and, given Bradford's economic positioning, to identify key actions and policies that should be developed to support Bradford businesses in future.

## What has been the impact of the recession on Bradford businesses?

The majority of Bradford businesses surveyed experienced a decline in business performance during the recession. Key impacts were declining sales, reduced profit margins, increased competition and rising costs of raw materials and energy. The performance of Bradford businesses during the recession was broadly in line with that of businesses regionally and nationally, as revealed by the Regional Business Survey (Ipsos MORI, 2010).

During the recession, a third of businesses surveyed had managed to hold their performance at the same level, while one in five businesses actually saw their performance improve. Small and medium-sized businesses (SMEs) were hit harder than larger businesses during the recession. Furthermore, there were differences in how businesses had experienced the recession depending on industry sector and location. The worse affected sectors were construction and transport/storage/

communications. Our survey of a hundred social enterprises found that they were relatively resilient throughout the period of the recession.

Nearly half of the businesses surveyed reported that costs had increased. The cost elements that had increased the most were transport, raw materials and energy.

Most of the Bradford businesses surveyed did not have a problem accessing finance during the recession. The main problem was not the availability of finance but the increasing cost of finance and the more stringent terms imposed by banks. This was especially the case with regard to working capital finance which made the problem particularly acute for many businesses as they were facing severe cash flow problems with many of their buyers failing to pay during normal credit periods.

Bradford businesses were very critical of the banks and felt that they had not supported them during the recession and afterwards. They felt that the relationship with local bank staff had broken down and that decisions were being made centrally by people who were did not know their business or the city.

## **How have Bradford businesses responded to the recession?**

The most common response to the recession was to reduce labour costs and employee numbers. In some cases redundancies had been made in order to ensure survival of the business. Four out of ten businesses surveyed had reduced the number of employees. But many Bradford employers had tried to minimise job losses and had reduced costs by pay freezes, reduced hours and allowing more unpaid leave. The smaller businesses (those with fewer than 50 employees) were less likely to have made workers redundant.

Nearly a third of the businesses surveyed had made other major strategic or operational changes to the business as a result of the recession. There was a strong emphasis on marketing and trying to move into new markets. Some businesses had made efforts to develop the market by extending the product range. Other actions included closing part of the business or moving into smaller premises or restructuring the business in some way.

## **What has been the scale of and how effective has business support been during the recession?**

Mainstream business support providers were active in the district during the period of the recession and seem to have made efforts to tailor their services to the needs of businesses during this difficult period. Nearly a third of businesses surveyed had received some form of business support during the previous two years. This equates to almost 5,000 businesses across the district. Businesses in manufacturing and public/personal services were most likely to have received support, while construction companies were least likely – despite the fact they were most severely affected by the recession. Businesses in the most deprived parts of the district were more likely to have received support than businesses in other areas. Of those businesses that had received support, 58 per cent found the service useful. There was some evidence to suggest that businesses that had seen performance improve over the past two years were more likely to have received business support. Overall, 45 per cent of businesses said they were satisfied with the business support services on offer in the Bradford District.

## How well placed are Bradford businesses to take advantage of the economic upturn?

Bradford businesses were quite surprisingly optimistic about the economic outlook for their business with 37 per cent expecting an improvement in the economic environment and 42 per cent expecting things to remain the same. Qualitative interviews revealed a cautious optimism about the economy but none of the businesses felt that the recovery would happen quickly. Nearly half (49 per cent) of businesses expected domestic sales to be higher over the next 12 months and 46 per cent of exporters thought that their exports would be higher. An overwhelming majority (92 per cent) of businesses felt that they were very well placed or fairly well placed to take advantage of the economic upturn. Reflecting this optimism, just under half of the businesses planned to expand their operations and 25 per cent planned to target new customers and markets.

## Moving forward: from recession to recovery

The ability of the private sector to grow and create new employment will be the key to how Bradford District performs in future. During the recession growth in health and education jobs masked a significant fall in private sector employment. Our survey of Bradford businesses revealed that 30 per cent were extremely or fairly reliant on the public sector and the majority of social enterprises surveyed said they were reliant on public sector contracts. Consequently, the local economy is vulnerable in the face of public sector spending cuts. Bradford businesses were concerned that reductions in public sector spending could have a significant knock-on effect for the private sector.

From the quantitative business survey, more than six out of ten businesses thought that being located in Bradford, during the recession, had neither a positive nor negative effect on their business. However, 23 per cent of businesses surveyed said that being in Bradford had been a negative factor for their business during the recession while only 12 per cent said it had been a positive factor.

Qualitative interviews revealed that there was a great deal of anger toward reports and media articles written by people from outside the district that portrayed a negative image of the city. Businesses felt that negative opinions held by people outside the district were often unjustified and that these negative perceptions needed to be countered. Many interviewees thought that Bradford was a good place to do business and that there were good companies based here.

There were very strong negative feelings about the Westfield development site and the delay in building the shopping centre, which they thought was having a significant negative impact on local businesses and potential investment in the city. Bradford Council was held to be responsible for this by many businesses, although there was also recognition that it was a commercial development over which the Council had no control.

## Conclusions and recommendations

Bradford businesses have been severely affected by the recession. Small businesses were hit hardest having been more likely to experience a decline in business performance. However, small businesses were less likely to have made staff redundant and this has helped to protect employment in the district. Rising costs, especially energy costs, were a key concern for Bradford businesses during the recession. Businesses were very critical of the way banks have behaved during the recession and felt that they had failed to support many viable businesses. A key challenge for Bradford is to ensure that

businesses are given the right support, infrastructure and business environment to enable them to achieve sustainable growth during the economic upturn.

The recommendations arising from the study are summarised as follows:

- Policies need to continue to support SMEs including access to finance and public procurement opportunities.
- Supporting businesses to improve energy efficiency and waste management is a key area for government-funded support.
- Support agencies need to signpost the alternative business finance options.
- How business support is delivered locally needs rethinking in the light of public sector cuts.
- Public sector organisations need to deliver services in ways that support and help grow local businesses and social enterprises.
- Public and private organisations need to work together to agree local priorities and to collaborate on bids for regional and national funding.



# 1 Introduction

This report focuses on the impact of the recession on Bradford businesses, looking at prospects for businesses and the Bradford District economy post recession. Economic recession often triggers a period of 'taking stock of things', of making adjustments, of doing things differently, simply in order to survive. This happens at both a personal and a business level. This research study looked at how businesses in Bradford have weathered the recession, what the key impacts have been and how businesses have responded. The report also looked at how Bradford businesses have been placed to take advantage of the economic upturn and the wider implications for the local economy.

Bradford District has a diverse business community in terms of the sectors covered and the individuals running companies and enterprises. In this study we sought the attitudes, experiences and opinions of businesses of all sizes, in all sectors, and in both new and established organisations. As well as the business community, there are many stakeholders with an interest in helping businesses in Bradford thrive. These stakeholders may be major employers within the district, major service providers or key policy-makers, and their perspective is important locally and also in the national policy arena. We therefore used a stakeholder engagement strategy to explore the findings of the empirical research and to test the validity of our conclusions. By discussing our findings with local business organisations such as Bradford Chamber of Commerce and those responsible for policy matters such as Bradford City Council, we hope that the recommendations of this report will find support and influence local policy.

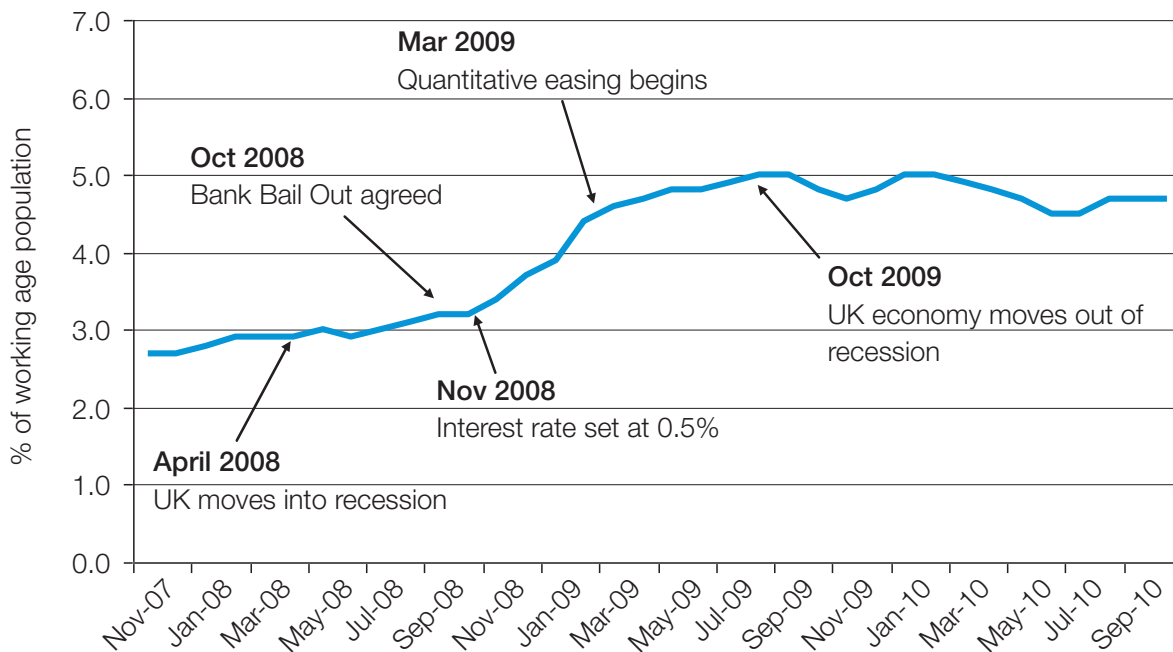
## Recession and its impacts on Bradford

The background to one of the deepest recessions on record is now well documented. The primary cause was a global credit crunch following huge losses made by banks and other financial institutions on risky investments backed by the US sub-prime mortgage market. As banks cut back lending to minimise exposure to even greater losses, and begin repairing balance sheets, businesses were increasingly unable to borrow money needed to make investments or indeed even to remain solvent. Business and consumer confidence fell, spending was cut back and as output fell, the economy moved into recession (Dolphin, 2009). Figures from the Office for National Statistics (ONS) Quarterly National Accounts (ONS, 2010a, ONS, 2010b) show that the UK economy experienced six quarters of negative growth beginning with the second quarter of 2008, and came out of recession in the fourth quarter of 2009.

Despite the recession having begun more than two years ago and coming to an end in late 2009, there is still a lack of robust data tracking the impact on Bradford businesses due to time lags in the production of official data relating to output, businesses and employees. At the time of the research the most recent data relating to businesses and employee numbers was for 2008. Figure 1 shows how the claimant count rate for Bradford District has reflected key events in the timeline of the recession.

DWP claimant count data would suggest that the Bradford economy proved relatively resilient during the recession, with Bradford experiencing the lowest percentage increase in Jobseeker's Allowance (JSA) claimant count of any local authority district in the Yorkshire and the Humber region for the year to October 2009. A study for Yorkshire cities found that Bradford's economic resilience was largely in line with a UK 60-city average and the district performed strongly with regard to the labour market and enterprise (Ekosgen/EDAW, 2010).

**Figure 1: Claimant count (unemployment-related benefits)**



Source: DWP

Data from the Inter-Departmental Business Register (IDBR) shows that at the beginning of 2009 there were 15,720 active enterprises in the Bradford District (ONS Business Register and Employment Survey, 2010). New business registrations in 2008 equated to 45.4 per 10,000 resident adults, which was slightly higher than the regional registration rate of 44.3, but lower than the registration rate of 57.2 for England. The closure rate of 39.1 businesses per 10,000 resident adults was lower than both the regional closure rate of 40.4 and the England closure rate of 45.2.

More recently data from the Business Register and Employment Survey shows that total employment in the Bradford District grew by 0.3 per cent between 2008 and 2009 compared to a 2.3 per cent fall across Great Britain and a 1.1 per cent fall in the Yorkshire and the Humber region. Looking at the figures more closely reveals that this was due to an increase in the number of public sector employee jobs and a big rise in self-employment – public sector employment grew by 3,600 while the number of working proprietors increased by almost 2,000. However, the number of private sector employees fell by just over 3,000 during the same period. Clearly public sector expansion has protected local employment during a private sector recession (see Table 1).

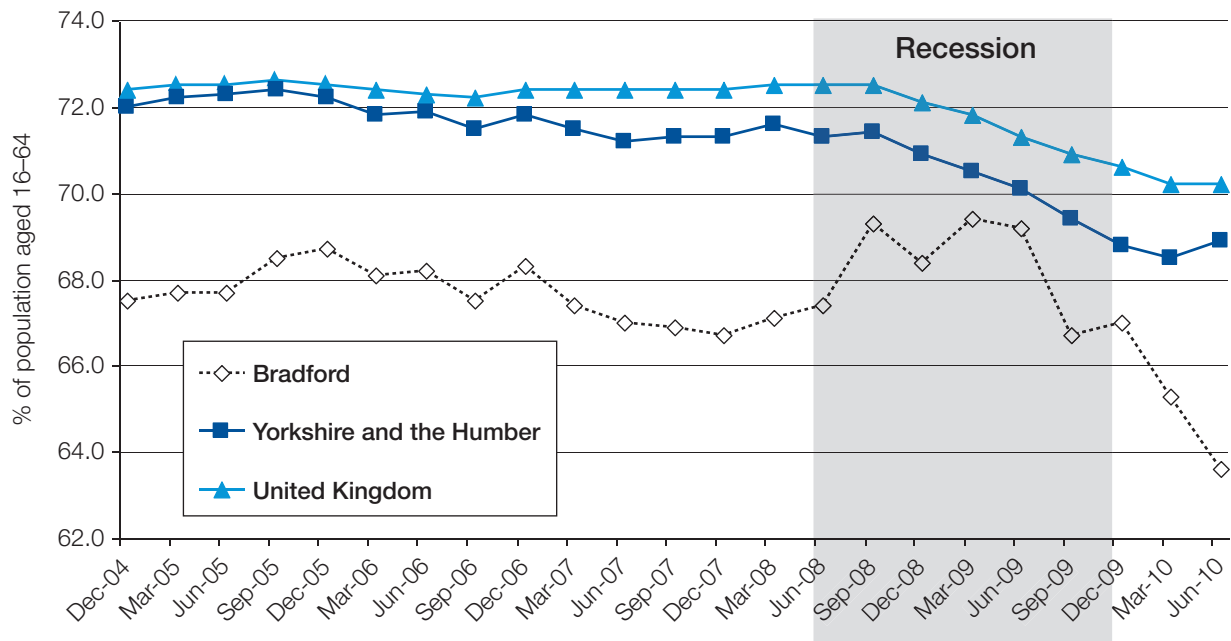
The most recent data relating to employment rates supports the picture outlined above in Table 1. Figure 2 shows how the employment rate in Bradford continued to rise during the first half of the recession counter to national and regional falls, but then fell sharply as the recession came to an end.

**Table 1: Employment change, 2008–09**

Sector	Bradford		Yorkshire and the Humber	Great Britain
	Change	% change	% change	% change
All employment	+590	+0.3	-1.1	-2.3
Private sector employment	-3,003	-2.1	-3.5	-3.9
Public sector employment	+3,593	+5.9	+5.3	+2.4

Source: Business Register and Employment Survey, ONS

**Figure 2: Bradford employment rate trends**



Source: Annual Population Survey, ONS

Employment rates in the Bradford District have declined over the most recent year for which there are records, from 69.4 per cent in March 2009, to 63.6 per cent in June 2010. This figure remains significantly below the regional and national averages (68.5 and 70.4 per cent respectively). The fall in the employment rate between the year to March 2010 and the year to June 2010 was particularly steep.

The recent falls in the employment rate have reversed progress made in recent years. Between March 2010 and June 2010 the number of 16- to 64-year-olds in employment fell by 17,300 to 205,100, a fall of 7.8 per cent compared to a national fall of 1.0 per cent.

From June 2009 to June 2010 the employment rate in Bradford fell drastically as the impact of the recession began to take effect. Figures from the Annual Population Survey for the year to June 2010 show there were 25,900 people unemployed in Bradford, accounting for 11.1 per cent of the economically active working-age population, which is higher than the unemployment rates for Yorkshire and the Humber (9.0 per cent) and Great Britain (7.9 per cent).

## 2 Research method

The main elements of the research design were as follows:

- Literature review and desk research relating to the impact of the recession and economic performance of the UK, Yorkshire and the Humber region and the Bradford District.
- Mapping exercise on the business support infrastructure in the Bradford District.
- Qualitative interviews with key informants in 30 organisations including small and medium-sized (SME) enterprises, black and minority ethnic (BME) enterprises, new start-up businesses, large enterprises and public sector organisations.
- Quantitative survey of businesses within the Bradford District covering all sectors and sizes, administered by telephone and electronically.
- Quantitative survey of social enterprises covering the same issues as the business survey and administered by telephone.
- Stakeholder engagement with key organisations within the district with an interest and role in policy formation.

### Qualitative interviews

Bradford Strategic Delivery Unit, Department of Regeneration provided a random sample of 250 businesses in the Bradford District and all businesses within this sample frame were contacted and asked to take part in the research. Thirty organisations (26 private businesses and four public sector organisations) agreed to take part. All the interviews were carried out between 22 March and 10 May 2010 with the exception of Bradford City Council which was carried out in October 2010 so that the findings of the research could be discussed during this interview.

All interviews were recorded using a digital recorder and were subsequently professionally transcribed. The transcribed interviews were analysed using NVivo 8.0 software. A structured system of coding was drawn up and all transcripts were reviewed and relevant text coded to tree nodes within NVivo. Each case (organisation) was classified on a number of variables (number of employees, business turnover, location [city/town] and postcode), and also classified by type of business defined as: large company, SME enterprise, BME-owned enterprise, new start-up business and public sector organisation. A profile of the respondents' organisations showing employees, location, type of business and turnover band is provided in Appendix I. The organisations interviewed were categorised as follows:

- six large businesses (based on employees and turnover);
- ten SME businesses (based on employees and turnover);
- five BME-owned businesses;
- five new start-up businesses;
- four public sector organisations (NHS, University of Bradford, HM Revenue & Customs, Bradford City Council).

## Quantitative survey

The target respondents for the quantitative survey were businesses in all sectors and of all sizes within the Bradford District. The sampling frames used for the quantitative survey were obtained from two sources:

- Bradford Libraries Key Companies database: 883 companies with ten or more employees.
- Purchased supply of company data from Data Bubble Consultancy Ltd:
  - random sample of 1,000 companies with one to five employees;
  - 998 companies (all sample available) with six to ten employees.

In designing the questionnaire care was taken to ensure that it was straightforward enough to administer by telephone and that the categories used allowed comparisons to be made with other surveys conducted in the region. The survey was administered by telephone interview during April and May 2010 using a CATI (Computer-Aided Technology, Inc.) call centre system. A small pilot study revealed that the questionnaire could be completed in seven to ten minutes. The whole sample was used and the call centre team encountered some problems in getting respondents to participate in the study. It was thought that this reflected to some extent the pressures business owners were facing in the light of the economic downturn. In view of this, the telephone survey was supplemented by an identical electronic survey. In total 401 businesses completed the survey, giving a response rate of approximately 18 per cent. Appendix II provides research method supporting data (calculation of response rate, mapping of survey respondents, confidence level and guide to statistical reliability). Business demographic data for the quantitative business survey is provided in Appendix III.

In addition, a survey of social enterprises was conducted in conjunction with the Social Enterprise Support Centre in Bradford. A total of 100 completed surveys were collated from an initial sample base of 1,100 organisations. Further detail can be found in the report Social Economy Bradford Mapping (SESC, 2010).

# 3 What has been the impact of the recession on Bradford businesses?

Our research found that a majority of businesses in the Bradford District experienced a decline in business performance during the recession. Key impacts were declining sales, reduced profit margins and increased competition for declining markets. These impacts were amplified by rising energy costs and reduced access to affordable lines of credit.

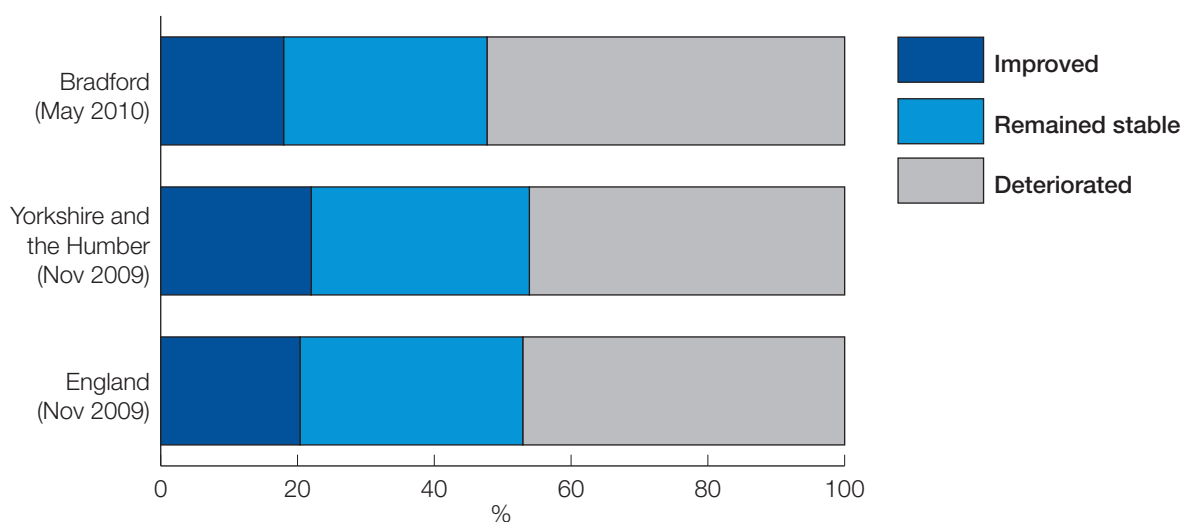
## Business performance

Just over half of the 401 businesses surveyed experienced a decline in their business performance during the recession. Figure 3 shows how consistent our findings were with the regional and national picture revealed by the Regional Business Survey (Ipsos MORI, 2010). This would suggest that Bradford businesses' experiences of the recession were broadly in line with the experiences of businesses nationally and across the Yorkshire and the Humber region.

Six out of ten businesses had seen a decline in domestic sales. By comparison export sales remained relatively strong, with 65 per cent of businesses reporting that exports were higher or had stayed the same. Only 15 per cent of businesses had increased the prices charged to their customers during the recession. For the majority (slightly over one in two businesses), cash in the business (cash flow) was lower during the recession, and for just over six out of ten businesses profit margins were lower.

The findings of the qualitative interviews were consistent with the quantitative business survey and clearly for some businesses the impact of the recession had been severe.

Figure 3: Business performance



Q3: During the recession, would you say your business performance has improved, remained the same or deteriorated?  
Net base: 332

*We started to see a drop off in order input and production around about August 2008. From that point to December 2009 we saw our order book drop by about 30 per cent with a commensurate drop in output and a commensurate drop in labour as well.*

However, a third of businesses had managed to hold their performance at the same level, while one in five businesses actually saw their business performance improve. Again this mirrored the national and regional picture revealed in the Regional Business Survey.

Our survey found that SME businesses were hit hardest by the recession compared to larger companies with 50 or more employees. Just over half the businesses with fewer than 50 employees had seen their performance worsen compared to 35 per cent of those with 50 or more employees. Larger businesses were more likely to have seen an improvement in performance (see Table 2).

There were differences in how businesses had experienced the recession depending on their industry sector and location. The worst affected sectors were construction, where seven out of ten businesses had seen a deterioration in their performance, followed by the transport/storage/communications sector, where six out of ten had seen deterioration. The sectors that were least likely to have seen a decline in their performance during the recession were in financial/business services and public/personal services (see Table 3).

Businesses in the public/personal services sector were most likely to have seen an improvement in performance during the recession. This is not surprising given that public spending was maintained throughout the recession, with employment in the public sector increasing by around 3,600 between 2008 and 2009.

**Table 2: Performance of Bradford businesses during the recession, by size (number of employees)**

Size (number of employees)	Base	Improved (%)	Remained about the same (%)	Deteriorated (%)
1–10	182	20	30	51
11–49	165	16	30	54
50+	23	26	39	35

Q3: During the recession, would you say your business performance has improved, remained about the same or deteriorated?  
Base: 370

**Table 3: Performance of Bradford businesses during the recession, by industry**

	Base	Improved (%)	Remained about the same (%)	Deteriorated (%)
Construction	42	2	26	71
Transport/storage/communications	31	19	19	61
Manufacturing	76	18	26	55
Retail/distribution	80	18	28	55
Hotels/catering	20	20	30	50
Public/personal services	73	25	36	40
Financial/business services	41	22	39	39

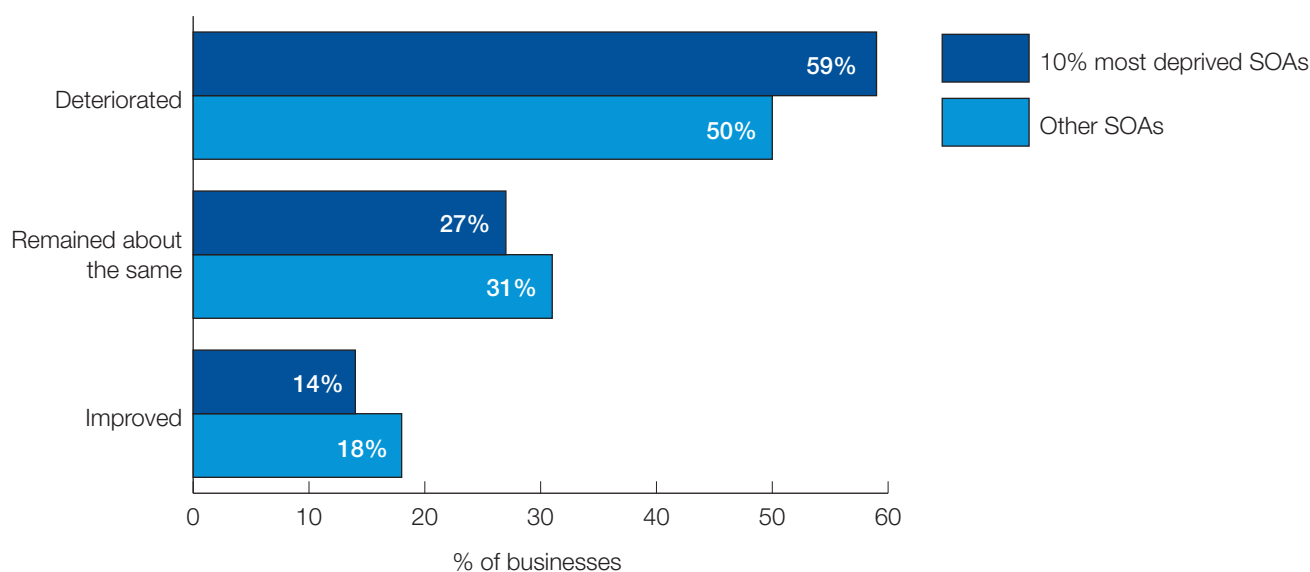
Q3: During the recession, would you say your business performance has improved, remained about the same or deteriorated?  
Base: 367

Social enterprises are an important part of the local economy. Local research commissioned by the Social Economy Forum in 2007 showed that social enterprises in Bradford employ about 1,700 staff (plus 600 volunteers) with a turnover that was about £25 million (excluding housing associations). Our survey found that social enterprises had been relatively resilient throughout the recession. Almost four out of ten social enterprises reported an improvement in business performance over the previous twelve months compared with just two out of ten businesses in the wider quantitative business survey. Only 13 per cent of social enterprises reported a decline in business performance compared to 52 per cent of businesses in the quantitative business survey.

Our findings are consistent with the Social Enterprise Coalition’s report *State of Social Enterprise 2009* (2009), which found that 56 per cent of social enterprises surveyed saw improvements in performance during the recession. The relative resilience of social enterprises in Bradford is likely to be related to the fact that the majority reported themselves to be ‘extremely reliant’ or ‘fairly reliant’ (65 per cent) on public sector contracts.

Looking at businesses in deprived areas, the survey found that a greater proportion of businesses in the 10 per cent most deprived Lower Super Output Areas (LSOAs) had seen a deterioration in business performance compared to businesses in other parts of the district. Fifty-nine per cent of businesses in the most deprived areas reported that their performance had deteriorated compared to 50 per cent in the other areas (Figure 4).

**Figure 4: Performance of businesses in the 10% most deprived LSOAs**



Q3: During the recession, would you say your business performance has improved, remained the same or deteriorated?  
 Net base: 332

### Cost pressures

Falling sales and margins were compounded by rising costs. Nearly half of the businesses surveyed indicated that their costs had increased. A breakdown of the cost pressures that had increased the most shows how the majority of Bradford businesses had experienced higher prices for transport costs (73 per cent), raw materials (67 per cent) and energy (64 per cent) during the recession. Businesses were then asked to indicate which of the increasing costs had placed the greatest burden on their business.



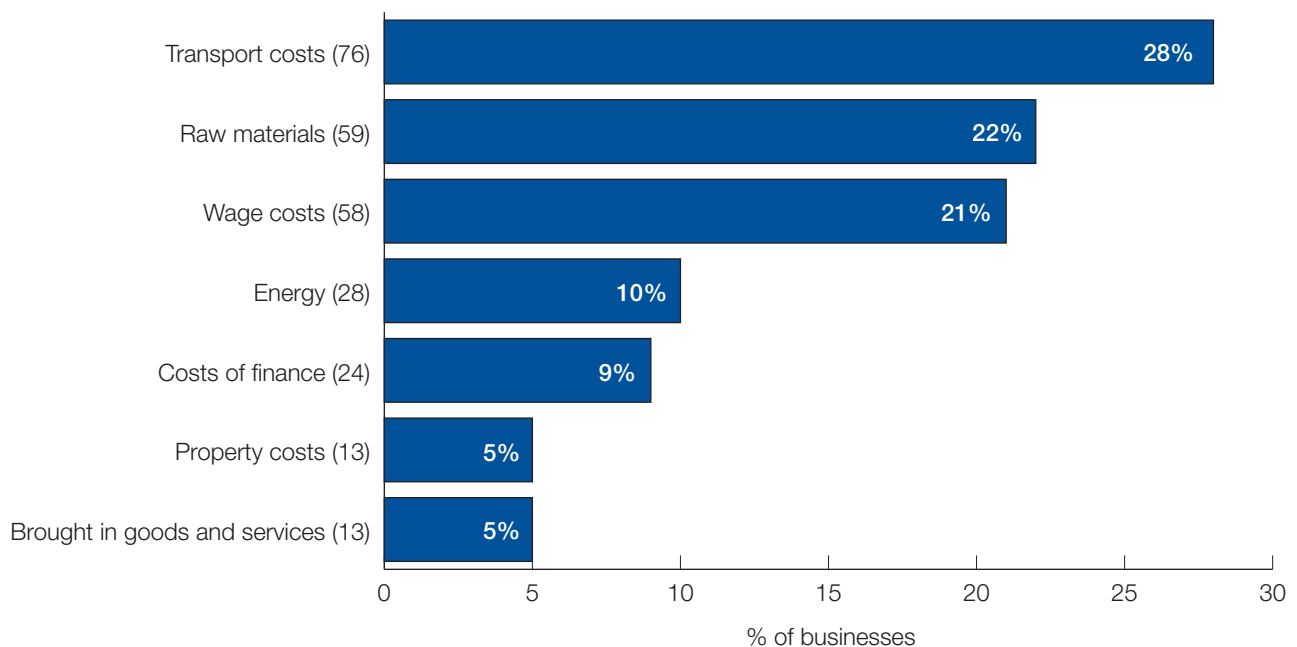
Overall, the greatest cost burdens on businesses were the cost of transport (28 per cent), raw materials (22 per cent) and wages (21 per cent) (see Figure 5). The sectors worst affected by rising costs were hotels/catering, retail/distribution and public/personal services.

The qualitative interviews also found that the majority of businesses had seen costs rise, especially in energy and raw materials:

*Costs are increasing because as you know fuel is on the up, taxes, everything else seems to be on the up but customers are needing the best deal possible in order to compete in the world market with their goods.*

Labour costs were an important issue for nearly all the businesses surveyed. The majority of the companies had made some reductions to their wage bill by varying means, and these are discussed in Chapter 4. Despite this, one in five businesses had seen wage costs rise during the recession. Interestingly this figure corresponds with the proportion of businesses reporting an improvement in performance.

**Figure 5: Greatest cost burden for Bradford businesses**



Q8: Which of the following costs have placed the greatest burden on your business?  
 Net base: 372; multiple responses allowed

## Finance

Restrictions on the availability of finance have been at the heart of the recent recession. Somewhat surprisingly then, most of the Bradford businesses surveyed said they did not have major problems accessing finance or credit during the recession. Indeed businesses said that the major problem was not availability but the increasing cost of finance and more stringent terms imposed by the banks. Throughout the recession, 52 per cent of the businesses surveyed experienced cash flow problems and working capital financing was identified as a major problem area.

Businesses were very critical of the way banks had managed existing credit lines and almost half of businesses surveyed experienced harsher and more costly terms and conditions when renewing existing

arrangements. Forty-four per cent of businesses said that the terms and conditions imposed on them by banks and financial institutions had become too demanding during the recession:

*... they look for excuses or opportunities to try and find a default or a reason to break the contract ... just to increase their rates. It's unbelievable, especially during a recession, the recession has been caused by the bankers themselves. Where businesses would expect to turn to banks for support it's actually quite the opposite – they are actually making things difficult.*

Businesses felt strongly that the banks had not supported them adequately both during and post recession. Anecdotally, this had resulted in some businesses going into administration or out of business when they could have been saved:

*We were with [bank] and they are the worse bank ever, they caused us massive, massive problems ... they'll give you an umbrella when it's sunny and throw it away when it's raining.*

Many businesses felt that the relationship with local bank staff had broken down, and decisions about financing arrangements were being made by people more remote from the city. The loss of local decision-making was viewed as being very detrimental to businesses, particularly for SME businesses:

*[It's] completely different and even speaking to our manager, off the record, he is being pushed and driven by someone above him and above him because these are the new constraints we are all having to work within but it's not effective to good business.*

Larger businesses in Bradford (employing 50 or more) raised some issues with banks requesting much more information than they had previously. However, the larger businesses were generally less reliant on bank funding and had long-established relationships that had eased the pressure from their banks.

## 4 How have Bradford businesses responded to the recession?

### Workforce

The most common response by businesses to falling orders has been to reduce labour costs and employee numbers. For some, redundancies were seen as necessary to ensure the survival of the business – four out of ten businesses surveyed had cut the number of employees as a result of the recession.

Our research also found evidence that many local employers had tried to minimise job losses while reducing labour costs. This typically involved other ways of reducing the wage bill such as imposing pay freezes, reducing hours and allowing more unpaid leave. While this approach had clearly saved jobs it had also reduced earnings, and we came across more than one business where workers had asked that the employer make redundancies rather than reduce hours and pay any further. It was thought that this was partly due to the financial penalty for leaving a job voluntarily as opposed to being made redundant when it came to claiming out-of-work benefits.

Businesses employing fewer than 50 employees were less likely to have made redundancies. Our survey found that 33 per cent of those with 1–10 employees had cut jobs compared to 47 per cent of those with 11–49 employees and 67 per cent of those with 50 or more employees (see Table 4).

Of those that had reduced the number of employees, nine out of ten had made redundancies and three out of four had not replaced staff leaving the business. Half of the businesses surveyed had implemented a pay freeze during the recession in order to reduce staff costs, and 18 per cent of businesses had actually reduced salaries.

There were differences by industry sector, with hotels and restaurants most likely to have cut staff along with manufacturing and construction businesses – 56 per cent of hotel/catering businesses, 53 per cent of manufacturing businesses and 52 per cent of construction businesses had reduced staff numbers in response to the recession. Retail businesses were least likely to have reduced staff as a result of the recession, with only 29 per cent having done so despite the fact that 55 per cent of retail businesses reported a decline in business during the recession. Businesses operating within public/personal services were also less likely to have cut staff, with 31 per cent saying they had done so.

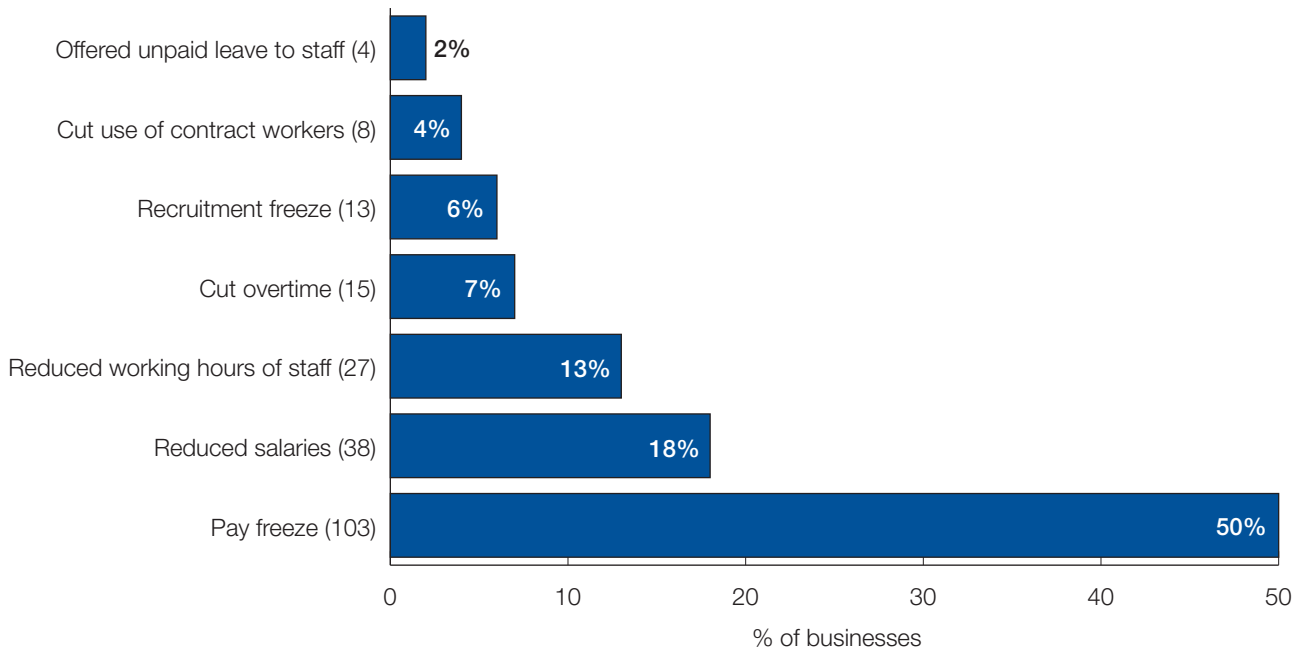
**Table 4: Reduction of staff by company size (number of employees) (per cent)**

Business response	Size (number of employees)		
	1–10	11–49	50+
No	67	53	33
Yes	33	47	67
Base	184	166	23

Q9: As a result of the recession have you had to reduce the number of staff?

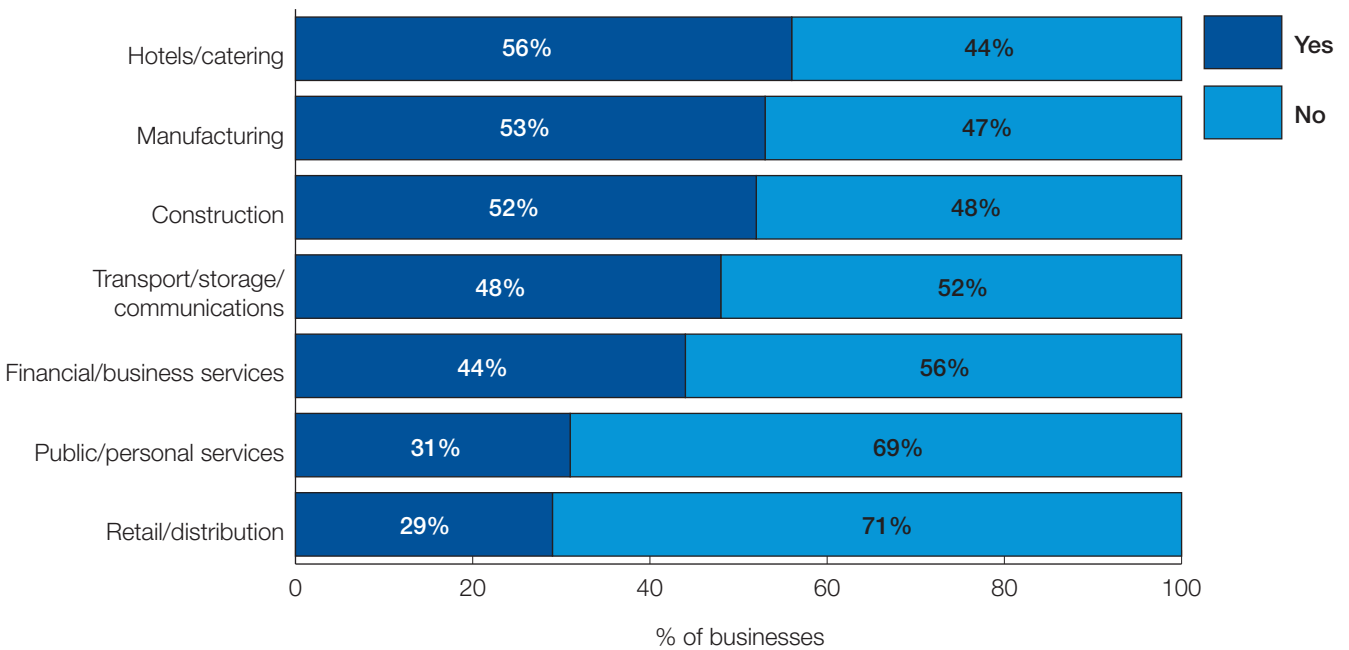
Base Net base: 373

**Figure 6: Actions to reduce staff costs**



Q11: Have you done any of the following to reduce staff costs?  
 Net base: 208

**Figure 7: Reduction of staff by industry**



Q9: As a result of the recession have you had to reduce the number of staff?  
 Net base: 380

Our survey did find some evidence of businesses taking a longer-term view during this recession compared to previous recessions. Some said they had learned from the experience of the last recession where they had cut staff only to find that they were not in a position to make the most of the upturn when it came. Many businesses had therefore made greater efforts to retain staff as it was felt that the costs would be more than offset by savings on recruiting new staff when the economy picked up. More importantly it also meant that employers were able to retain productive capacity that would allow them to take full advantage of the economic upturn when it came.

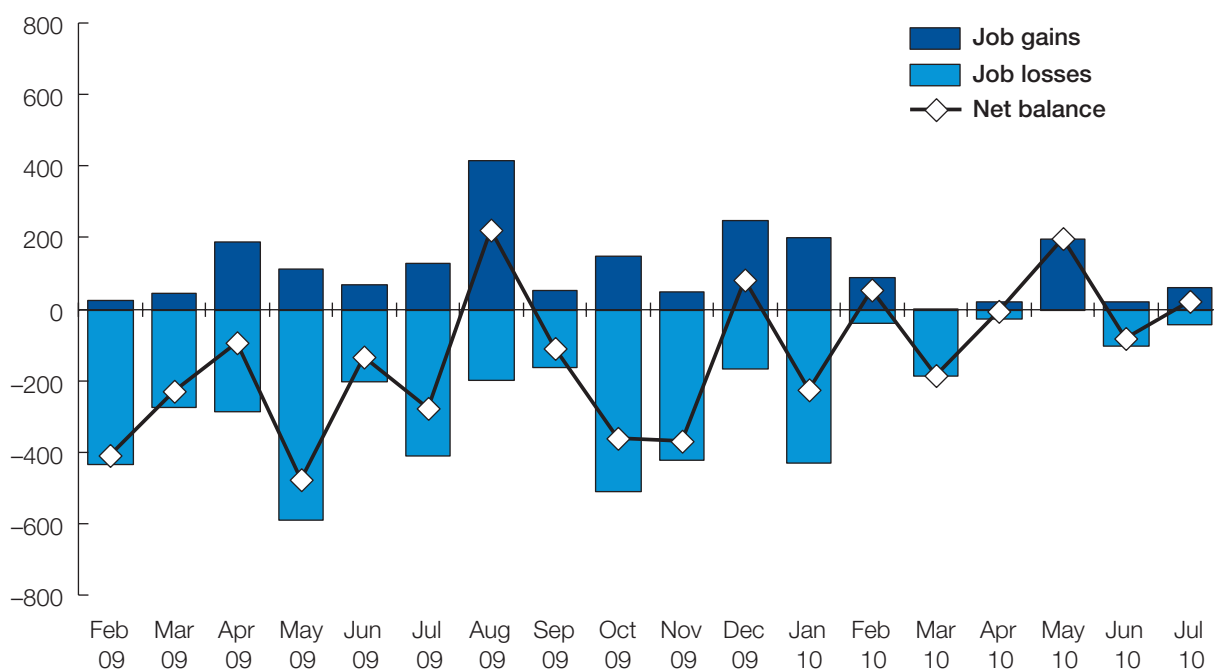
This local picture accords with national data. Although UK output fell more in this recession compared to the 1980s and 1990s recessions, job losses have been lower than expected. Total employment in the UK peaked at 29,541,000 in the second quarter of 2009. Fifteen months later it had fallen by 589,000, a fall of 2 per cent (Dolphin, 2009). The generally accepted view is that the labour market is now more flexible than was the case in previous recessions, and this has enabled businesses to avoid redundancies by reducing hours and imposing wage freezes or cuts. It would also seem that employees have been more inclined to accept pay cuts and reductions in hours in order to protect jobs.

Figure 8 shows the balance of job losses and gains in Bradford over the 18 months to June 2010 as recorded by Invest in Bradford. It shows that there was a consistent net loss of jobs with an improving picture emerging in 2010, although job gains remained low.

The biggest losers have been agency staff and those on temporary contracts. It would seem that local employers are increasingly using agency and contract staff as a way of managing labour costs through periods of varying demand. Although slightly more expensive, this has allowed employers to adjust workforce numbers in line with demand. This was more likely to be the case for low-skilled, lower-paid workers:

*The flexibility for us comes from ramping up very quickly and then dropping down very quickly and that's enabled by having a temporary workforce. So agency labour is what's used predominantly throughout the company.*

**Figure 8: Confirmed job gains and losses in the Bradford District (Feb 2009 to July 2010)**



Source: Invest in Bradford

## Business strategy

Approximately one third of the businesses surveyed (32 per cent) indicated that they had made other major strategic or operational changes to the business as a result of the recession. There was a strong emphasis on marketing, and businesses said they were trying to move into new markets. Approximately 30 per cent of these changes were adjustments to their marketing strategy such as developing a new marketing plan, doing more advertising or launching a new website.

Businesses had also made efforts to develop new markets by extending the range of products offered. Those that were trading internationally were able to direct efforts to new markets, especially the emerging markets of South East Asia and South America. Bradford's links to the Indian Subcontinent were seen as a strength, and some businesses were using this as a platform to move into other markets, particularly China.

Retaining existing customers by improving customer care was also seen as important – staff training was one of the ways that companies had tried to improve this.

The remaining businesses that had made changes had taken some form of action to reduce costs or improve the financing of the business. These actions included closing part of the business, moving to smaller premises, restructuring and managing cash flow more tightly. Many owner managers said they were working longer hours to maintain business turnover.

## Finance

As a result of higher costs, the introduction of more demanding terms and conditions and perceived breakdowns in the relationships with their banks, a substantial proportion of businesses had switched banks and negotiated fresh terms with a new bank or other financial institution. Businesses with fewer than 50 employees were more likely to have switched to another bank than larger firms who said they were generally less dependent on banks.

While not characteristic of all black, Asian and minority ethnic (BAME) population-owned businesses, some BAME-owned businesses said they were completely self-sufficient financially and had never had to source funding from a bank or formal institution. The BAME businesses we spoke to that did rely on banking facilities felt the banks had been very unsupportive, and this had served to reinforce a perceived reluctance on the part of some businesses to engage with the banks and other financial institutions:

*I think a lot of Asian people don't like using the bank to be honest with you, a lot of businesses, if they can help it, they won't use the bank.*

While this was not felt to be a problem for very small businesses there was a view that a reluctance to seek mainstream finance could be holding back potential growth and expansion of successful BAME businesses in the district.

## Public sector

Public sector organisations interviewed as part of the research said that the recession had had an impact on the people they served and in some cases this had created additional demand for services and an increased workload:

*I think Bradford's population is very vulnerable to economic change and I think it certainly has impacted on Bradford in terms of how people are able to access work and access resources.*

Most of the effects of the recession were viewed negatively, particularly the impact on those less skilled and educated. There was also concern that development in the city had slowed due to the recession.

Public sector organisations were focused on responding to public sector spending cuts, and had already taken action to reduce staffing levels by cutting agency staff and putting a stop to all non-essential recruitment.

## 5 What has been the scale of and how effective has business support been during the recession?

This section looks at the scale of business support received by businesses in the Bradford District during the recession, how useful that support was to businesses and levels of satisfaction with business support agencies. Support services were mapped and the results are tabulated in Appendix IV and, where appropriate, are highlighted in this chapter. A brief demography of Bradford businesses is provided in Appendix V.

### Scale

The mainstream business support agencies such as Business Link, Yorkshire Forward and the Chamber of Commerce were active during the recession, recognising the difficulties that businesses faced. Where possible, support agencies seemed to have made efforts to tailor existing services to meet the needs of businesses and also introduced new initiatives in direct response to the recession.

Financial support was a key area, particularly where working capital and overdraft facilities had been withdrawn or curtailed by banks. The Bradford Enterprise Agency made 80 loans totalling nearly £1.3 million to businesses across the district. Many of the businesses supported said they would have gone out of business without this support.

National schemes such as the Enterprise Finance Guarantee scheme alongside measures such as the Business Rates Deferral and the Small Business Rates Relief schemes have helped businesses, and the extension of these schemes post recession has been welcomed.

The impact of reduced funding for development was a key impact of the recession, however – Bradford City Council provided a commercial loan of £6 million to the developer of the city centre Southgate scheme after commercial lenders withdrew when the development was at an advanced stage of construction (Parkinson *et al.*, 2010). The loan enabled the development to be completed, securing almost 1,000 jobs in the city, and was repaid in full with interest.

Local responses to the economic downturn such as the partnership-based Rapid Response Service administered by Jobcentre Plus and the development of the downturn pledge by the Bradford District Partnership are examples of a more localised response that can be built on during the economic upturn.

Nearly a third (31 per cent of businesses surveyed) said they had received some form of business support during the previous two years (almost one in three businesses). This equates to around 5,000 businesses across the whole of the district if this ratio is applied to the wider population of 15,572 businesses, and represents a significant level of support that was delivered. However, it must also be acknowledged that two out of three businesses said that they had not received any form of business support.

According to our survey, the two sectors that received the most support from business support agencies during the recession were manufacturing and public/personal services. Construction businesses

were the least likely to have received support despite being the most badly affected sector – only 16 per cent of construction firms said they had received support in the previous two years. Retail businesses were also unlikely to report having received support (see Figure 9).

These findings are consistent with the National Business Survey for November 2009 which found that manufacturing firms in Yorkshire and the Humber were the most likely to have used Business Link in the past twelve months, with 38 per cent saying they had done so. Construction businesses and retail businesses were least likely to have used Business Link (24 and 26 per cent respectively).

Overall, many businesses were aware of Business Link but the support offer was felt to be confusing, with many unsure what support was actually available; businesses were divided on whether they felt there was enough information about services offered by business support agencies. There was a clear view on the need for a single access route so that businesses had a complete picture of what was available without having to contact lots of different agencies, monitor different websites or read the marketing literature of all the organisations delivering business support:

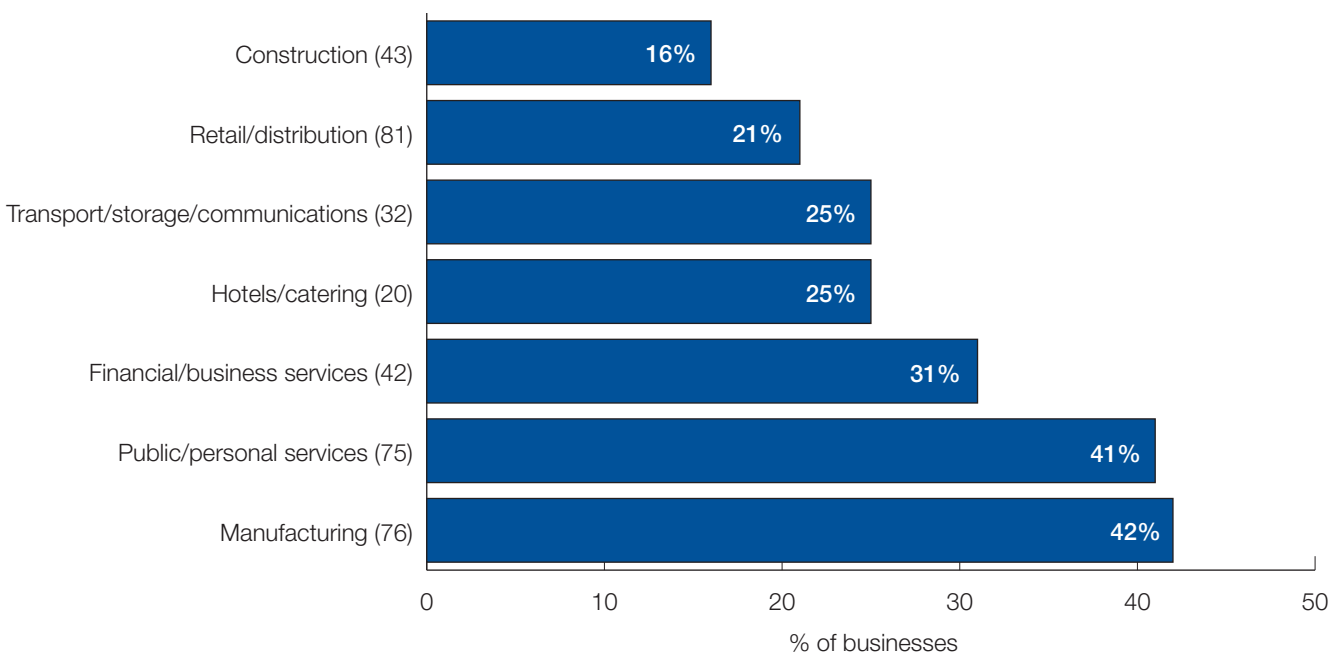
*I suppose the thing with the business services is whether or not they're joined up enough. The problem a lot of businesses complain about is that they are not aware of what funding is actually available... I suppose that's the challenge, one side of the coin is that people should go looking if they think there might be some money available.*

Some businesses also recognised that accessing support required time and effort on their part, but some struggled to find the time to seek support:

*If I haven't got the information it's not anyone's fault other than my own I would say because I would say that most organisations are quite good at promoting what they do, you know, the internet is there, I'm sure I could find if I wanted to know something.*

Our survey found that businesses in the most deprived parts of the Bradford District were more likely to have received support than businesses in other parts of the district, reflecting activities funded by

**Figure 9: Business support received in the past two years, by industry**



Q22: Have you received any business support during the past two years?  
Net base: 369



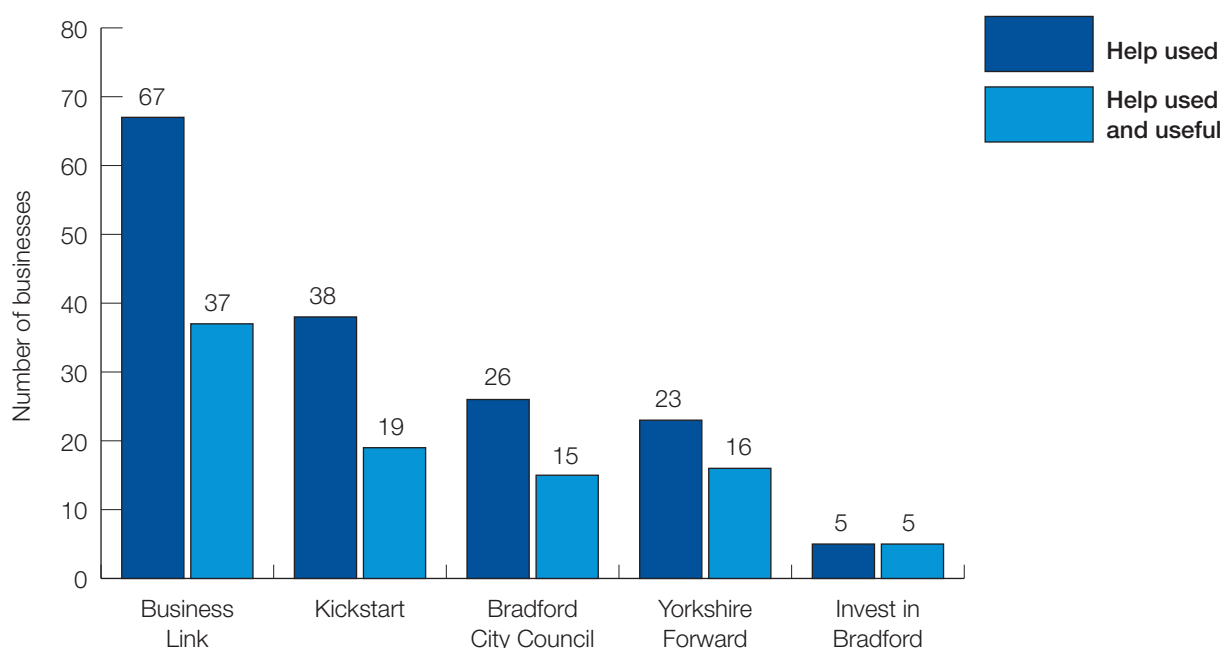
Bradford's Local Enterprise Growth Initiative, marketed as Bradford Kickstart. It is clear that the provision of support through Bradford Kickstart had been used extensively by new start-up businesses in Bradford – figures show that 3,263 businesses were assisted over the three years to 2010, and this included 1,219 new business start-ups.

## Effectiveness

While only 31 per cent of businesses had received some form of business support, of the 159 instances where businesses had received support, in 92 of those instances the businesses receiving help had found it useful, which equates to a satisfaction rating of 58 per cent.

Business Link was the most used service, and in the 58 instances that Business Link was used, 36 of the businesses receiving support found it useful. Bradford Chamber of Commerce attracted a high usefulness rating with 13 instances out of 18 where businesses had used them regarding it as useful. Yorkshire Forward also had a high usefulness rating, with 16 out of the 23 businesses reporting having received help saying they had found the support useful. Bradford Kickstart services were rated useful in just over 50 per cent of instances where its business support services had been used, but this was higher for smaller businesses, reflecting the focus of Kickstart to encourage new start-ups and to grow smaller businesses.

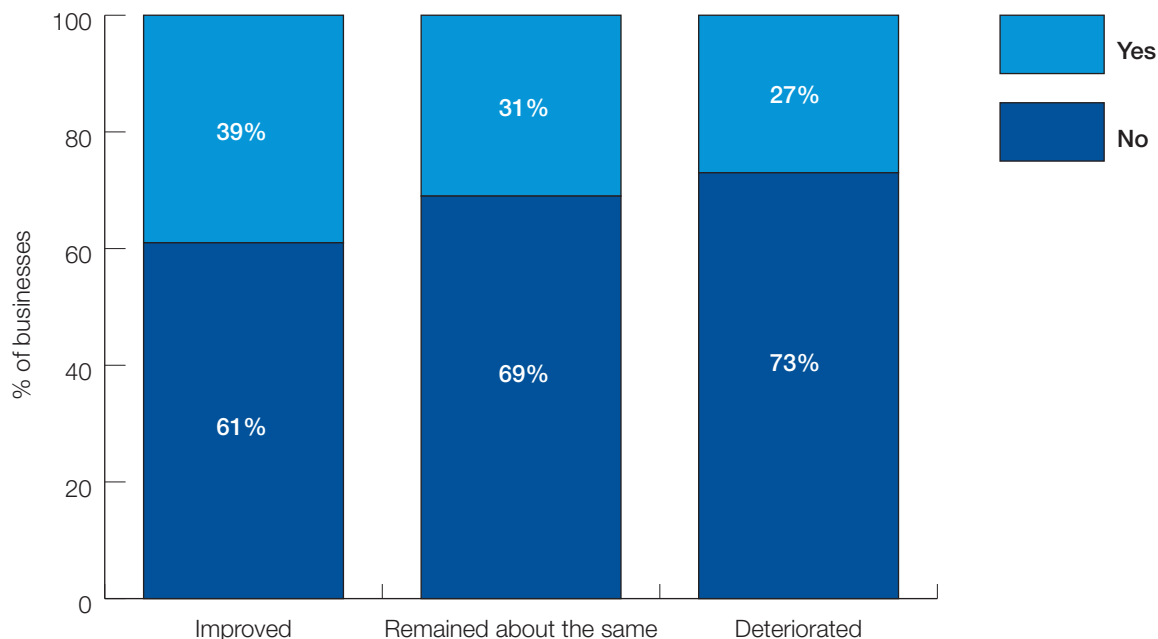
**Figure 10: Business support used and considered useful**



Q22: Have you received any business support during the past two years?  
Net base: 251

Looking at whether there is a correlation between business support received and performance during the recession it would seem that there is some evidence to suggest that businesses that had seen performance improve over the past two years were more likely to have received support than those who had seen performance deteriorate – 39 per cent of businesses that saw business performance improve had received support in the past two years compared to 27 per cent of businesses who saw performance deteriorate.

**Figure 11: Business performance by levels of business support received in the past two years, by industry**



Q22: Have you received any business support during the past two years?

Q3: During the recession, would you say your business performance has improved, remained about the same or deteriorated?

Net base: 379

## Satisfaction

When asked about satisfaction with business support services overall, 45 per cent of Bradford-based businesses said they were 'satisfied' with the business support services being offered in the Bradford area. Only 27 per cent were 'dissatisfied', but a further 28 per cent said they were 'neither satisfied nor dissatisfied'. This still means less than half of all businesses surveyed were satisfied with business support services, suggesting there is room for improvement.

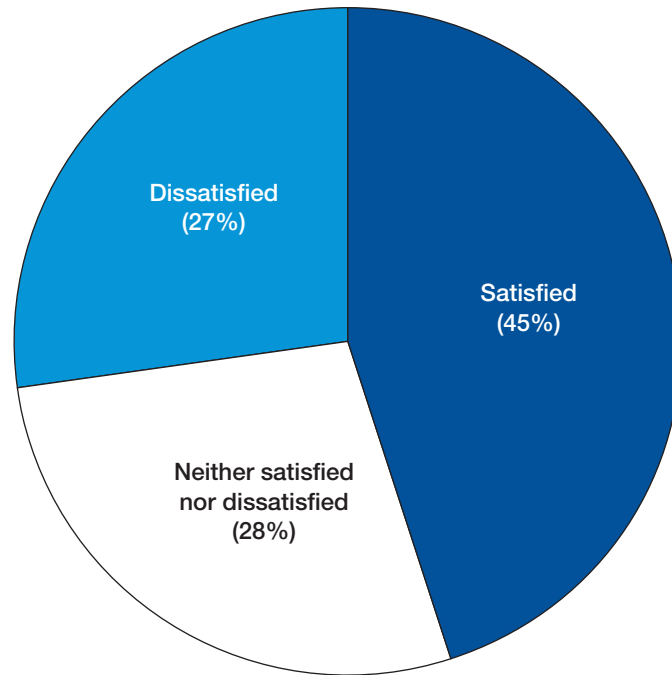
Businesses largely felt that accessing some types of business support involved too much form filling and paperwork including providing unnecessary details and information, especially in connection with grants and funding support:

*We had a grant from the Enhancement Fund, which I think comes from Business Link, for some training that we did. We've not been able to reclaim it yet, because of the mountains and mountains of paperwork.*

Looking at evidence from the in-depth interviews, larger businesses generally regarded the business support infrastructure as being mainly targeted at the SME sector. Apart from grants for specific uses such as training, large businesses said that they were fairly self-sufficient and able to get on with the job themselves. However, larger companies viewed the support aimed at SME businesses positively. Some of the larger businesses said that they would welcome more involvement with the wider business community and could be prepared to help other smaller businesses in the district on a range of issues such as finance, marketing and energy efficiency.

Overall, although it would seem businesses were relatively happy with the services provided, a number of issues were raised. It was felt that service quality was often dependent on the quality of the consultant designated to the business, and the variations in the quality of advice provided put businesses

**Figure 12: Overall satisfaction with business support services**



Q24: Generally, how satisfied are you with the business support services in this area?  
Net base: 268

off asking for support. There was also a feeling that certain sectors were being treated more favourably and that businesses not operating in those sectors did not get as good a service. While networking and other business events were considered to be useful, businesses felt that very often they were not mixing with their client group through organised events.

Businesses felt strongly that support agencies were not proactive enough in keeping them informed of services, especially where grants or funding were available. Businesses also identified the need for better marketing of business support and for this to be more co-ordinated by the different agencies:

*I don't think we do [have enough information], inasmuch as, when we got support, it was an accidental conversation that led to it. Fantastic response when I made contact with them. Fantastic. But it wasn't as a result of them contacting me that I took something up that they were offering. It was proactive from me to them. And I'm glad of it. And I'll do it again. I'll be pushier. I won't sit back and wait for them to ring me. But if I'd sat and waited I'd still be waiting.*

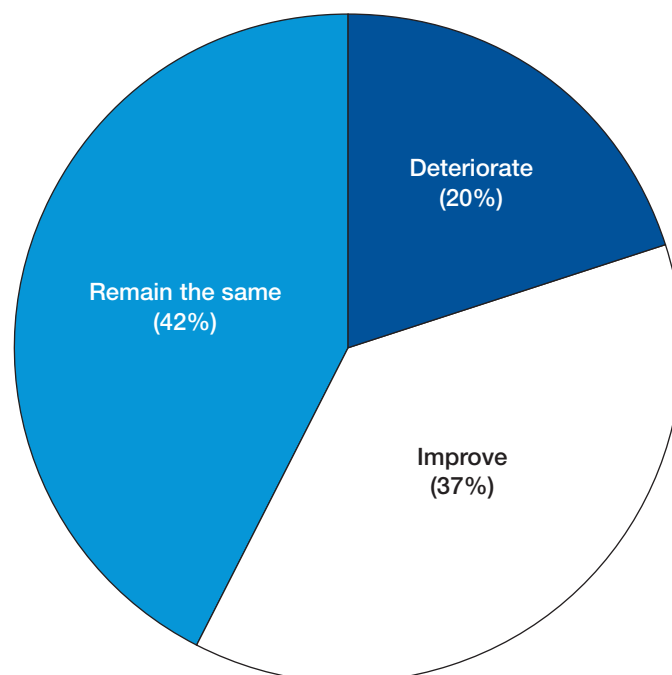
## 6 How well placed are Bradford businesses to take advantage of the economic upturn?

As the economy moves out of recession it is clear that the recovery will be a mixed picture for businesses in Bradford and, as happened during the recession, prospects will vary widely according to industry sector, business model and size of business. This section looks at how businesses viewed their prospects looking forward, and identifies areas of support that will enable local businesses to take advantage of the economic upturn. A key factor will be the degree to which businesses are reliant on public sector spend and contracts as the impact of public spending cuts works its way through into the private sector economy.

### Looking forward

In order to gauge future expectations of the economic environment, businesses were asked about their view over the next twelve months. Bradford businesses were optimistic, with 37 per cent expecting an improvement and 42 per cent expecting the situation to at least remain the same (Figure 13).

**Figure 13: Expectations of economic environment over the next twelve months**



Q18: Over the next twelve months, do you expect the economic environment in which your business operates to deteriorate, improve or remain the same?  
Net base: 385

The in-depth interviews revealed a level of cautious optimism about the economy, but none of the businesses felt the recovery would happen quickly. Most expected the coming year to be difficult despite seeing small signs of the economy picking up. Generally, it was expected to be three to five years before the economy achieved significant recovery.

The survey found clear differences by industry sector regarding future expectations for the economic environment. The most optimistic sectors were transport/storage and communications, hotels/catering and manufacturing.

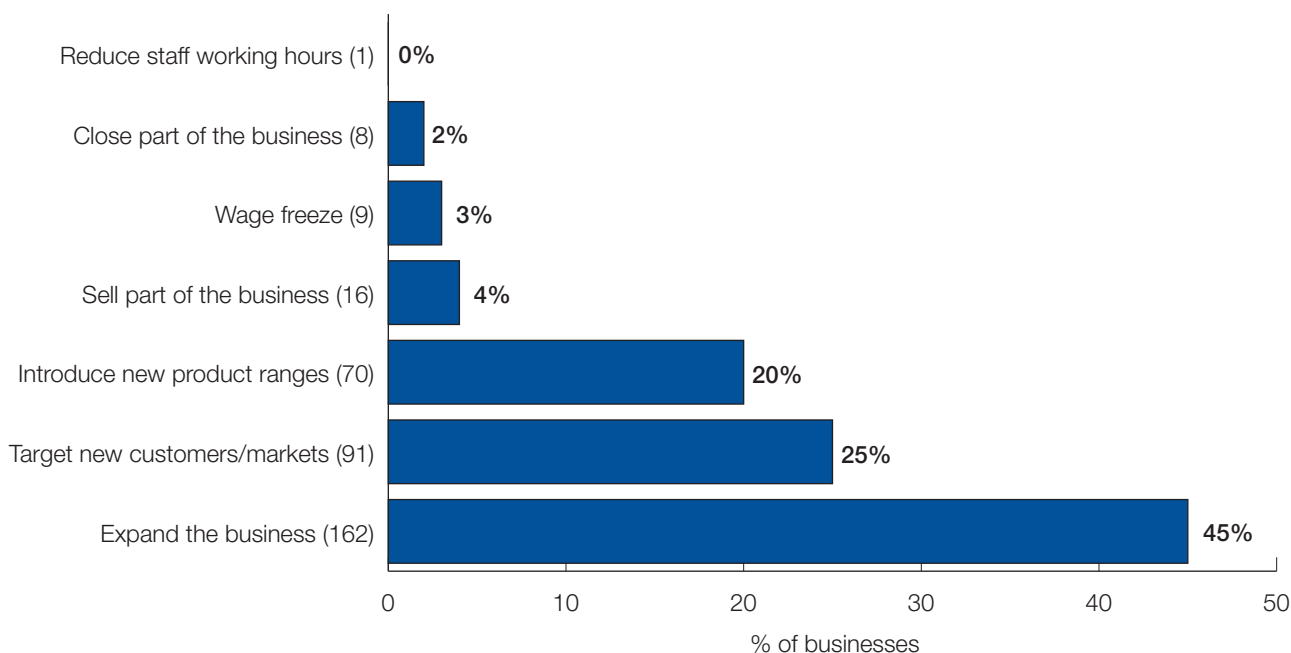
Businesses were optimistic with regard to domestic sales and export sales over the next twelve months. Nearly half (49 per cent) expected domestic sales to be higher, and 46 per cent of the exporters thought that their export sales would be higher. Furthermore, very few businesses thought that their sales would be less for the coming year; only 12 per cent thought domestic sales would fall and just 2 per cent thought that their export sales would fall.

Encouragingly, when asked, an overwhelming majority (92 per cent) of businesses felt they were either ‘very well placed’ or ‘fairly well placed’ to take advantage of the economic upturn. The businesses that took part in the qualitative interviews similarly gave an optimistic outlook and felt that they were well placed to deal with the market. The reasons as to why they felt well placed included being at the right size in terms of numbers of employees and having the structure and systems in place to enable them to achieve growth. Companies highlighted investments in machinery and software as being important, while a number of businesses were focusing more strongly on environmental issues to improve business performance.

Reflecting this optimism, just under half of the businesses surveyed planned to expand their operations (45 per cent), followed by those who planned to target new customers and markets (25 per cent) and to introduce new product ranges (20 per cent). Very few businesses were looking to close or sell parts their business, although this finding should be treated with caution due to the small base sizes.

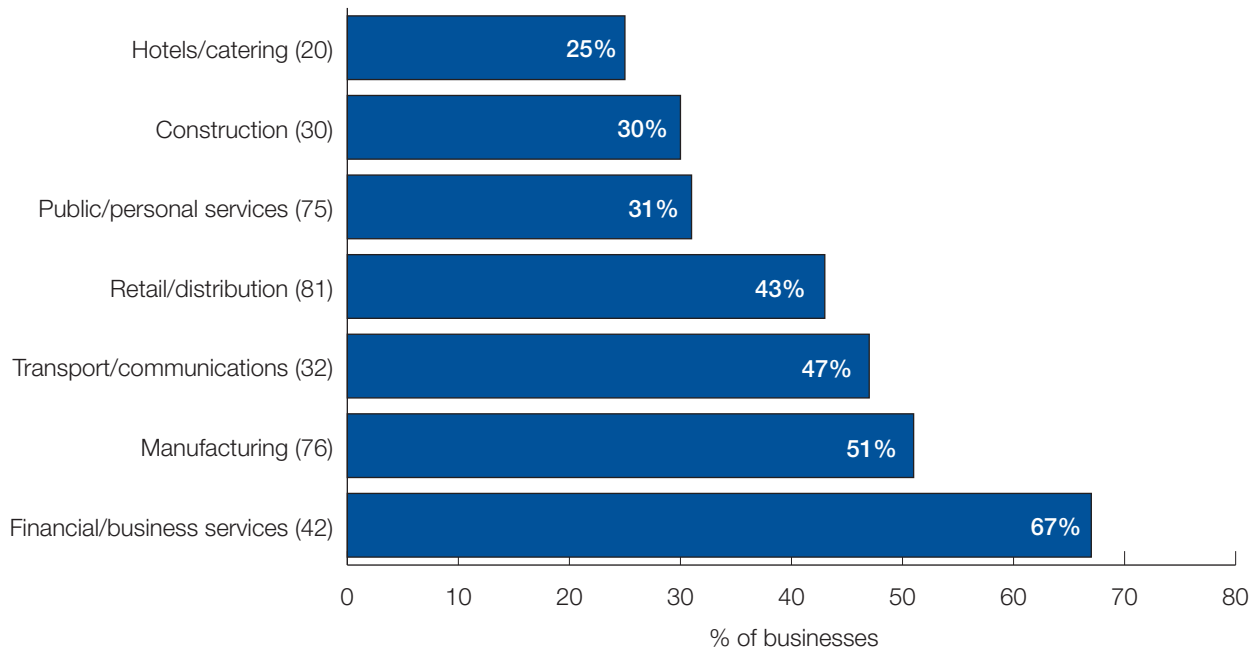
The survey found that financial and business services companies were most likely to be planning to expand followed by manufacturing-based businesses. Businesses in public/personal services, construction and hotels/catering were least likely to be planning to expand (Figure 15).

**Figure 14: Future plans and actions**



Q21: Looking forward, do you plan to undertake any of the following actions?  
 Net base: 357

**Figure 15: Plans to expand the business, by industry**



Q21: Looking forward, do you plan to expand the business?  
Net base: 357

## Supporting business in the economic upturn

Understanding what support businesses in Bradford need to go forward is important to enable support agencies to focus their efforts, particularly when set against a background of reducing public funding which will mean the loss of the Regional Development Agencies and a winding down of Business Link as well as the loss of the Local Enterprise Growth Initiative and Working Neighbourhoods Fund.

When asked what support businesses would like to receive in the future, help with funding and grants came top of the list, suggesting that businesses in Bradford still equate business support with the provision of funding. Many businesses stated they wanted grants even though that was not specifically mentioned as a support option in the survey.

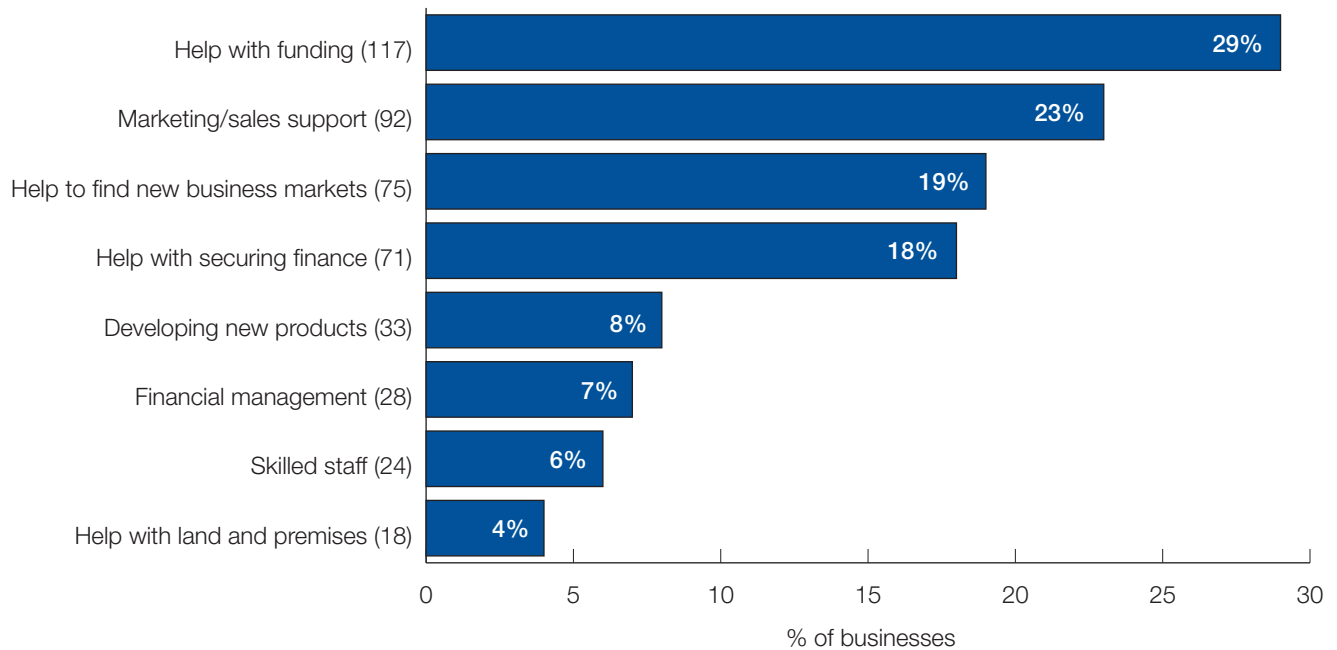
There is clearly a perception among businesses that grants are available even though the reality is that there are very few grants on offer, and these are mostly linked to training, innovation and environmental improvements. These areas were those least likely to be identified as a priority by businesses in our survey.

Marketing support and help to find new markets were the next most important business support needs. This reflects the need to rebuild order books as the economy moves out of recession. Securing finance was identified by one in five businesses as a future business support need, but this is likely to be higher now as businesses seek to expand post recession.

Just 6 per cent of businesses reported needing help with skilled staff, and only 8 per cent said they needed help to develop new products. Discussions with the Chamber of Commerce and other business organisations such as Bradford Breakthrough have challenged these findings to some degree. The view that emerged from discussions was that the survey results reflected a particular point in time post recession when businesses were still coping with its impacts. The low priority placed on skilled staff, in particular, was felt to be a consequence of businesses not actively looking to recruit staff as opposed to considering skilled staff to be unimportant to their business.

In-depth interviews with businesses revealed a number of other specific support needs. Prominent among these were financial assistance with capital projects, help with environmental improvements and

**Figure 16: Business support required in the future**



Q25: Are there any other areas where you would like to receive business support in the future?

Base: 393; multiple responses allowed

help for reducing energy costs. Businesses also felt that support should be offered to successful local businesses to enable them to expand their scope of operations to a national level.

Securing finance was identified by one in five businesses as a future business support need, but this is likely to be higher as businesses seek to expand post recession. This will require the availability of affordable finance for both capital investment and working capital financing. Businesses that have not required finance during the recession are likely to need funding to finance future growth.

The barriers to commercialising a new business idea or to expanding an existing enterprise could be reduced significantly by a greater presence of alternative sources of finance (for example, business angels, private equity individuals and institutional investors via local fund managers) in the Bradford area. Such organisations do already exist within West Yorkshire but have a very limited profile as options for small businesses to consider.

There was also a view among some of the larger businesses that they could do more to help local SME businesses. Many pointed out that they were involved in community initiatives but were not well enough connected to the local business community and there seemed to be an interest in becoming more involved.

There was a commitment among the public sector participants to support local businesses wherever possible through procuring goods and services locally where possible, and also by paying local businesses promptly.

# 7 Moving forward: from recession to recovery

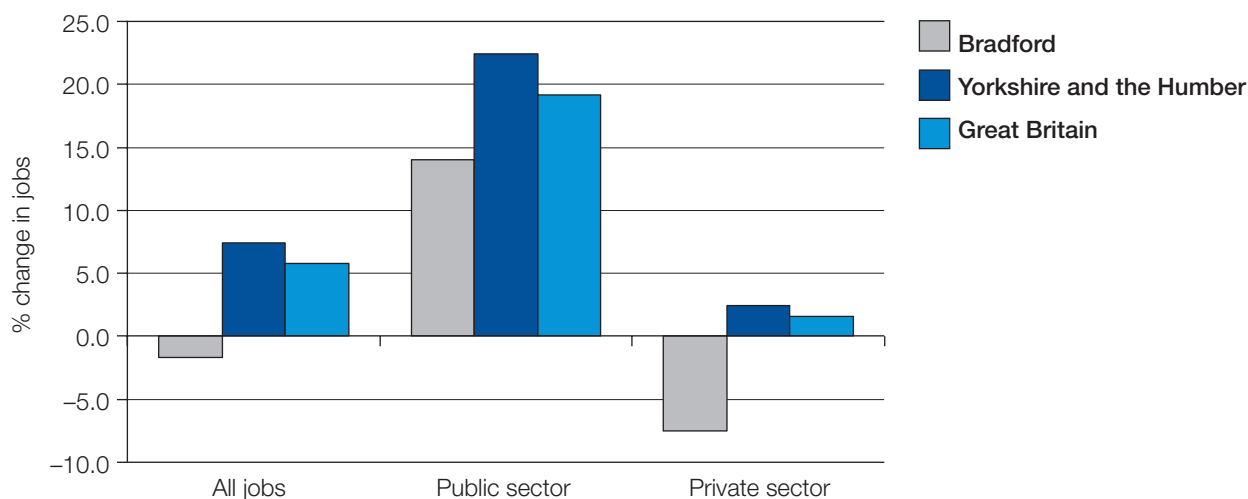
Growing private sector jobs and business is a key challenge for Bradford and much will depend on improving the competitiveness of local businesses. Bradford ranks 309th out of 379 localities in the UK Competitiveness Index 2010 and ranks 37th of the UK's 43 largest cities (Centre for International Competitiveness, 2010).

The most recent forecasts from the Regional Econometrics Model predict that between 2010 and 2020 growth in Bradford District's economic output will be 23.8 per cent, higher than the regional average. A report by Experian predicts that Bradford will experience the 11th highest post-recession growth of all UK cities between 2010 and 2026, compared with a pre-recession rank of 38 (Wells, 2009).

A key issue moving forward will be the impact of public sector cuts on businesses and employment. Growth in health and education jobs has masked a significant fall in private sector employment in recent years as Bradford has become increasingly dependent on public sector employment (City of Bradford MDC, 2010). Figures from the Annual Business Inquiry show that between 2000 and 2008 the number of public sector jobs in the district increased by 7,400 to 60,300, an increase of 14 per cent. During the same period private sector jobs fell by 10,700 and this ran counter to national and regional growth (see Figure 17). Bradford ranked in the bottom ten of all English cities for net private sector job creation in a recent report for Centre for Cities (Webber and Swinney, 2010). As highlighted previously, public sector employee jobs increased by 3,600 during the recession while private sector jobs fell by 3,000 between 2008 and 2009.

The scale of private sector job losses in recent years suggests that the local economy is vulnerable in the face of public sector spending cuts. Bradford City Council alone expects to lose £120 million – 28 per cent of its core funding – from its baseline budget over the next four years. Our survey found that local businesses were concerned that reductions in public sector spending could have a significant knock-on effect for the private sector.

**Figure 17: Change in employment, 2000–08**



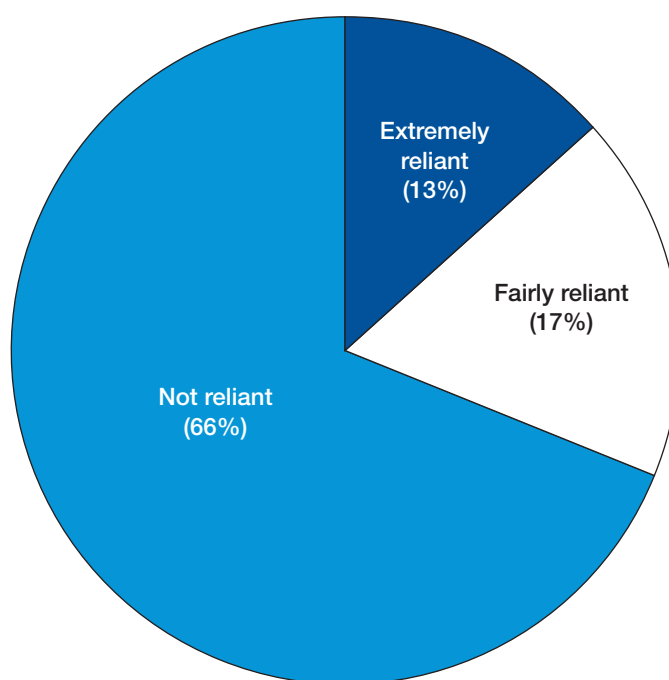
Source: Annual Business Inquiry



*Cities Outlook 2011*, the annual report from Centre for Cities (2011), highlights some of the challenges confronting cities on issues such as economic development, unemployment, changing demographics and reduced budgets. The report notes that cities which have a history of public sector dependency and higher levels of welfare payments will be the places most vulnerable to the Coalition Government's deficit reduction agenda. The report estimates that the welfare bill per capita for Bradford is £2,806, with expected welfare cuts reducing this by £162 per capita. Bradford was also identified as one of only three cities where real average wages remained constant between 2006 and 2010 (Hull and London being the other two).

Our research sought to gauge private sector dependence on public sector spend. In the quantitative survey it was found that 30 per cent of businesses were either 'extremely reliant' or 'fairly reliant' on the public sector (Figure 18). The sectors with the highest proportion of businesses being 'extremely reliant' on the public sector were public/personal services (27 per cent), construction (19 per cent) and hotels/catering (15 per cent). By comparison only 4 per cent of manufacturing companies said that they were 'extremely reliant' on the public sector.

**Figure 18: Reliance of Bradford businesses on the public sector**



Q29: How reliant would you say your business is on public sector contracts (that is, NHS, University of Bradford or other public bodies): extremely reliant, fairly reliant, not reliant?

A majority of social enterprises in Bradford said they were reliant on public sector contracts, and many felt pessimistic about the next twelve months. Looking forward over the next year, more than half of all social enterprises surveyed believed the economic situation would 'get worse'. Only 22 per cent were optimistic about prospects over the next twelve months.

When we examined reliance on public sector by expectations for the future it was clear that those businesses that were 'extremely reliant' on the public sector were more likely to believe that the economic situation over the next twelve months will worsen (see Table 5).

A forecast by the Yorkshire and the Humber Forum, which represents the voluntary and community sector across the region, claims that Bradford will be one of the districts hit hardest by the fallout from the local authority budget cuts. According to the Forum, 3,945 people are employed in the voluntary sector in Bradford, with nearly 1,500 at risk of losing their jobs if the organisations cannot function without local authority money.

**Table 5: Expectations of the future economic situation by reliance on the public sector (per cent)**

Economic situation will:	Reliance on the public sector		
	Extremely reliant	Fairly reliant	Not reliant
Improve	19	28	22
Remain the same	12	28	39
Get worse	69	44	39

Q18: Over the next twelve months, do you expect the economic situation to improve, remain the same or get worse?

Net base: 68

Q29: How reliant are you on public sector contracts?

Net base: 69

## Public sector cuts have an impact on employment

We are able to estimate the number of new private sector jobs and businesses that will be needed in the Bradford District in light of the cuts in public spending using the Office for Budget Responsibility forecasts as the basis of the calculation. The headline figures are:

- The loss of 4,900 public sector jobs and 1,900 related private sector jobs over the next four years, meaning 6,800 new private sector jobs will be needed to replace them.
- Overall 14,600 new private sector jobs will be needed to replace the jobs lost due to public sector cuts and to maintain current employment rates due to a projected 11,000 increase in the district’s working-age population.

Increases in self-employment have driven overall employment growth in recent years. At 8.4 per cent, the current rate of self-employment in Bradford is higher than the regional average (8.3 per cent). Self-employment grew 41 per cent from 19,500 in March 2005 to 27,600 in March 2010, which was much higher than the regional growth of 8.9 per cent and UK growth of 5.1 per cent. Bradford experienced the highest growth in self-employment of any city in the UK over the five years to September 2009. Maintaining this positive trend will help to mitigate the impact of public sector job losses. However, recent data suggests that this may be difficult. Between June 2009 and June 2010 the number of 16- to 64-year-olds in self-employment fell by 1,500 to 27,200, a fall of 5.2 per cent compared to a national increase of 2.2 per cent.

## Perceptions

Throughout our research businesses have consistently identified negative perceptions of the city as a key issue affecting business performance. In the quantitative survey businesses were asked whether being located within the Bradford District, during the recession, had a positive, negative or neutral effect. The majority, more than six out of ten businesses, reported that there was neither a positive nor negative impact. However, of the remaining businesses, twice as many felt that being located in Bradford had a negative impact (23 per cent) compared to those that thought it had a positive impact (12 per cent). These findings were not related to their performance during the recession in that businesses that had fared well were just as likely to report being based in Bradford as having a negative effect. In the qualitative interviews we asked what effect being in the Bradford District had on their business. The findings were consistent with the quantitative findings:

*You usually have to try twice as hard as any other city for people to even seriously consider Bradford as an option for most things. There's always this negative press and things going on. You know somebody's spoke recently or Travelodge made an announcement that Bradford was an unsafe place, which is quite ridiculous.... I was born in the city and I have never had a problem with any area of the city at all and I really find it quite offensive and quite hurtful when people make these comments when it's far from the truth.*

Businesses felt that it was important that these outside perceptions were challenged and that the city needed to be marketed better. There was an indication that businesses were taking things into their own hands and pulling together to help improve the image of the city and challenge the external negative perceptions:

*The marketing of the city isn't really done well enough in terms of being able to sell the positives about the city and so I don't think the council is really geared up to sell the city for what it is.*

The need for more investment in the district was mentioned by many of the businesses questioned in our survey and it was thought that the council had a key role to play in this. Many of the owners/managers were concerned about the number of empty business units as a result of the recession:

*So I think for us then the main aim of the council should be getting as much business as they possibly can into Bradford to make it more of a centre. It's ideally linked for the motorway network for the east and the west. You know so we are well placed and we do have some massive companies here but everybody should be encouraged and I think that anywhere that's empty is just a crying shame.*

Several interviewees commented on the quality and attractiveness of much of the traditional architecture around the city. The value of these buildings was something that meant a lot to people who had grown up in the city, not necessarily for sentimental reasons but because they gave character and uniqueness to the environment:

*When you look around Bradford and you just see all of the buildings that are here they're beautiful, absolutely beautiful. I suppose it's a concerted campaign across all the major and smaller companies in Bradford about the consistent message that we have to keep giving. That poster campaign ['Bradford, it's a surprising place'] I thought was very positive.*

Businesses had strong opinions with regard to the Westfield Broadway retail development and felt that the delay to the project was having a significant negative impact on local businesses. It was clear that the businesses we interviewed felt the council was largely responsible for the situation despite recognition that the decision to continue to build the shopping centre ultimately lay with Westfield. Businesses felt that potential investment in the city was being lost because of the delay to the development:

*There is no investment going on in the rest of the city centre because we're all waiting for this [Westfield], it's a period of limbo at the moment because none of the big retailers want to spend money where they are because they are waiting for the shopping centre. And it all feels a bit lifeless does Bradford city centre at the moment.*

There were strong feelings that the planned shopping centre should go ahead and that it was critical to attracting people and businesses to the city:

*It would be nice to have these building sites redeveloped wouldn't it! I think they've become symbolic haven't they you know rather than just the real value of the land and what might be there. They're a constant sore now, almost like a wound really, seeping and everyone's always irritated and agitated about them.*

Many of the businesses said that they felt the multi-cultural nature of Bradford was an advantage and that they were proud that the city was able to embrace such diversity. It was pointed out that there were many benefits to be gained from having a diverse workforce as well as the cultural enrichment of the city and surrounding areas:

*You don't get that variety in other places and so that adds a dimension that you won't get elsewhere ... the multicultural nature of the workforce we have here and the skills people have and the connections that they have with the outside world.*

Adding to this it was felt that, unlike many other areas, Bradford had the supporting infrastructure for dealing with a diverse population:

*Bradford has a fantastic infrastructure for supporting what is a difficult population in terms of workforce and cultural issues and social issues, but Bradford can deal with it.*

Businesses also felt that it was important that the city should seek to portray its ethnic diversity in a more positive light to counter negative perceptions held by those outside the district:

*I think Bradford has a lot to offer and we sometimes don't get ourselves organised to offer the range, the cultural mix in its most positive light. There's so much to be gained from understanding the different cultures within Bradford and that mix and I don't think we always do promote that and the perception outside of Bradford is I think more negative than feels right and feels that it should be.*

# 8 Conclusions and recommendations

**Bradford businesses have been hit hard by the recession.** Half of all businesses experienced a decline in business performance during the recession typically through falling sales and reduced profits. SME businesses have been hit hardest by the recession, having been more likely to have experienced a decline in businesses than larger companies with 50 or more employees.

Businesses in the public/personal services sectors were least likely to have experienced a decline in business performance and were most likely to have seen an improvement in performance. Social enterprises also fared much better than private businesses during the recession.

Bradford businesses have been resilient in the face of recession – one in five businesses actually saw business improve.

**Small businesses have been less likely to make staff redundant and this has helped to protect employment in the district.** While larger businesses fared better during the recession, the survey found they were more likely to make redundancies. Evidence from the qualitative interviews revealed that some larger companies reported job losses in the order of 30 per cent of the workforce as a result of the recession.

SME businesses make up the majority of businesses in the district, accounting for 99 per cent of businesses and 41 per cent of employment. By being less likely to make staff redundant, SME businesses have reduced potential job losses in the district and this has been a factor in the district's resilience in weathering the recession.

**Recommendation 1:** Policies at national, regional and local level need to continue to support SME businesses through targeted support, ensuring access to finance and providing greater access to public procurement opportunities.

**Rising costs have magnified the impact of the recession and energy costs are a key concern for businesses.** Improving energy efficiency as well waste management are vital to the long-term prospects of all businesses.

Businesses need help with lowering their energy costs and minimising waste. Knowledge transfer in energy cost reduction and environmental impact improvements also need to be encouraged to enable sharing of best practice among businesses, particularly between large and smaller businesses.

**Recommendation 2:** Supporting businesses to improve energy efficiency and waste management is a key area for government-funded support. Businesses should be encouraged and supported to access government funding to improve energy efficiency and waste management. Further collaboration needs to take place between Bradford City Council, the University of Bradford and the further education sector to increase knowledge transfer in support of sustainability and energy efficiency.

**Businesses are very critical of the way banks have behaved during the recession. Providing effective finance to small businesses will be critical to enabling private sector growth.** Businesses feel strongly that the banks did not support them adequately during the recession.

Maintaining cash flow was expected to remain a problem for businesses for some time. Fifty-two per cent of the businesses surveyed experienced cash flow problems during the recession and working capital financing was identified as a major problem area.

Over the next year, 45 per cent of Bradford businesses have expressed an intention to grow their business. It is important that the district taps into this optimism and that private sector growth is supported and encouraged. This will require a more positive response from the banks and other financial institutions if we are to see the hoped-for private sector-led recovery.

It is essential that government continues to exert pressure to ensure banks and other institutions provide adequate finance support to SME businesses.

**Recommendation 3:** Private and public support agencies need to signpost the alternative business finance options available to small businesses and be instrumental in ensuring businesses understand the requirements and processes to secure these types of finance.

**A key challenge for Bradford is to ensure that businesses are given the right support, infrastructure and business environment to enable them to achieve sustainable growth during the economic upturn.** Meeting the demand for business support will be a challenge as funding for business support is reduced and services are lost. This is likely to mean an increased emphasis on business-led solutions such as business-to-business mentoring and private sector-led networks with the public supporting rather than operating these networks.

Businesses need clear and up-to-date information on precisely what support is available to them. When asked what support businesses would like to receive in the future, help with funding and grants came top of the list, suggesting that businesses in Bradford equate business support with the provision of funding. Marketing support and help to find new markets were the next most important business support needs. The view of businesses, as revealed by our research, indicates that in future business support will need to be:

- of higher quality, especially with regard to the quality and experience of the business advisers;
- better targeted, based on a higher level of market intelligence by the organisations managing the business support programmes;
- better marketed, with an easier to understand single brand approach.

A significant level of resources have been directed at encouraging new business start-ups and supporting the growth of existing small businesses. Public sector job losses are likely to attract even more people towards self-employment. This will increase demand for support services at the same time as business support services are reducing. There is a strong case for continuing support for enterprise development despite some concerns over the quality of the employment being created.

**Recommendation 4:** How business support is delivered locally needs rethinking in the light of public sector cuts. Public sector agencies need to encourage greater involvement of the private sector in the design and delivery of business support services and should collaborate to avoid duplication of services and improve communication with businesses.

**This has been a private sector recession. The challenge will be to grow the private sector in the face of a public sector recession.** Private sector businesses have borne the brunt of the recession and this is where the job losses have occurred. The Bradford District economy is more dependent on the public sector and this has protected jobs and businesses during a largely private sector recession. Public sector expenditure amounts to around £4.5 billion annually and one in three businesses say they are dependent on public sector contracts to some degree.

Growing private sector jobs is a major economic challenge for the district. Public spending in the Bradford District is likely to reduce by more than £1 billion over the next four years, and it is likely that the



recently announced cuts in public spending will result in the loss of around 5,000 public sector jobs across the district and a further 2,000 private sector jobs in firms reliant on public sector contracts.

Replacing these jobs will require new approaches and innovative solutions with public agencies working alongside private business to generate business growth that will create employment for local residents.

It is also important to recognise that the remaining £3.5 billion is still a significant sum of money, and public bodies will need look at how procurement can be better used to support local businesses and social enterprises and promote employment growth.

**Recommendation 5:** Public sector organisations need to look at how to deliver services in ways that support and help grow local businesses and social enterprises. Public procurement should be used strategically to promote private sector growth where possible.

**Businesses in Bradford have strong views about the city and have identified the city centre and improving the image of the district as key priorities.** Bradford businesses have very strong views on how to improve the Bradford economy and enable the wider regeneration of the district. Businesses felt very strongly that every effort should be made to get the Westfield shopping centre on site as it was seen as holding up the rest of the city centre. This was linked by businesses to the image of the city as, in the words of one business owner, “city centres create the PR”.

Image was a key issue raised during the research. There was a great deal of anger toward reports and media articles written by people from outside the district that portrayed a negative image of the city. Businesses felt that negative opinions held by people outside the district were often unjustified and should be countered. Bradford’s identity as a multi-cultural city was clearly felt to be a key element of the way in which the city was perceived, and many businesses indicated that they felt that businesses and the wider population outside the city viewed this negatively. Portraying the positive aspects of Bradford’s diverse population was considered to be very important, and businesses felt that this could only be done collectively, with everyone working together and acting as ambassadors for the city.

Businesses indicated a desire to be more involved in improving the district and wanted a genuine two-way dialogue between the public and private sectors. The partnership working that has been going on throughout the district was viewed as promising, and businesses felt this should continue and be strengthened.

Bradford’s placing in the new regional Local Enterprise Partnership was identified as being of paramount importance for the district. Businesses were keen to work with public agencies to ensure the district was able to bid effectively for resources such as the Regional Growth Fund to support infrastructure development and provide assistance to businesses.

**Recommendation 6:** Public sector agencies need to work closely with private businesses and organisations such as the Chamber of Commerce and others to agree local priorities in order to make effective bids into city region and national funding streams. The strength and diversity of Bradford’s businesses is an asset and should be more effectively promoted regionally and nationally.

## Recommendations for future research

It is apparent from this research that financing arrangements are a critical issue for businesses and it is expected that this will be even more so as the economy improves and businesses look to grow.

**Recommendation 1:** Further research in Bradford should cover the following topics relating to business finance:

- What are the key issues in the supply and access to finance for small businesses in Bradford, focusing on awareness, experiences, propensity and suitability?
- Do minority ethnic businesses in Bradford have unique financing arrangements? What are the risks? Do we need to understand the processes, risks, governance and barriers to BME enterprise growth? How important is Shariah-compliant business finance in Bradford compared with traditional finance options?

The business support sector is in a state of flux. Current levels of business support will not be available in future due to cuts in public spending that will see the disbanding of Yorkshire Forward and the winding down of Business Link. A key issue is how business support can be re-organised and provided locally to facilitate private sector growth.

**Recommendation 2:** Further work should be done to establish the opportunities for private and public sector organisations to take a co-ordinated approach to the provision and marketing of business support that addresses the needs of local business. This work will involve both qualitative and quantitative primary data collection but with a key focus on engaging with a wide range of businesses through a series of workshops and face-to-face interviews.

The participants in this research believed that the future of Bradford was dependent on promoting a positive image of the city and creating a shared vision that both the public and private sector could get behind. Large public sector organisations within the city have already come together to develop joint policies and initiatives, but there is more scope for this partnering to develop and for the private sector to be involved as well.

**Recommendation 3:** Research should be undertaken within Bradford looking at public–private partnerships to investigate the scope for increasing the benefits to be derived from these and the willingness of various stakeholders to be involved. The work should also investigate what structures or processes need to be put in place for greater collaboration and involvement to take place between organisations of varying sizes as well as allowing for individuals to have their say.



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# Appendix I

## Profile of companies (qualitative interviews)

Ref	Employees in Bradford District	Location	Postcode	Subsample	Turnover	Type of business
1	1,000–1,999	Bradford Central	BD1	Large	£500 million to £1,000 million	Finance
2	1,000–1,999	Bradford South	BD6	Large	£500 million to £1,000 million	Utilities
3	500–999	Shipley	BD18	Large	£1,000 million and over	Digital technology
4	200–499	Bradford South	BD6	Large	£10 million to <£20 million	Textiles
5	200–499	Shipley	BD17	Large	£100 million to under £500 million	Engineering
6	100–199	Bradford North/ West	BD1	Large	£50 million to <£100 million	Motor trade
7	100–199	Bradford South	BD5	SME	£10 million to <£20 million	Packaging and distribution
8	50–99	Bradford Central	BD1	SME	£5 million to <£10 million	Professional services
9	50–99	Bingley	BD16	SME	£5 million to <£10 million	Manufacturing
10	50–99	Bradford South	BD3	SME	Unassigned	Textiles
11	50–99	Ilkley	LS29	SME	£3 million to <£5 million	Education
12	50–99	Bradford North/ West	BD1	SME		Hygiene products (B2B)
13	20–49	Bradford South	BD12	SME	£1 million to <£3 million	Freight forwarding
14	20–49	Bradford South	BD4	SME	Unassigned	Metal recycling
15	10–19	Bradford South	BD4	SME	Under £1 million	Engineering
16	10–19	Keighley	BD21	SME	Under £1 million	Foundry
17	50–99	Bradford Central	BD7	BME	£10 million to <£20 million	Wholesale and retail clothing
18	20–49	Bradford Central	BD8	BME		Wholesale and retail clothing
19	20–49	Bradford Central	BD1	BME		Business services
20	10–19	Bradford South	BD4	BME	£1 million to <£3 million	Printing

(continued)

Ref	Employees in Bradford District	Location	Postcode	Subsample	Turnover	Type of business
21	10–19	Bradford Central	BD8	BME	£1 million to <£3 million	Restaurants
22	1–9	Bradford Central	BD1	New start-up	£1 million to <£3 million	Recruitment
23	1–9	Bradford South	BD4	New start-up	Under £1 million	Software and computer services (B2B)
24	1–9	Shipley	BD18	New start-up		Personal care
25	1–9	Bradford South	BD4	New start-up		Cleaning (B2B)
26	1–9	Skipton	BD23	New start-up	Under £1 million	Retail
27	1,000–1,999	Bradford Central	BD7	Public sector	Unassigned	Education
28	500–999	Bradford Central	BD1	Public sector	Unassigned	Government
29		Bradford South	BD5	Public sector	Unassigned	Health
30		Bradford Central	BD1	Public sector	Unassigned	Government

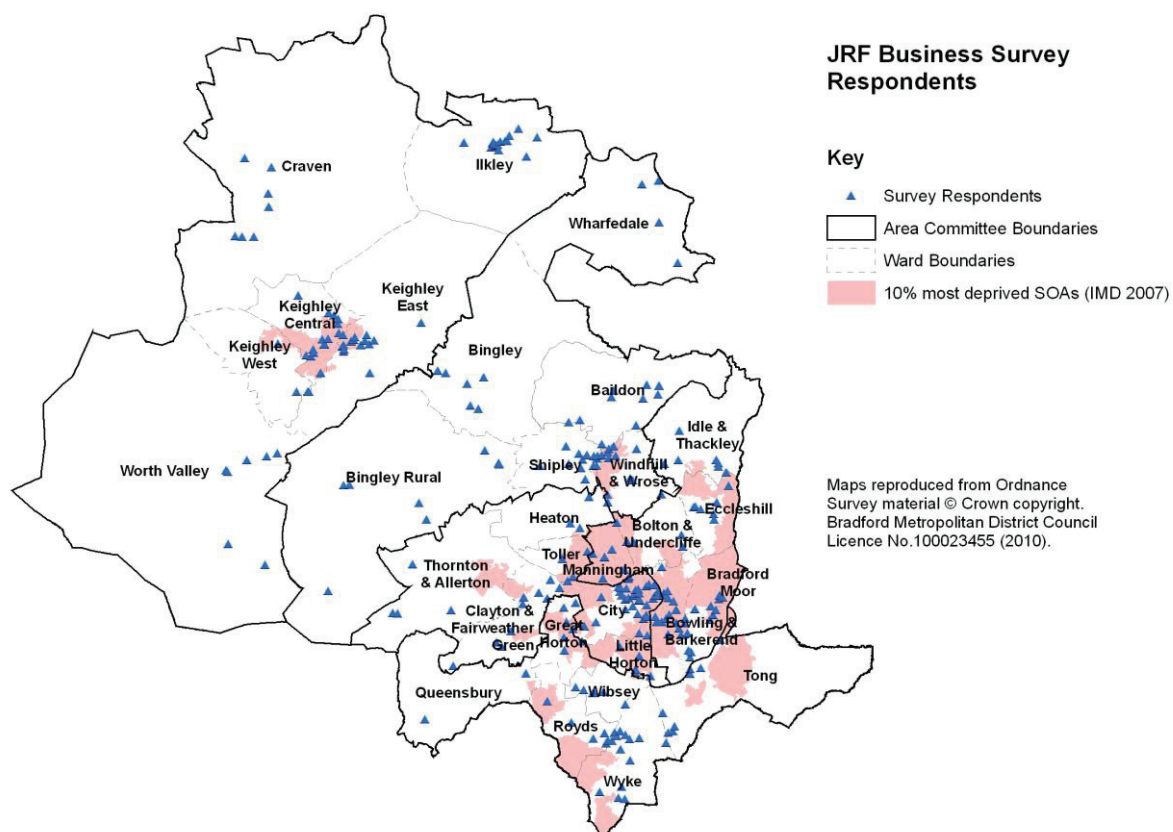
# Appendix II

## Research method supporting data

### Calculation of response rate

	Number of businesses
Sampling frame	2,881
Less:	
Duplicates	87
Number unobtainable	192
No longer trading/not a business/not applicable	191
Total	470
De facto sample	2,411
Completed telephone surveys	336
Completed electronic surveys	65
Total completions	401
Partial completions (not used)	30
<b>Response rate</b>	<b>18%</b>

### Mapping of survey respondents



## Confidence level

The total business population of Bradford is estimated at 15,572 businesses (Annual Business Inquiry, 2008). Using a 5 per cent margin of error and 95 per cent confidence level the minimum response required for the survey to be representative of the population as a whole is 375. The survey was analysed using SPSS Statistics 18.

Population size	Sample size for the 95% confidence level		
	+/- 10% sampling error	+/- 5% sampling error	+/- 3% sampling error
100	49	80	92
200	65	132	169
400	78	196	291
600	83	234	384
800	86	260	458
1,000	88	278	517
2,000	92	322	696
4,000	94	351	843
6,000	95	361	906
8,000	95	367	942
10,000	95	370	965
15,572	96	375	999
20,000	96	377	1,013

## Guide to statistical reliability

The businesses who took part in the survey are only a sample of the total 'population' of businesses in Bradford, so we cannot be certain that the figures obtained are exactly those that would have been reached had everyone responded (the 'true' values). We can, however, predict the variation between the sample results and the 'true' values from knowledge of the size of the samples on which the results to each question was based, and the number of times a particular answer was given. The confidence with which we can make this prediction is usually chosen to be 95 per cent – that is, the chances are 95 out of 100 that the 'true' value will fall within a specified range. The table below illustrates the predicted ranges for different sample sizes and percentage results at the '95 per cent confidence interval':

Size of sample on which survey result was based	Approximate sampling tolerances applicable to percentages at or near these levels		
	10% or 90%	30% or 70%	50%
<100 interviews	8	11	12
100 interviews	6	9	10
200 interviews	4	6	7
400 interviews (main JRF SME survey)	3	4	5
1,000 interviews	3	3	3

For example, with a sample size of 400, where 30 per cent give a particular answer, the chances are 19 in 20 that the 'true' value (that is, the one that would have been obtained if the whole population had been interviewed) will fall between 27 and 33 per cent (+/- 3 percentage points) from the survey result. The sampling tolerances become narrower as the size of the sample increases, and consequently our purported accuracy.

# Appendix III

## Quantitative survey business demographic data

The table below shows the characteristics of the sample of 401 businesses with regard to industry sector, size (number of employees), age of the business (years in business) and turnover.

	Frequency	%
<b>Industry sector</b>		
Construction	43	11
Financial/business services	42	10
Hotels/catering	20	5
Manufacturing including manufacturing engineering	76	19
Public/personal services	75	19
Retail/distribution	81	20
Transport/storage/communications	32	8
Unidentified	32	8
Total base	401	100
<b>Size (number of employees)</b>		
1–10	184	49
11–49	166	45
50+	23	6
Total	373	100
Unidentified	28	
	401	
<b>Years in business</b>		
Less than 1 year	9	2
1–3 years	32	8
4–9 years	58	15
10 years plus	281	74
Total	380	100
Unidentified	21	
	401	
<b>Turnover</b>		
Less than £70,000	41	15
£70,000–£199,000	38	14
£200,000–£1 million	87	33
£1 million–£5 million	79	30
More than £5 million	21	8
Total	266	100
Unidentified	135	
Total number of businesses	401	

# Appendix IV

## Business support – mapping exercise

### Business start-up

#### Bradford Kickstart

Provided intensive pre-start support to over 3,000 businesses and support to over 1,200 new business start-ups in the three years of Local Enterprise Growth Initiative delivery. Other work includes enterprise activities in schools, colleges and the University of Bradford and specialist support for female entrepreneurs and for people with disabilities. Facilitated access to contract opportunities and assisted established businesses with growth programmes.

#### Community-based enterprise centres

Network of centres and activities covering most of the Bradford District with involvement of local businesses and community representatives to encourage enterprise development, particularly aimed at the more deprived areas of the district.

#### Bradford Franchising Fair

Organised by Kickstart in April 2009. The event attracted more than 450 attendees, who were able to find out about the process of starting up a franchise and the benefits to operating a franchise. It also ran workshops on the access to finance services available to new businesses. The event was repeated in 2010.

#### Prince's Trust

Provides support for female entrepreneurs and young people. Yorkshire Forward has provided additional support via the Prince's Trust to provide start-up loans and mentoring for young people from disadvantaged backgrounds.

#### Airedale Enterprise Services

Provides assistance for business start-up, advice for existing businesses, comprehensive package of skills and training options on offer, from basic skills to accredited qualifications.

#### Bradford Enterprise Academy

A Kickstart scheme run by Bradford College to promote enterprise skills development and to encourage students to set up businesses. Integrated enterprise into the curriculum for 4,000 students. Aims to create 300 small businesses.



## **Amaze Yourself**

Enterprise programme delivered by the University of Bradford aimed at unemployed people in the wider community. Over 550 people attended a course with 95 per cent being interested in setting up a business.

## **Workforce and skills**

### **Local Employment Partnerships**

A Jobcentre Plus initiative working with over 580 employers to offer new work opportunities for disadvantaged people; now extended to include newly redundant people.

### **Jobcentre Plus**

Strengthened and expanded services to those under Notice of Redundancy and newly unemployed. Includes personal advice, help with CV and job applications, retraining and skills advice, help with rent/mortgage; access to 10,000 vacancies every working day.

### **Rapid Response Service**

Fund administered by Jobcentre Plus to support individuals and employers affected by redundancy. This is in collaboration with Yorkshire Forward, Bradford City Council and the further education/higher education sectors.

### **Bradford Future Jobs Fund**

Overseen by Bradford City Council and delivered by Aspire-i, Jobcentre Plus and Incommunities. The fund, which started in January 2010, has supported nearly 700 people into employment. It is aimed at getting long-term unemployed people into employment. By March 2011 over 1,000 people were expected to have been helped. It is expected to continue up to September 2011.

### **Working Neighbourhood Fund**

The first round of the £4.9 million package, worth around £2 million, is now being commissioned. Projects include skills and job match for disadvantaged workers (for example, 50+, disabled, in remote areas); ESOL support; and graduate entry into employment and employer engagement.

### **Escalate**

A higher level skills programme provided by the University of Bradford to meet the skills and training needs of the local economy. Works with local employers to develop training programmes to strengthen businesses post recession.

### **Apprenticeships**

£1 million Working Neighbourhood Fund has been allocated by Bradford City Council to increase public sector apprenticeships. This initiative is in response to the Local Government Association commitment to double the number of apprenticeships in local government.

## **Invest in Bradford**

Key account management service for larger companies to provide a co-ordinated approach when redundancies were taking place. Also keeps register of redundancies.

## **Yorkshire Forward**

Worked closely with Bradford City Council and others to retain financial services jobs in the district. Action plan prepared to support financial services company and help those affected by redundancy.

## **Finance**

### **Community Development Finance Initiative**

Run by Bradford Enterprise Agency with funds from Bradford Kickstart, 80 loans totalling nearly £1.3 million have been made to businesses across the district. Additional £250,000 allocated due to recession. Assistance to other sources of finance also given.

### **Business Link Yorkshire**

Financial health checks for businesses with fewer than five employees. Working with Kickstart on joint marketing campaign to ensure government support schemes are understood by local businesses. Improved marketing led to 60 per cent increase in contacts to Gateway phone number in 2009.

### **Access to Finance conference**

Held at the University of Bradford in March 2010 and organised by Kickstart. Attended by 115 businesses.

### **Business Rates Deferral Scheme**

Introduced by government in July 2009; enables ratepayers to defer payment of 60 per cent of the increase in their business rate bill – taken up by over 700 businesses.

### **Small Business Rate Relief**

Increased take-up of eligible businesses by increased targeting. Businesses with a rateable value up to £6,000 can claim 100 per cent relief. A further 600 businesses claim relief totalling £4.2 million.

### **Hardship Relief**

Available to business ratepayers suffering financial hardship; only in extreme circumstances. Business must be viable.

### **Bfunded**

Multi-agency project to provide funding information and advice to businesses and social enterprises.

## **Bradford City Council**

Commercial loan of £6 million to the developer of the Southgate site which was in advanced stage of construction. Loan enabled site to be completed and was repaid in full with interest. Southgate has secured approximately 1,000 jobs in the city with Provident Financial. A new 200-bed Jury's Inn hotel has also opened on the site that is a major boost to the city centre hotel market.

## **Bradford City Council**

Introduced extra payment runs to ensure local small businesses are paid within 10 days and promoted greater use of BACS by local companies to get payments to them faster.

## **Partnership Investment Fund**

£37 million loan and equity fund to help SMEs in Yorkshire, Humber, North Lincolnshire for businesses unable to raise finance from traditional sources.

## **Enterprise Finance Guarantee scheme**

Loan guarantee scheme to facilitate bank lending to SMEs with none or insufficient security to secure normal commercial loan. Launched January 2009 as a targeted scheme until March 2011. Loans up to £1 million for ten years through high street banks.

## **Capital for Enterprise scheme**

£75 million fund to help small businesses with high levels of existing debt to raise long-term finance. Provided equity investment that can be used to pay off existing debt (£50 million from government; £35 million from four major banks).

## **Marketing and procurement**

### **Bradford District Partnership**

Members are Bradford City Council, Bradford Chamber of Commerce, West Yorkshire Police, Bradford and Airedale Primary Care Trust, University of Bradford, Incommunities, Kelda, Keighley Voluntary Services. Pledge to speed up payments to local business; procure locally wherever possible; review and design contracts to increase opportunities for local organisations; training and raise awareness of procurement procedures; bring forward infrastructure regeneration projects wherever possible; and include local labour clauses in construction contracts.

### **Meet the Buyer**

Events to engage small local businesses with public sector and large businesses. Further work being done on a regional basis for contracts under £50,000.

## **Bradford Together**

Sets out in a single document the opportunities for partners and suppliers to help Bradford City Council deliver sustainability and promote the development of local supply chains in the district.

## **Bradford Kickstart (Local Enterprise Grant Initiative)**

New emphasis on support for struggling local businesses with careful targeting of resources including more funding for professional services, more engagement advisers and funding a specialist procurement adviser to help companies win public sector contracts.

## **Business Link Yorkshire**

Joint marketing campaign with Bradford Kickstart to ensure government support schemes are well understood by local businesses.

## **Bradford City Council**

Actions to assist local suppliers including requirement for consideration of local suppliers as long as this provides value for money and procurement officer to deal with local supply chains.

## **University of Bradford**

Tender pre-qualification process includes a positive weighting for local suppliers.

## **UK Trade and Investment (UKTI)**

Local network in Yorkshire and the Humber that provides access to sector specialists and advice from the wider UKTI team including research on overseas opportunities.

## **Trade Yorkshire**

Operated by UKTI, aims to help regional businesses succeed overseas. Help for new and experienced exporters.

## **Targeted Export Support scheme**

Over £6 million grants to help businesses develop an export strategy.

## **Bradford Chamber of Commerce**

Posting of all purchasing requirements through the new Biz Alerts website and working with the largest companies in the district to further open up supply chains for local SMEs.

## Land and property

### Airedale Task and Finish Group

Set up by Bradford City Council and Yorkshire Forward in response to the collapse of Bradford & Bingley to retain jobs in Airedale through the Airedale Masterplan. Also working with planning officers to ease accessibility for investors in the area.

### Invest in Bradford

Working intensively to bring forward development opportunities from existing companies in the district in the light of a downturn in inward investment and external development as a result of the recession.

## Developing new products and innovation

### Connect Yorkshire

Helps new or young technology and bioscience companies to find funding. Helps businesses to understand what investors are looking for and introduce them to potential funders.

### Grant for Business Investment scheme

Grants available on discretionary basis to businesses looking to invest in an Assisted Area. Available to manufacturers/service providers that supply a national market. Enables expansion, modernisation, upgrading business, technology improvements and progression from development to production.

### Centres of Industrial Collaboration (CICs)

CICs bridge the gap between universities and industry, helping businesses of all sizes to access innovation, technology and expertise. CICs have expertise in a number of industry sectors including healthcare, pharmaceuticals, chemicals and biotechnology, aerospace, digital and electronic, food and drink, automotives.

### Grants for Research and Development for SMEs

National scheme administered by Yorkshire Forward aimed at SMEs with fewer than 250 employees to research and develop technologically innovative products and processes. Estimated that they will support 185 projects across Yorkshire and the Humber.

### Yorkshire Forward Industrial Research & Development Awards

Grants to large companies in Yorkshire and the Humber to support industrial research and pre-competitive development. The current £24.2 million round of funding began in Autumn 2008 and runs until 2013.

### Innovation vouchers

Provide SMEs in the region with financial support (up to £3,000) to engage with universities to grow their business through innovation.

## Environment

### WhyWaste

Free services include online waste listings, opportunity to register waste or resource requirements, browse materials wanted/available, assess waste options, information on recyclers and advice on legislation.

### Better Business Environment Forum

Local independent agency offering impartial information, advice on funding and best practice, also events programme and training.

### National Industrial Symbiosis Programme

Connects companies to improve resource efficiency through commercial trading of materials, energy, water and by-products based on the premise that one company's waste is another's raw material.

### Carbon Trust

Helps businesses reduce energy consumption and carbon emissions. Includes interest-free loans from £5,000 to £200,000 for equipment, enhanced Capital Allowances and on-site surveys for £50,000 energy bill companies.

### Envirowise

Helps businesses to become more resource efficient and save money – helped industry save more than £1 billion by reducing waste since 1994.

# Appendix V

## Business demography

### Business diversity

The majority of Bradford District businesses are small, with 83 per cent employing ten or fewer employees. This is the same as the regional average but lower than the national figure of 85 per cent. Large employers account for less than 1 per cent of the business units in the district but account for 34 per cent of all employees in employment. Bradford is marginally more dependant on larger employers than the regional or national average.

### Latest headline figures

- Bradford District has 15,600 business units employing 192,700 people.
- The majority of business units are small, with 12,966 employing ten or fewer employees. This equates to 83 per cent of all business units in the district. However, in employment terms they employ 38,900 people, that is, only 19 per cent of all employees in the district.
- Conversely there are only 121 businesses employing 200 or more people, that is, less than 1 per cent of the total number of business units in the district. However, in employment numbers they amount to 34 per cent of the total employees in employment in the Bradford District.

Industry	1–10 employees	11–49 employees	50–199 employees	200+ employees	Total
Agriculture, mining and quarrying	40	<20	0	0	<50
Manufacturing	950	275	80	25	1,330
Water supply; sewerage, waste	35	<20	<20	<20	55
Construction	1,465	95	<20	0	1,575
Wholesale and retail trade	3,415	425	75	25	3,940
Transportation and storage	535	45	<20	<20	600
Accommodation and food services	840	165	25	<20	1,035
Information and communication	620	20	<20	<20	650
Finance and insurance	500	90	<20	<20	605
Real estate activities	500	<20	<20	<20	530
Professional, scientific and technical	1,415	120	<20	<20	1,555
Administrative and support services	840	85	40	<20	975
Public administration	50	50	20	<20	135
Education	180	60	130	<20	390
Human health and social work	650	360	70	<20	1,090
Arts, entertainment and recreation	295	60	<20	<20	370
Other service activities	630	50	<20	0	685
<b>Total business units</b>	<b>12,965</b>	<b>1,940</b>	<b>545</b>	<b>120</b>	<b>15,570</b>
% of all business units	83%	12%	3%	1%	100%
<b>Total employees</b>	<b>38,900</b>	<b>43,100</b>	<b>47,800</b>	<b>65,000</b>	<b>192,700</b>
% of all employees	19%	22%	25%	34%	100%

Source: Annual Business Inquiry (2008)



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**Mark Clayton** is a senior economic officer at Bradford Council and is responsible for providing analysis and intelligence to support the economic development and wider regeneration of the district. Mark studied at the University of Bradford, gaining a BSc in environmental science and worked for Ove Arup and Kirklees Council prior to Bradford Council. Recent research projects include: construction sector report for the Bradford Learning Partnership; Bradford District manufacturing sector survey; Bradford Council Regeneration and Economy Improvement Committee worklessness review; Bradford District local economic assessment; Bradford District higher skills positioning paper for the West Yorkshire Lifelong Learning Network.

**Kathryn Watson** founded Glendale Research in 2003 as an independent research consultancy. Since then she has worked as a consultant to many organisations in the public, private and third sectors. Her research projects have focused mainly on policy issues relating to the health and social care of minority ethnic elders, the employment of migrants in the UK, women entrepreneurs and diversity management. In 2001 she gained a PhD from University of Bradford School of Management, and lectured in marketing from 1999 to 2003. She has acted as a higher education consultant on AACSB (Association to Advance Collegiate Schools of Business) and EQUIS (European Quality Improvement System) accreditation and worked with the Dean of Graduate Studies at the University of Bradford on governance and policy issues. Kathryn is currently working on strategic planning at Leeds University Business School.

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