

**Locally-Owned Businesses in  
Bath and North East Somerset**

**Bath and North East Somerset  
Council**

**Final 2013**

# CONTENTS

<b>Executive Summary</b> .....	<b>3</b>
Introduction and Definition .....	3
Locally-Owned Businesses in B&NES .....	3
B&NES and Comparator / Benchmark Areas .....	4
Local Economic Impact of Locally-Owned Businesses vs. Non-Local Businesses .....	5
Conclusions & Recommendations .....	5
<b>1 Introduction</b> .....	<b>7</b>
Introduction .....	7
Definition of ‘Locally-Owned Businesses’ .....	7
Why should we be interested in knowing about the Locally-Owned Business Sector? .....	8
Methodology .....	8
Report Structure .....	10
<b>2 The Direct Economic Contribution of Locally-owned Business in Bath and North East Somerset</b> ..	<b>11</b>
Introduction .....	11
Business Units .....	11
The employment contribution of locally-owned businesses in B&NES .....	12
The GVA Output contribution of locally-owned businesses in B&NES .....	15
The Turnover contribution of locally-owned businesses in B&NES .....	18
The Incomes contribution of locally-owned businesses in B&NES .....	21
The productivity performance of locally-owned businesses in B&NES .....	23
<b>3 The Economic Multiplier Effect of Locally-Owned Businesses</b> .....	<b>25</b>
Introduction .....	25
Multiplier Effects and ‘Leakage’ .....	25
Quantifying the Indirect and Induced Impacts of Locally-Owned Businesses and Non-Local Businesses .....	25
Key findings on the Multiplier Effect of Local Independent Business Ownership from the American independent business alliance (amiba) .....	26
Key findings on the Multiplier Effect of Local Independent Business Ownership from ‘Plugging the Leaks’ .....	28
The Indirect and Induced Economic Contributions of Locally-Owned Businesses in B&NES .....	29
Implications for Local Economic Development .....	29
<b>4 Potential Actions</b> .....	<b>30</b>
Introduction .....	30
Initiate a ‘Plugging the Leaks’ Pilot (including application of the LM3 Tool) .....	30
The Local Multiplier 3 (LM3) tool .....	31
Initiate the establishment of a local Alliance or Alliances (IBA) .....	31
Resident Consumer Focused Buy Local Campaigns .....	32
Business Focused Buy Local Campaigns .....	32
Create a Local Currency .....	32
Sustainable Local Public Sector Procurement .....	33
Time banks and LETS .....	33
<b>5 Conclusions and Recommendations</b> .....	<b>34</b>
<b>Appendix A: Supporting Tables for Section 2</b> .....	<b>35</b>
Table 2.2 .....	35
Table 2.6 .....	36
Table 2.10 .....	37
Table 2.14 .....	38
Table 2.19 .....	39
Table 2.21 .....	40
<b>Appendix B: Analysis of Working Proprietors in B&amp;NES</b> .....	<b>41</b>
Introduction .....	41
The Stock of Working Proprietors in B&NES in 2010 .....	41
Working Proprietors by Industry in B&NES .....	42
Trends in Working Proprietors by Industry in B&NES, 2008 to 2010 .....	45

**How does B&NES compare with other areas in terms of Locally-Owned Businesses?..... 48**

# Executive Summary

---

## Introduction and Definition

The independent business sector in B&NES can be defined in the most simple of terms as the sector of the B&NES economy which is made up of 'Locally-Owned Businesses' (often referred to in this report as Local Businesses). In stricter terms, it can be defined as:

*'the sector of the economy which comprises all those privately-owned businesses in B&NES which are not publicly owned through shares on the market, and which are not owned or controlled by another company (or head office of the same company), which is located outside of B&NES'*

The most common form of Local Business in B&NES is the sole-proprietorship. However, it is also likely that there are some larger Local Businesses in B&NES, with relatively large numbers of employees. The head office of a privately-owned business residing within B&NES is regarded, under this definition, as a Local Business.

Conversely, all businesses which are publicly owned, or are owned or controlled by another company (or head office) located outside of B&NES, can be termed 'Non-Local'. Non-Local Businesses most commonly take the form of corporate chains or conglomerates.

## Locally-Owned Businesses in B&NES

Around 7,500 of the 9,000 businesses in B&NES are Locally-Owned (84% of the business stock). Just 16% of businesses in B&NES are Non-Local. Within B&NES, Bath stands out for its much lower proportion of Locally-Owned Businesses (79%), and its commensurately higher proportion of Non-Local businesses (21%). The B&NES Rural sub-area appears to be characterised by far higher proportions of Locally-Owned enterprises.

Locally-Owned businesses account for almost two thirds (64%) of private sector employment in B&NES, almost two thirds (65%) of its GVA output, and more than two thirds of its incomes (67%). However, they account for just 59% of turnover. The disparity between GVA and Turnover contribution suggesting that, on average, Locally-Owned Businesses are located in higher value added sectors than Non-Local Businesses. In fact, the average Locally-Owned Business generates £44,000 per annum in GVA whilst the average Non-Local Business generates just £41,000 (i.e. almost 10% higher productivity). Bath's higher value added stock of Local Businesses appears to drive the excellent overall productivity performance of Local Businesses across B&NES.

Above average (above all industry average) proportions of Locally-Owned Businesses (and below average proportions of Non-Local Businesses) are to be found in:

- Agriculture, forestry and fishing
- Construction
- Other service activities
- Manufacturing
- Information and communication
- Professional, scientific and technical

Above average proportions of employment in Locally-Owned Businesses (and below average proportions of employment in Non-Local Businesses) are also to be found in Arts, entertainment and recreation and Administrative and support services.

Several of these standard industrial sectors (Professional, scientific and technical, Information and communication and Arts, entertainment and recreation) match the B&NES Priority Sectors of the Creative Industries, ICT and Professional business services.

Conversely, above average proportions of Non-Local Businesses (and below average proportions of Locally-Owned Businesses) are to be found in:

- Financial and insurance activities
- Electricity, gas, steam and air conditioning supply
- Water; sewerage, waste management, remediation
- Retail trade; repair of motors
- Food and drink services

Above average proportions of employment in Non-Local Businesses (and below average proportions of employment in Non-Local Businesses) are also to be found in Wholesale and Accommodation.

Three of these sectors Retail, Food and drink services, and Accommodation, have close fit with the B&NES Priority sectors of Retail and Tourism.

The crucial economic contribution of small Locally-Owned Businesses in B&NES should not be under-estimated; growth in the smallest of Local Businesses during the first two years of the economic downturn (end-2008 to end-2010) more than offset the small decline in employees experienced in B&NES over the same period. In fact, growth in small Local Businesses was entirely responsible for employment growth in B&NES during this period. Driving this trend was considerable growth in small Local Business volumes in such industries as the Creative Industries, Accommodation, Management Consultancy, Retail and Architectural and engineering activities.

## **B&NES and Comparator / Benchmark Areas**

An analysis of a proxy dataset for Locally-Owned Businesses suggests that the volume of Locally-Owned Businesses as a proportion of the Business stock in an area is likely to rise in line with the general 'rural nature' and geographic 'peripherally' of an area (the two of which often go hand in hand). When we remove the more peripheral and rural benchmark areas, to leave the more urban and less peripheral areas, we can conclude that B&NES has a higher volume of Locally-Owned Businesses as proportion of the business stock than most parts of Great Britain, but certainly amongst the more 'mixed' urban and rural GB economies.

Further analysis of the proxy dataset also shows that the real sector 'drivers' and 'specialisms' behind B&NES higher representation of Locally-Owned businesses match very closely the B&NES priority sectors of Tourism, Professional business services, ICT and Creative Industries:

- Arts, entertainment and recreation
- Professional, scientific and technical activities
- Accommodation and food
- Information and communication

## Local Economic Impact of Locally-Owned Businesses vs. Non-Local Businesses

Studies in the retail sector in the US suggest that spending in Locally-Owned Businesses generates four times as much further local spend through the supply chain than the same equivalent spending in Non-Local Businesses. A UK study found that, in the tourism industry, for every £1 spent at Hotels, most of which are not owned locally, a total of £1.30 will be spent locally (an extra 30p per £1). At the (mostly) locally-owned B&Bs, the study found that every £1 spent will generate £2.20 locally (an extra £1.20 per £1). So for every £1 spent in the hotels, the B&Bs generate four times as much for the local economy (£1.20/30p). The margin is even greater where pricing structures are similar between the two forms of ownership (or where Locally-Owned Businesses charge higher prices for the same product or service than the Non-Local Businesses)..

A higher local impact, per £1 of local spend, supports higher levels of local enterprise and entrepreneurship, employment, output and incomes. In turn, these support higher levels of wealth and a better quality of life for local residents and their families. The achievement of higher levels of local business ownership, and higher levels of local purchasing, could therefore contribute positively to a desirable growth path for the B&NES economy.

## Conclusions & Recommendations

The findings suggest that actions to promote local purchasing amongst locally-owned businesses, and actions which promote and support the start-up and growth of locally-owned businesses, would deliver economic rewards for B&NES. The following actions could be considered:

- Initiate / Co-ordinate a 'Plugging the Leaks' Pilot (including application of the LM3 Tool)
- Initiate / Co-ordinate the establishment of a local Alliance or Alliances (IBA)
- Initiate / Co-ordinate a Resident Consumer Focused Buy Local Campaigns
- Initiate / Co-ordinate a Business Focused Buy Local Campaigns
- Create a Local Currency
- Initiate / Co-ordinate a Sustainable Local Public Sector Procurement Programme
- Initiate / Co-ordinate a Time bank project or LETS scheme

The findings have shown that the Local Business stock in B&NES is characterised, in general, by much smaller businesses than the Non-Local business stock. Economies and sectors dominated by micro firms have several advantages, the main one being that they tend to be flexible and quick to respond to market needs. However, the disadvantages of having a high proportion of micro businesses are that the economy or sector derives fewer of the benefits of larger businesses and employers; as well as employing more workers, larger businesses tend to provide more investment and training opportunities, tend to engage more in innovation and R&D and quality management, and have higher rates of productivity. They also help drive quality and innovation in the local supply chain.

It is important to hold this in mind because larger private sector businesses in B&NES tend to be Non-Local. As a result there needs to be a balanced approach as actions which ultimately result in the displacement of larger employers, and replace them with larger numbers of smaller units, could also have a detrimental effect on the local economy. An approach which seeks a slight improvement in local purchasing, and/or Locally-Owned Businesses (as a percentage of the business stock), could have a significant beneficial effect on the B&NES economy, and in turn the wealth and quality of life of its residents. In some local economies, a 10% swing in favour of local purchases seems to have been regarded as an appropriate, sustainable and achievable goal, which has a significant local economic impact.



# Introduction

---

## Introduction

- 1.1 This report shows the findings from a small study of locally-owned independent businesses in the Bath and North East Somerset (B&NES) economy. The main aim of the work is to provide economic research and intelligence to inform an understanding of the 'locally-owned business sector' as it exists across B&NES and its four constituent sub-areas.
- 1.2 Throughout this report we refer to locally-owned independent businesses as either 'Locally-Owned Businesses', or, more simply, as 'Local Businesses'. Businesses which are not locally-owned are always referred to as 'Non-Local Businesses'.
- 1.3 It is intended that the report will enable the Council to understand more about the economic contribution of Locally-Owned Businesses vs. Non-Local Businesses. In particular, the study and report provide detailed insight into the extent to which these two different types of businesses contribute economically to Bath & North East Somerset.
- 1.4 By 'contribute economically', the study explored the contribution of these two different business types on the main economic measures which are generally used to establish local economic impact (output, employment and incomes). Further, they explore these contributions directly, and through supply-chain and 'induced' effects, in order to gain a comprehensive understanding of economic contribution from the two business types.

## Definition of 'Locally-Owned Businesses'

- 1.5 The 'Locally-Owned Business Sector' in B&NES can be defined in the most simple of terms as the sector of the B&NES economy which is made up of 'locally-owned businesses'. However, in more explicit and stricter terms, it can be defined as:  
  
*'the sector of the economy which comprises all those privately-owned businesses in B&NES which are not publicly owned through shares on the market, and which are not owned or controlled by another company (or head office of the same company) located outside of B&NES'*
- 1.6 Without pre-empting the results of this study, it is likely that the most common form of Locally-Owned Business in B&NES, as it is elsewhere across the UK, is the sole-proprietorship. However, it is also likely that there are a good number of larger Locally-Owned Businesses in B&NES, with relatively large numbers of employees. Further, the head office of a privately-owned business residing within B&NES is regarded, under this definition, as a Locally-Owned Business.
- 1.7 Conversely, all those businesses which are publicly owned, or are owned or controlled by another company (or head office) located outside of B&NES, can be termed the 'Non-Local Sector'. The 'Non-Locals' most commonly take the form of corporate chains or conglomerates.

## Why should we be interested in knowing about the Locally-Owned Business Sector?

- 1.8** There are a number of sound economic reasons for being interested in establishing a better understanding of business ownership in Bath and North East Somerset. The main reason concerns money, and the flow of money in, and out, of the local economy. The 'stock' and 'flow' of money in the local economy are generally viewed as being essential for a healthy economy; higher levels of money in the local economy gives rise to higher levels of local spending, which in turn supports other people's incomes, which in turn supports further spending, and so on. As such, the loss of money from the local economy is generally viewed as a bad thing, whilst the flow of money into the economy is generally viewed as a good thing!
- 1.9** A further key reason for being interested in patterns of business ownership concerns the speed at which money moves around the local economy. Speed of money circulation is important because a certain level of money can travel through the hands of more people, who then spend more, and so on; faster money circulation speeds up the 'multiplier effect' of income. A lower level of money in the economy, but travelling at higher speed through the system, can have the same effect as a higher level of money travelling at a lower speed. The ideal situation is obviously to have a higher level of money in the local economy, travelling at a higher speed around the local economy!
- 1.10** There may well be other important benefits of understanding more about Locally-Owned Businesses, some of which are harder to quantify:
- Locally-Owned Businesses are likely to be able to innovate to adapt to changes in local demand far quicker than Non-Local Businesses
  - There may well be lower transportation costs from Locally-Owned Businesses...
  - ...which also has environmental advantages
  - Consumers of local produce are generally more assured in that they 'know what they are getting'
  - Locally-Owned Businesses have greater decision-making autonomy, which means that the local economy is not at the mercy of decisions made elsewhere
  - Higher degrees of self-sufficiency may well lead to greater resilience in the face of an economic downturn

## Methodology

- 1.11** The study comprised desk research only, with 3 key stages as follows:
- 1) A Literature / Information / Data review
  - 2) The development of a Statistical Baseline and associated economic modelling
  - 3) Reporting

### *Literature / Information / Data Review*

- 1.12** The first element of work was to conduct a full review of the literature regarding Locally-Owned Businesses, their local economic contribution, and evidence of any supportive activity for the Sector that has been undertaken elsewhere. The review also covered an investigation of quantitative data, and other information sources, relating to Locally-Owned and Non-Local Businesses, as was required for the second element of the study (see below). Finally, the review searched for information relating to the 'economic multipliers' associated with Locally-Owned Businesses and Non-Local Businesses (such as supply chain multipliers and assumptions and evidence with respect to leakage), and how these vary between the two business types.

### *Statistical Baseline and Economic Modelling*

- 1.13** The second element of work involved the research and analysis of quantitative data, databases, and other information relating to Locally-Owned Businesses. It incorporated an element of economic modelling of this data and information in order to construct a suitable modelled dataset for analysis, and for the development of economic impact measure estimates. The research and analysis covered private sector businesses only, and excluded the public sector and not-for-profit organisations such as charities.

- 1.14** The main sources of data were as follows:

- ONS IDBR Analysis to Support Local Authorities (2009);
- ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009);
- ONS Annual Business Inquiry I and II (2008);
- ONS Business Register and Employment Survey (2010);
- ONS Special Analysis of the Annual Business Inquiry (2007);
- Various online business directories and individual company websites.

- 1.15** The research provided a series of tables which demonstrate the current baseline economic dimensions of the two ownership Sectors in Bath and North East Somerset:

- Business volumes
- Industrial sector
- Turnover
- Ownership status
- Location
- GVA
- Employment (and size analysis)
- Productivity (GVA per head)

- Associated incomes (and average incomes)
- Supply Chain impact
- Induced impact
- Other benefits, such as in terms of training & workforce development, innovation and spin-offs, quality etc.

### *Reporting*

- 1.16** In the third element of work we took the findings from Stages 1 and 2, and used them to construct this report.

### **Report Structure**

- 1.17** This report is separated into the following individual sections:
- i. An analysis of Working Proprietors in B&NES
  - ii. An analysis of the Direct economic contribution of Locally-Owned Businesses vs. Non-Local Businesses in Bath and North East Somerset
  - iii. Research and analysis of the Economic Multiplier Effects of Locally-Owned Businesses vs. Non-Local Businesses
  - iv. The findings of the literature search for supportive interventions for Locally-Owned Businesses that have been conducted elsewhere.
  - v. Conclusions and Recommendations

## 2 The Direct Economic Contribution of Locally-owned Business in Bath and North East Somerset

### Introduction

- 2.1** In this section of the report we present the economic contribution of the Locally-Owned Business Sector in Bath and North East Somerset.
- 2.2** In order to achieve this, we introduce local economic statistics for Bath and North East Somerset which illustrate the 'Direct Impact' of Locally-Owned Businesses, and the 'Direct Impact' of businesses which are Not-Local. (The 'Direct Impact' is the 'on site' economic impact of businesses, such as the employment located, or the, turnover and output generated, on a particular business site, or from a particular business unit. It does not include the supply chain impact (the 'Indirect Impact'), nor does it include the 'Induced Impact', which occurs as those related directly or indirectly to the site/unit spend their related incomes locally on final goods and services.

### Business Units

#### Overall Stocks

- 2.3** Overall we estimate that there are 8,900 Business Units in B&NES, 84% of which are Locally-Owned and 16% of which are Not-Local (Table 2.1). Within B&NES, the most noteworthy difference between the sub-areas is that Bath has a much lower proportions of Locally-Owned Businesses and commensurately higher proportion, of Non-Local Businesses, than the rest of B&NES; 79% of Bath's business stock are Locally-Owned and 21% are Non-Local.

**Table 2.1 Business Units by Sector in B&NES and Smaller Areas within B&NES, which are Locally-owned and Not Locally-owned, Volumes and Percentage All of Businesses in Area, 2010 estimates**

	Volumes by Area				
	Bath	Keynsham	Rural	Somer	B&NES
<b>LOCAL</b>	3,630	600	1,970	1,350	<b>7,540</b>
<b>NOT</b>	950	110	210	140	<b>1,400</b>
<b>ALL</b>	4,570	700	2,170	1,490	<b>8,940</b>
	Percentage of All Business Units in Area				
	Bath	Keynsham	Rural	Somer	B&NES
<b>LOCAL</b>	79.3	84.9	90.6	90.6	<b>84.4</b>
<b>NOT</b>	20.7	15.1	9.4	9.4	<b>15.6</b>
<b>ALL</b>	100.0	100.0	100.0	100.0	<b>100.0</b>

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); ONS Special Analysis of the Annual Business Inquiry (2007); various online business directories and individual company websites.

### *B&NES Stock by Industry*

- 2.4** Table 2.2 shows estimates of the structure of ownership (Local and Non-Local) by industry in B&NES. The Table is a detailed data table and has not been shown here for the sake of brevity. However, it can be found Appendix A of this report.
- 2.5** The Table shows that above average proportions of Locally-Owned Businesses (and below average proportions of Non-Local Businesses) are to be found in:
- Agriculture, forestry and fishing
  - Construction
  - Other service activities
  - Manufacturing
  - Information and communication
  - Professional, scientific and technical
- 2.6** The last two of these sectors, Information and communication and Professional, scientific and technical fit very well with the B&NES Priority sectors of ICT, Professional Business Services and the Creative Industries.
- 2.7** Conversely, above average proportions of Non-Local Businesses (and below average proportions of Locally-Owned Businesses) are to be found in:
- Financial and insurance activities
  - Electricity, gas, steam and air con
  - Mining and quarrying
  - Water; sewerage, waste mgmt, remed
  - Retail trade; repair of motors
  - Food and drink services
- 2.8** The last two of these sectors Retail and Food and drink services, have close fit with the B&NES Priority sectors of Retail and Tourism.

### **The employment contribution of locally-owned businesses in B&NES**

- 2.9** Table 2.3 shows that there are an estimated 43,000 employees working in Local Businesses and 25,000 in Non-Local Businesses. The Table also shows that Non-Local Businesses are, in general, much larger employers than Local Businesses; the average Locally-Owned Businesses has 6 employees and the average Non-Local business had 18 employees (i.e. three times larger).

**Table 2.3 Employment in Locally-Owned Businesses and Non-Local Businesses in B&NES, and Average Business Unit Employment Size, 2010 estimates**

	Employee Volumes			Average Employment Size	
	Local	Not	All	Local	Not
<b>Bath</b>	24,900	16,550	41,450	6.9	17.4
<b>Keynsham</b>	2,600	2,150	4,750	4.3	19.5
<b>Rural</b>	8,150	3,550	11,700	4.1	16.9
<b>Somer</b>	7,200	2,300	9,450	5.3	16.4
<b>B&amp;NES</b>	42,850	24,500	67,350	5.7	17.5

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); ONS Special Analysis of the Annual Business Inquiry (2007); various online business directories and individual company websites.

**2.10** Table 2.4 shows that 64% of B&NES employees are located in Locally-Owned businesses and 36% are in Non-Local Businesses. Within B&NES, the Somer Valley has a particularly above average proportion of its employment in Local Businesses, and commensurately lower proportion of employment in Non-Local Businesses (76% in Locally-Owned Businesses and 24% in Non-Local Businesses). The B&NES Rural area also has an above average proportion of employment in Locally-Owned Businesses (70% in Locally-Owned Businesses and 30% in Non-Local Businesses). In contrast, just 55% of employees in Keynsham are in Locally-Owned Businesses, and 45% are in Non-Local Businesses. Bath also has a relatively low proportion of employment in Locally-Owned Businesses as opposed to Non-Local Businesses; 60% of Bath's employees are in Locally-Owned Businesses, and 40% are in Non-Local Businesses.

**Table 2.4 Percentage of Employees in Area in Locally-Owned Businesses and Non-Local Businesses, 2010 estimates**

	% of Employees in Area who are in Businesses which are:	
	Local	Not
<b>Bath</b>	60.1	39.9
<b>Keynsham</b>	54.8	45.2
<b>Rural</b>	69.8	30.2
<b>Somer</b>	75.9	24.1
<b>B&amp;NES</b>	63.6	36.4

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); ONS Special Analysis of the Annual Business Inquiry (2007); various online business directories and individual company websites.

**2.11** Table 2.5 gives more detail about the differences in employment size between Local Businesses and Non-Local Businesses. The first (top) half of the table shows the proportion of employees which lie within businesses within each employment sizeband within each of the two ownership categories. The second (bottom) half of the table shows the proportion of business in each employment sizeband category within each of the ownership categories.

**2.12** Firstly, the table shows that Local Businesses have 43% of all their employment in the very smallest size category of firms with 1 to 10 employees (sometimes referred to as 'micro businesses'). Furthermore, these smallest of businesses account for some 93% of the stock of Local Businesses. In contrast, Non-Local Businesses have just 18% of their employment in the smallest business sizeband, and these smallest of businesses account for just 68% of Non-Local businesses. Secondly, and looking at each of the remaining 'larger' sizebands of businesses with more than 10 employees, it can be seen that Local Businesses have a much lower proportion of their employment within each. They also have a much lower proportion of their business stock within each employment sizeband.

**2.13** The conclusion is that the Local Business stock is characterised, in general, by much smaller businesses than the Non-Local business stock. Economies and sectors dominated by micro firms have several advantages, the main one being that they tend to be flexible and quick to respond to market needs. However, the disadvantages of having a high proportion of micro businesses are that the economy or sector derives fewer of the benefits of larger businesses and employers; as well as employing more workers, larger businesses tend to provide more investment and training opportunities, tend to engage more in innovation and R&D and quality management, and have higher rates of productivity.

**Table 2.5 Proportions of Employment and Businesses, within Employment Sizeband, in Local and Non-Local Businesses in B&NES, 2010 estimates**

	Percentage of Employees in B&NES within Employment Sizeband			
	1 to 10	11 to 49	50 to 199	200+
<b>LOCAL</b>	43.4	21.3	15.1	20.1
<b>NOT</b>	17.5	31.0	24.1	27.4
<b>ALL</b>	34.0	24.9	18.4	22.8
	Percentage of Business Units in Area within Employment Sizeband			
	1 to 10	11 to 49	50 to 199	200+
<b>LOCAL</b>	92.7	6.1	1.0	0.2
<b>NOT</b>	68.0	25.9	4.9	1.1
<b>ALL</b>	88.9	9.2	1.6	0.4

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); various online business directories and individual company websites.

**2.14** Table 2.6 in Appendix A shows estimates of employment by industry for Local and Non-Local businesses in B&NES. The Table shows that above average proportions of employment in Local Businesses (and below average proportions of Non-Local Businesses) are to be found in:

- Agriculture, forestry and fishing
- Construction
- Other service activities
- Professional, scientific and technical
- Information and communication
- Arts, entertainment and recreation
- Administrative and support services

**2.15** Several of these standard industrial sectors (Professional, scientific and technical, Information and communication and Arts, entertainment and recreation) match the B&NES Priority Sectors of the Creative Industries, ICT and Professional business services.

**2.16** Conversely, above average proportions of Non-Local Businesses (and below average proportions of Locally-Owned Businesses) are to be found in:

- Electricity, gas, steam and air con
- Water; sewerage, waste mgmt, remed
- Retail trade; repair of motors
- Wholesale
- Mining and quarrying
- Accommodation
- Financial and insurance activities

**2.17** Two of these sectors, Retail and Accommodation, have close fit with the B&NES Priority sectors of Retail and Tourism.

### **The GVA Output contribution of locally-owned businesses in B&NES**

**2.18** Table 2.7 shows that an estimated £1.9 billion of the total B&NES private sector GVA of £2.9 billion is generated by Local Businesses. The remaining £1 billion of B&NES GVA is generated by Non-Local Businesses. The Table also shows that Non-Local Businesses are, in general, much larger individual generators of GVA than Local Businesses; the average Locally-Owned Business generates £252,000 per annum of GVA whilst the average Non-Local business generates £715,000 of GVA (i.e. almost three times larger).

**2.19** Within B&NES, the table shows that Locally-Owned businesses in Bath are much larger GVA generators than found across the rest of B&NES. B&NES Rural and Keynsham are generally characterised by particularly small businesses with respect to individual GVA generation. The Somer Valley is characterised by slightly larger GVA generators overall, certainly larger than Rural B&NES and Keynsham, but still much smaller than Bath's Local Businesses.

**2.20** Looking at Non-Local Business GVA generation, it is noticeable that Keynsham and B&NES Rural are both characterised by above average individual GVA generators. In the Somer Valley, Non-Local GVA generation appears somewhat lower than the B&NES average. In Bath, it is below average, but not overly so.

**Table 2.7 Private Sector GVA Generation in B&NES within Local Businesses and Non-Local Businesses, and Average GVA per Business Unit, 2010 estimates**

	GVA (£ Million)			Average GVA Size (£)	
	Local	Not	All	Local	Not
<b>Bath</b>	1,150	659	1,809	317,000	697,000
<b>Keynsham</b>	108	85	193	181,000	803,000
<b>Rural</b>	347	163	510	176,000	796,000
<b>Somer Valley</b>	299	92	391	221,000	655,000
<b>B&amp;NES</b>	1,904	999	2,903	252,000	715,000

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); ONS Special Analysis of the Annual Business Inquiry (2007); various online business directories and individual company websites.

**2.21** Table 2.8 shows that almost two thirds (65%) of B&NES GVA is generated by Local Businesses, and one third (34%) is generated by Non-Local Businesses. In the Somer Valley a much higher share of GVA comes from Local Businesses, and a much smaller share from Non-Local Businesses. The reverse appears to be true of Keynsham (i.e. a much smaller share from Local Businesses and much higher share from Non-Local Businesses).

**Table 2.8 Shares of GVA within Area Generated by Locally-Owned Businesses and Non Local Businesses, 2010 estimates**

	% of GVA in Area Generated by Businesses which are:	
	Local	Not
<b>Bath</b>	63.6	36.4
<b>Keynsham</b>	55.9	44.1
<b>Rural</b>	68.0	32.0
<b>Somer Valley</b>	76.6	23.4
<b>B&amp;NES</b>	65.6	34.4

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); ONS Special Analysis of the Annual Business Inquiry (2007); various online business directories and individual company websites.

**2.22** Table 2.9 is similar to Table 3.5, but shows GVA instead of employment. The first (top) half of the table shows the proportion of GVA which lies within businesses within each GVA sizeband within each of the two ownership categories. The second (bottom) half of the table shows the proportion of GVA in each GVA sizeband category within each of the ownership categories.

**2.23** Firstly, the table shows that Local Businesses have 13% of all their GVA in the very smallest GVA size category of firms (i.e. firms with £0k to £99k of GVA generation per annum). Furthermore, these smallest of businesses account for some 61% of the stock of Local Businesses. In contrast, Non-Local Businesses have just 2% of their total GVA in the smallest business sizeband, and these smallest of businesses account for just 25% of Non-Local Businesses. Secondly, and looking at each of the remaining 'larger' sizebands of businesses with more than £99k of GVA, it can be seen that Local Businesses have a very much lower proportion of their business stock within each GVA sizeband. Looking at the largest GVA sizeband, of businesses which generate in excess of £1 million per annum, Local Businesses have 50% of their GVA generated by 3% of their businesses. In contrast, Non-Local Businesses have 71% of their GVA, and 13% of their businesses, within this largest GVA sizeband category.

**2.24** As with employment, the conclusion is that the Local Business stock is characterised, in general, by much smaller businesses than the Non-Local business stock.

**Table 2.9 Proportions of GVA and Businesses, within GVA Sizeband, in Local and Non-Local Businesses in B&NES, 2010 estimates**

	Percentage of GVA in B&NES within GVA Sizeband			
	£0k to £99k	£100k to £499k	£500k to £1,000k	£1,000k+
<b>LOCAL</b>	13.2	26.7	10.0	50.2
<b>NOT</b>	2.1	16.2	10.5	71.1
<b>ALL</b>	9.4	23.1	10.1	57.4
	Percentage of Business Units in Area within GVA Sizeband			
	£0k to £99k	£100k to £499k	£500k to £1,000k	£1,000k+
<b>LOCAL</b>	60.6	33.0	3.7	2.7
<b>NOT</b>	24.6	51.4	11.0	13.0
<b>ALL</b>	55.0	35.9	4.9	4.3

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); ONS Special Analysis of the Annual Business Inquiry (2007); various online business directories and individual company websites.

**2.25** Table 2.10 in Appendix A shows estimates of GVA by industry for Local and Non-Local businesses in B&NES. The Table shows that above average proportions of GVA in Local Businesses (and below average proportions of GVA in Non-Local Businesses) are to be found in:

- Agriculture, forestry and fishing
- Construction
- Other service activities
- Professional, scientific and technical
- Information and communication
- Administrative and support services
- Arts, entertainment and recreation

**2.26** Conversely, above average proportions of Non-Local Business GVA (and below average proportions of Locally-Owned Business GVA) are to be found in:

- Electricity, gas, steam and air con
- Mining and quarrying
- Water; sewerage, waste mgmt, remed
- Wholesale
- Retail trade; repair of motors
- Financial and insurance activities
- Accommodation

## The Turnover contribution of locally-owned businesses in B&NES

- 2.27** Table 2.11 shows that an estimated £5.0 billion of the total B&NES private sector Turnover of £8.6 billion is generated by Local Businesses. The remaining £3.5 billion of B&NES Turnover is generated by Non-Local Businesses. The Table also shows that Non-Local Businesses are, in general, much larger individual generators of Turnover than Local Businesses; the average Locally-Owned Business generates £669,000 per annum of Turnover whilst the average Non-Local business generates £2,527,000 of Turnover (i.e. approaching four times larger).
- 2.28** Within B&NES, the table shows that Locally-Owned businesses in the Somer Valley are much larger Turnover generators than found across the rest of B&NES. Bath's Local Businesses also fare reasonably well on this indicator compared to the B&NES average. However, Keynsham and B&NES Rural are both generally characterised by small businesses with respect to individual Turnover generation.
- 2.29** Looking at Non-Local Business GVA generation, it is noticeable that Keynsham and B&NES Rural are both characterised by above average individual GVA generators. In the Somer Valley, Non-Local GVA generation appears somewhat lower than the B&NES average. In Bath, it is below average, but not overly so.

**Table 2.11 Private Sector Turnover Generation in B&NES within Local Businesses and Non-Local Businesses, and Average Turnover per Business Unit, 2010 estimates**

	Turnover (£ Million)			Average Turnover Size (£)	
	Local	Not	All	Local	Not
<b>Bath</b>	2,540	1,780	4,320	700,000	1,884,000
<b>Keynsham</b>	312	309	621	524,000	2,913,000
<b>Rural</b>	1,173	1,072	2,245	597,000	5,228,000
<b>Somer</b>	1,016	367	1,383	752,000	2,624,000
<b>B&amp;NES</b>	5,042	3,528	8,570	669,000	2,527,000

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); ONS Special Analysis of the Annual Business Inquiry (2007); various online business directories and individual company websites.

- 2.30** Table 2.12 shows that three fifths (59%) of B&NES Turnover is generated by Local Businesses, and around two fifths (41%) is generated by Non-Local Businesses. In the Somer Valley, and as with GVA, a much higher share of Turnover comes from Local Businesses, and a much smaller share from Non-Local Businesses.

**Table 2.12 Shares of Turnover within Area Generated by Locally-Owned Businesses and Non Local Businesses, 2010 estimates**

	% of Turnover in Area Generated by Businesses which are:	
	Local	Not
Bath	58.8	41.2
Keynsham	50.3	49.7
Rural	52.3	47.7
Somer	73.4	26.6
B&NES	58.8	41.2

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); ONS Special Analysis of the Annual Business Inquiry (2007); various online business directories and individual company websites.

- 2.31** Table 2.13 shows the proportions of Turnover, and proportions of businesses, which lie within each individual Turnover sizeband, in Local and Non-Local Businesses in B&NES. The first (top) half of the table shows the proportion of Turnover which lies within businesses within each Turnover sizeband within each of the two ownership categories. The second (bottom) half of the table shows the proportion of Turnover in each Turnover sizeband category within each of the ownership categories.
- 2.32** Firstly, the table shows that Local Businesses have 2% of their Turnover in the very smallest Turnover size category of firms (i.e. firms with £0k to £99k of Turnover generation per annum). Furthermore, these smallest of businesses account for some 17% of the stock of Local Businesses. In contrast, Non-Local Businesses have almost none (0.1%) of their total Turnover in the smallest business sizeband, and these smallest of businesses account for just 6% of Non-Local Businesses.
- 2.33** Looking at the largest Turnover sizeband, of businesses which generate in excess of £1 million per annum, it can be seen that Local Businesses have 67% of their Turnover generated by 11% of their businesses. In contrast, Non-Local Businesses have more than 90% of their Turnover, and 35% of their businesses, within this largest Turnover sizeband category. In the middle tiers, almost 60% of Local Businesses lie within the £100k to £499k sizeband bracket, compared to 37% of Non-Local Businesses. Just 13% of Local Businesses have a Turnover of £500k to £1,000k, compared to 23% of Non-Local Businesses.
- 2.34** As with employment and GVA, the conclusion is that the Local Business stock is characterised, in general, by much smaller businesses than the Non-Local business stock.

**Table 2.13 Proportions of Turnover and Businesses, within Turnover Sizeband, in Local and Non-Local Businesses in B&NES, 2010 estimates**

	Percentage of Turnover in B&NES within Turnover Sizeband			
	£0k to £99k	£100k to £499k	£500k to £1,000k	£1,000k+
<b>LOCAL</b>	1.9	18.4	12.5	67.3
<b>NOT</b>	0.1	3.7	5.7	90.4
<b>ALL</b>	1.1	12.4	9.7	76.8
	Percentage of Business Units in Area within Turnover Sizeband			
	£0k to £99k	£100k to £499k	£500k to £1,000k	£1,000k+
<b>LOCAL</b>	17.1	59.6	12.7	10.5
<b>NOT</b>	5.5	37.1	22.3	35.1
<b>ALL</b>	15.4	56.2	14.2	14.2

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); ONS Special Analysis of the Annual Business Inquiry (2007); various online business directories and individual company websites.

**2.35** Table 2.14 in Appendix A shows estimates of Turnover by industry for Local and Non-Local businesses in B&NES. Please note that Financial and insurance activities are excluded from this analysis due to the fact that official data for the sector is unavailable.

**2.36** The Table shows that above average proportions of Turnover in Local Businesses (and below average proportions of Turnover in Non-Local Businesses) are to be found in:

- Agriculture, forestry and fishing
- Construction
- Other service activities
- Professional, scientific and technical
- Administrative and support services
- Information and communication
- Arts, entertainment and recreation

**2.37** Conversely, above average proportions of Non-Local Business Turnover (and below average proportions of Locally-Owned Business Turnover) are to be found in:

- Electricity, gas, steam and air con
- Mining and quarrying
- Water; sewerage, waste mgmt, remed
- Wholesale
- Retail trade; repair of motors
- Accommodation
- Food and drink services

## The Incomes contribution of locally-owned businesses in B&NES

- 2.38** Table 2.15 shows that an estimated £1.0 billion of the total B&NES private sector Incomes of £1.5 billion is generated by Local Businesses. The remaining £0.5 billion of B&NES Incomes is generated by Non-Local Businesses. The Table also shows that Non-Local Businesses are, in general, much larger individual providers of Incomes than Local Businesses; the average Locally-Owned Business provides £136,000 per annum of Incomes whilst the average Non-Local business provides £357,000 of Incomes (i.e. more than two-and-a-half times larger).
- 2.39** Within B&NES, the table shows that Locally-Owned businesses in Bath are much larger providers of Incomes than found across the rest of B&NES. B&NES Rural and Keynsham are both generally characterised by smaller providers of Incomes.
- 2.40** Looking at Non-Local Business Incomes generation, it is noticeable that B&NES Rural and Keynsham are both characterised by above average individual Incomes providers. In Bath, the average Non-Local business has a lower level of Incomes provision than the B&NES average. Average Incomes provision by Non-Local firms in the Somer Valley slightly higher than the B&NES average.

**Table 2.15 Private Sector Incomes Provision in B&NES within Local Businesses and Non-Local Businesses, and Average Incomes Provision per Business Unit, 2010 estimates**

	GVA (£ Million)			Average GVA Size (£)	
	Local	Not	All	Local	Not
<b>Bath</b>	608	316	924	168,000	334,000
<b>Keynsham</b>	60	42	102	100,000	394,000
<b>Rural</b>	187	90	277	95,000	437,000
<b>Somer</b>	175	51	226	129,000	364,000
<b>B&amp;NES</b>	1,029	498	1,527	136,000	357,000

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); ONS Special Analysis of the Annual Business Inquiry (2007); various online business directories and individual company websites.

- 2.41** Table 2.16 shows that almost two thirds (66%) of B&NES Incomes provision comes from Local Businesses, and around one third (34%) comes from Non-Local Businesses. In the Somer Valley, and as with Turnover and GVA, a much higher share of Incomes comes from Local Businesses, and a much smaller share from Non-Local Businesses. The reverse is true in Keynsham where Local Businesses have a much smaller share of Incomes provision, and a much higher share of Incomes provision from Non-Local Businesses.

**Table 2.16 Shares of Incomes Provision within Area from Locally-Owned Businesses and Non Local Businesses, 2010 estimates**

	% of Employees in Area who are in Businesses which are:	
	Local	Not
<b>Bath</b>	65.8	34.2
<b>Keynsham</b>	58.8	41.2
<b>Rural</b>	67.5	32.5
<b>Somer</b>	77.4	22.6
<b>B&amp;NES</b>	67.4	32.6

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); ONS Special Analysis of the Annual Business Inquiry (2007); various online business directories and individual company websites.

**2.42** Table 2.18 shows the proportions of Incomes and proportions of businesses, which lie within each individual Incomes sizeband, in Local and Non-Local Businesses in B&NES. The first (top) half of the table shows the proportion of Incomes which lies within businesses within each Incomes sizeband within each of the two ownership categories. The second (bottom) half of the table shows the proportion of Incomes in each incomes sizeband category within each of the ownership categories.

**2.43** Firstly, the table shows that Local Businesses have 13% of their Incomes in the very smallest Incomes size category of firms (i.e. firms with £0k to £49k of Incomes provision per annum). Furthermore, these smallest of businesses account for some 51% of the stock of Local Businesses. In contrast, Non-Local Businesses have just 4% of their total Incomes provision in the smallest business sizeband, and these smallest of businesses account for just 15% of Non-Local Businesses.

**2.44** Looking at the largest Incomes provision sizeband, of businesses which generate in excess of £0.5 million per annum, it can be seen that Local Businesses have 45% of their Incomes provision in the category, generated by just 11% of their businesses. In contrast, Non-Local Businesses have 61% of their Incomes, and 12% of their businesses, within this largest Incomes provision sizeband category. In the middle tiers, almost 35% of Local Businesses lie within the £50k to £149k sizeband bracket, compared to 45% of Non-Local Businesses. Just 11% of Local Businesses have a Turnover of £500k to £1,000k, compared to 28% of Non-Local Businesses.

**2.45** As with all the other economic measures shown previously, the conclusion is that the Local Business stock is characterised, in general, by much smaller businesses than the Non-Local business stock.

**Table 2.18 Proportions of Incomes and Businesses, within Incomes Sizeband, in Local and Non-Local Businesses in B&NES, 2010 estimates**

	Percentage of Incomes in B&NES within Incomes Sizeband			
	£0k to £49k	£50k to £149k	£150k to £499k	£500k+
<b>LOCAL</b>	12.9	20.8	21.2	45.1
<b>NOT</b>	3.5	13.6	21.8	61.1
<b>ALL</b>	9.8	18.4	21.4	50.3
	Percentage of Business Units in Area within Incomes Sizeband			
	£0k to £49k	£50k to £149k	£150k to £499k	£500k+
<b>LOCAL</b>	51.3	35.0	10.6	3.0
<b>NOT</b>	15.4	44.6	28.0	12.0
<b>ALL</b>	45.7	36.5	13.3	4.4

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); ONS Special Analysis of the Annual Business Inquiry (2007); various online business directories and individual company websites.

**2.46** Table 2.19 in Appendix A shows estimates of Incomes provision by industry for Local and Non-Local businesses in B&NES. The Table shows that above average proportions of Incomes provision in Local Businesses (and below average proportions of Incomes in Non-Local Businesses) are to be found in:

- Agriculture, forestry and fishing
- Construction
- Other service activities
- Professional, scientific and technical
- Information and communication
- Arts, entertainment and recreation
- Administrative and support services

**2.47** Conversely, above average proportions of Non-Local Business GVA (and below average proportions of Locally-Owned Business GVA) are to be found in:

- Electricity, gas, steam and air con
- Water; sewerage, waste mgmt, remed
- Retail trade; repair of motors
- Wholesale
- Accommodation
- Financial and insurance activities
- Food and drink services

### **The productivity performance of locally-owned businesses in B&NES**

**2.48** Table 2.20 shows estimates of productivity, GVA per worker in this instance, for B&NES and the four sub-areas. The Table also shows each of these productivity performance figures indexed against the B&NES average productivity across all industry and all forms of ownership.

**2.49** As can be seen, the average worker in a Locally-Owned Business produces £44,400 of GVA, on average, per annum. This is 103% of the B&NES average for all of its workers. In contrast, the average worker in a Non-Local Businesses only produces £40,800, just 95% of the B&NES average for all workers. The findings suggest that Local Businesses, overall, have a higher level of productivity than their Non-Local counterparts.

**2.50** When we look at the findings within B&NES, however, it can be shown that it is the productivity performance of Local Businesses in its largest economy, Bath City, which really drives the overall B&NES performance of Local Businesses. The other notable finding when looking at productivity within B&NES, and in direct contrast to other parts of B&NES, is that Non-Local Businesses in B&NES Rural have well above average productivity.

**Table 2.20 GVA in B&NES and Smaller Areas within B&NES, which are Locally-owned and Not Locally-owned, Volumes and Percentage All of Businesses in Area, 2010 estimates**

	GVA per Worker (£ per annum)		GVA per Worker (Index Against B&NES Average for All Businesses (=100))	
	Local	Not	Local	Not
<b>Bath</b>	46,200	39,800	107	92
<b>Keynsham</b>	41,500	39,700	96	92
<b>Rural</b>	42,500	46,300	99	107
<b>Somer</b>	41,600	40,200	97	93
<b>B&amp;NES</b>	44,400	40,800	103	95

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); ONS Special Analysis of the Annual Business Inquiry (2007); various online business directories and individual company websites.

**2.51** Table 2.21 in Appendix A shows estimates of GVA per worker by sector for B&NES. It shows that the Top 10 industries in terms of productivity in B&NES are:

- 1) Mining and quarrying
- 2) Electricity, gas, steam and air con
- 3) Water; sewerage, waste mgmt, remed
- 4) Financial and insurance activities
- 5) Real estate activities
- 6) Information and communication
- 7) Wholesale
- 8) Construction
- 9) Professional, scientific and technical
- 10) Manufacturing

**2.52** The Table also shows that Local Businesses have higher productivity than Non-Local Businesses in just 2 of these Top 10 productivity sectors (Manufacturing and Construction). This finding begs the question, if Local Businesses in B&NES overall have higher productivity than Non-Local Businesses, yet lower productivity in most of the higher value added sectors, which sector is driving the excellent overall Productivity of B&NES? The answer to this question appears to be the B&NES Retail sector, focused largely in Bath, which has GVA per worker some 111% of the B&NES average (compared to 93% for Non-Local Retail businesses).

## 3 The Economic Multiplier Effect of Locally-Owned Businesses

---

### Introduction

- 3.1 Having firmly established the Direct Impact of Locally-Owned Businesses in Bath and North East Somerset, it is now time to explore the further economic impact of these business types through their 'multiplier' effect.

### Multiplier Effects and 'Leakage'

- 3.2 As mentioned in the introduction to this report, Multiplier Impacts / Effects are those which occur through the supply chain in the first instance (the 'Indirect Impact'), and, in the second instance, through the 'final spend' effect of those workers and their families working directly and indirectly as they spend their incomes on final goods and services (the 'Induced Impact').
- 3.3 'Leakage' out of the economy affects the extent to which the Multiplier Effect is felt locally or outside of the local economy. Leakage depends upon the locations of shareholders and suppliers in the case of Indirect Impacts and the locations in which the Direct employees and Indirect employees spend their incomes in the case of the Induced impacts (which mainly depends upon where they live). The extent of leakage therefore varies tremendously between Locally-Owned Businesses and Non-Local Businesses.

### Quantifying the Indirect and Induced Impacts of Locally-Owned Businesses and Non-Local Businesses

- 3.4 Quantifying the Indirect and Induced Impacts of Locally-Owned Businesses and Non-Local Businesses for the whole economy at the local level, such as in B&NES, requires that we have a mass of specific local data which covers the purchasing trends and patterns of all local businesses, and also the spending patterns of all local workers and their families. Whilst there are economic models in existence which enable us to model such effects for businesses within individual sectors, these models do not tend to separate out the impacts of Locally-Owned Businesses from Non-Local Businesses.
- 3.5 In the absence of specific local data on Indirect Impacts and Induced Impacts for Locally-Owned Businesses and Non-Local Businesses in B&NES, it is necessary for us to explore the literature for insight into these two effects, and the differences between the two types of ownership. We do this through reference to two key sources of information, one from the US (from the American independent business alliance), and one from the UK (the 'Plugging the Leaks' project from the new economics foundation - NEF).

## Key findings on the Multiplier Effect of Local Independent Business Ownership from the American independent business alliance (amiba)

### *Introduction*

- 3.6 The amiba website ([www.amiba.net](http://www.amiba.net)) contains a wealth of information in support of local independent business ownership (and its understanding and its promotion). Amiba suggests that key to successful campaigns in support of local independent businesses<sup>1</sup>, is an understanding of the exact nature of the multiplier effect that results from Locally-Owned Businesses, as opposed to Non-Local Businesses. They state that *'Typically, local independent businesses recirculate a much greater percentage of sales locally compared to absentee-owned businesses (or most locally-owned franchises)'*.

### *Indirect Impact Evidence*

- 3.7 In order to support this claim, amiba point to a number of US studies which have attempted to quantify the Multiplier Effect of Local Independent Business Ownership compared to Non-Local businesses. Two of these studies, by Civic Economics and the Institute for Local Self-Reliance, explored the Indirect Impacts of spending in locally-owned retailers as opposed to similar spend in chain stores.
- 3.8 The first Civic Economics' study took place in the City of Austin, Texas, in 2002. The main finding was that, for every \$100 spent at local independent book and music retailers in the City, this generated \$45 of secondary local spending compared to \$13 in secondary spending projected per \$100 for purchases made at a chain. The study therefore suggests that, in this niche retail sector at least, that the Indirect Impact multiplier from Locally-Owned businesses is around three times the Non-Local multiplier.
- 3.9 The second Indirect Impact study, by the Institute for Local Self-Reliance, explored how much of a dollar spent at a local independent retail store is re-spent in the local area of Maine (in the form of payroll, goods/services purchased from area businesses, profits spent locally by owners, and donations to area charities). The 2003 study found that, for each \$100 spent at local independents, there was the generation of a further \$45 of secondary local spending, compared to \$14 for a 'big-box' chain. Whilst this study is broader than the Austin study, in that it covered the retail sector more broadly than just books and music retail, it is interesting that the key finding is very similar; the Indirect Impact for Locally-Owned Businesses is three times the impact of Non-Local businesses.

---

<sup>1</sup>, Such as "buy local" public education campaigns

### *Indirect and Induced Impacts*

- 3.10** Amiba points to further US studies, again by Civic Economics, which also explored the Induced Impacts in addition to the Indirect Impacts (in studies in San Francisco and Chicago) Their Andersonville neighbourhood study (in Chicago) yielded a total impact of \$68 per \$100 of spending at ten local independents, compared to \$43 projected for their chain competitors. However, amiba advise that the findings of this study are based on limited cases, and that the projection of Indirect Impacts and Induced Impacts does not mean that \$.68 of a dollar spent at a local independent "stays" in the local economy, but that \$.68 of additional local economic activity ultimately is generated. As a result, all we can surmise from the study is that the evidence suggests that Locally-Owned Businesses have a greater Multiplier Effect than Non-Local (Chain) Businesses.

### *Sectoral Variations in the Multiplier Effect*

- 3.11** Overall Multiplier Effects vary tremendously from sector to sector, depending upon such variables as the supply chain requirements of businesses within the sector, and/or their labour requirements (the numbers and types of jobs they contain and how much income they provide for their workers and their families). For example, amiba point out that Restaurants are labour-intensive, and will generate a larger local multiplier than a Pharmacy, which is less labour-intensive, and where a large proportion of each sale goes to a drug manufacturer located outside the area. In general within retail in fact, Amiba suggests local Multiplier Effects will vary significantly depending upon supplier location, whether locally or outside of the area.
- 3.12** Amiba highlight studies which took place in San Francisco and Grand Rapids in Michigan, which calculated the local multiplier for different business sector categories. They also mention a good number of further studies which provide insight into the local multiplier effect of Locally-Owned Businesses compared to Non-Local Businesses. However, all of these studies were conducted in the US, and most were confined to the retail sector.

### *Summary*

- 3.13** Studies in the US, in the retail sector, suggest that spending in Locally-Owned Businesses generates four times as much further local spend through the supply chain than the same equivalent spending in Non-Local Businesses.

## Key findings on the Multiplier Effect of Local Independent Business Ownership from 'Plugging the Leaks'

- 3.14** Perhaps the best source of relevant evidence on the impact of Locally-Owned Businesses as opposed to Non-Local Businesses comes from the 'Plugging the Leaks' project from the new economics foundation (NEF)<sup>2</sup>. Plugging the Leaks has the main advantage over the US findings in that it is a UK-focused project which provides the information and tools to support local partners to specifically establish the Multiplier Effect of Local Independent Business Ownership as opposed to Non-Local Businesses.
- 3.15** The NEF does this via its bespoke 'LM3' local multiplier tool, and associated user guidance materials, which it has specifically developed in order to quantify the benefits of spending money locally. More information on the NEF's LM3 tool is contained in the 'Actions' section of this report. However, practical examples of the use of the tool elsewhere in the UK perhaps illustrate the kind of results we would see if the LM3 tool was used in Bath and North East Somerset.
- 3.16** In *'The Money Trail – Measuring your impact on the local economy using LM3'* (NEF and the Countryside Agency, 2002), NEF detail a local impact study in the tourism industry (in Tayside). Tourism was chosen as a subject for analysis as, economically, it can be regarded as an 'export sector'; tourism earns money from outside the local area (from tourists). Export industries are generally regarded as being strategically and economically more important than non-exporter businesses in a local area because they allow for the generation of higher levels of output and income generation (and employment) than will occur from local demand only.
- 3.17** The Tayside study measured the local economic impact of hotels compared to B&Bs and generated some very interesting findings concerning the differences between the two types of accommodation. For example, it showed that, whilst hotel-staying tourists spend 70% more than those staying in B&Bs, the total income generated locally was higher for B&Bs! The main reason for this was that most of the hotels were not owned locally, and so a much larger proportion of the hotel money leaked out of the local economy immediately. The study showed that both the B&Bs and hotels spend money on similar goods and services in order to operate (such as staff, food and linen, laundering and decorating), but that the B&Bs spend 80% of their turnover on these types of goods and services in the local area, while the hotels spend only 20% locally.
- 3.18** The study demonstrates that the tourists initial spend at the hotels was £170,000 and £100,000 was spent at the B&Bs. It showed that the next 'round' of spending from the hotels, to local staff and suppliers, was just £34,000, compared to £80,000 from the B&Bs. In the next round of spending, by the local staff and suppliers of the hotels and B&Bs, the study then assumed (not unreasonably) that the staff and suppliers of the B&Bs and hotels spend the same percentage of their incomes locally (a figure of 50% was used to illustrate this in the study). This therefore generated a further £40,000 for the local economy from the B&Bs, but just £17,000 from the hotels.
- 3.19** NEF point out that, whilst the re-spending continues on technically forever, that the sums become quite minimal after several further rounds. It found that, if the first six rounds are added, that the hotels reach £235,875 in total local income generated, whilst the Tayside B&Bs multiplied their income to a total of £255,000 (some 8% higher overall).

---

<sup>2</sup> <http://www.pluggingtheleaks.org>

- 3.20** The NEF propose that, in order to calculate the relevant multipliers, you add the first three rounds of spending (which covers 85% of the total impact) and divide through by the initial income. In the case of the Hotels this comes to a 1.3 multiplier whilst for the B&Bs it is 2.20. These multipliers suggest that for every £1 spent at the hotels, a total of £1.30 will be spent locally (an extra 30p per £1), whilst at the B&Bs every £1 spent will generate £2.20 locally (an extra £1.20 per £1). So for every £1 spent in the hotels the B&Bs generate four times as much for the local economy (£1.20/30p).
- 3.21** In summary, whilst the hotels have much more initial direct local spend per visitor than the B&Bs, the B&Bs have a much greater Local Multiplier Effect. As a result, per staying visitor, the predominantly Locally-Owned B&Bs have a slightly higher local economic impact than their more Non-Local hotel counterparts (around 8% higher). It can be concluded from this analysis, that the higher the proportion of hotels and B&Bs that are Locally-Owned Businesses the better this will be for the local economy.

### **The Indirect and Induced Economic Contributions of Locally-Owned Businesses in B&NES**

- 3.22** On the basis of the above evidence, what can we say about the further local economic impact of Locally-Owned Businesses in B&NES versus Non-Local Businesses? Perhaps the first thing to say is that the body of evidence available is limited, and is certainly insufficient for us to develop reliable estimates for the B&NES stock of businesses. As a result, and in the absence of further evidence, all we can really say is that it seems likely that Locally-owned Businesses in B&NES will have a greater Local Multiplier Effect than Non-Local Businesses. Further, the gap between the overall total local income contributions of Locally-Owned Businesses versus Non-Local Businesses is likely to be greater where their prices are similar for similar, or identical, products and services.

### **Implications for Local Economic Development**

- 3.23** For local economic development in B&NES there are a number of implications for action and strategy which can be drawn from these findings:
- i. The more of the business stock that are owned locally, the better this will be for the local economy, other things being equal
  - ii. Encouraging and supporting local start-ups is likely to be a key and successful policy in support of local ownership
  - iii. Encouraging and supporting local purchasing, such as through the operation of a resident-focused 'Buy Local' promotional campaign, will also support local ownership
  - iv. Encouraging and supporting Non-Local firms to source their supplies locally, such as the Waitrose local produce initiative, will reduce leakage and further support local ownership.

## 4 Potential Actions

---

### Introduction

- 4.1 The literature review for this study highlighted a number of options for the Council and its partners to consider above and beyond the Council's current local purchasing and ownership initiatives. In this small section, we have attempted to highlight and summarise some of these opportunities.

### Initiate a 'Plugging the Leaks' Pilot (including application of the LM3 Tool)

- 4.2 NEF have produced a practical guide, specifically developed in order to improve local purchasing and support Locally-Owned businesses. The guide is the NEF's companion book to the LM3 tool outlined in the previous section of this report, and is titled *'Plugging the Leaks: Making the most of every pound that enters your local economy'* (NEF and the Neighbourhood Renewal Unit, 2002).
- 4.3 The NEF guide has been developed for use by the 'non'-economist', to help local partners to plug money leakage from the local economy and takes an evidence-based approach to supporting local purchasing and local independent businesses. As a result, we suggest that the Guide, and associated LM3 tool, could be considered as a mechanism to begin 'plugging the leaks' in B&NES.
- 4.4 Since the guide has been developed for use by a non-economist, it is therefore very suitable for implementation by the business community itself. It contains a number of case studies, with mention of a number of individual actions which have been undertaken to support local purchasing and Local Businesses. The Guide covers the following steps:
- Getting started
  - Holding a stakeholder workshop
  - Exploring the nature of the leaky bucket
  - Examining other ideas
  - Planning leak-plugging action
  - Agreeing how to maintain progress
  - Co-ordinating the programme to plug the leaks
  - Information gathering
  - Raising awareness
  - Ready to go
- 4.5 Retail and tourism, separately or combined, could be the focus for an initial pilot project. We make this suggestion on the basis that much of the previous application of the Guide and LM3 tool have taken place in these sectors, and, furthermore, both these industries are key priority sectors for B&NES.

## The Local Multiplier 3 (LM3) tool

- 4.6** The LM3 tool, developed by NEF, enables users to measure and understand how income circulates and multiplies within their local area. The tool measures how money is spent, and re-spent, in three 'rounds' of spending. Three rounds are all that are required as this is where 85% of multiplied spending takes place. The tool has four basic steps:
- i. Step 1: Measure an organisation's income, which may be a combination of public and private funds (Round 1)
  - ii. Step 2: Determine how that organisation spends its income in a defined local area (i.e. parish, ward, district, or 30 mile radius) - suppliers, staff, subcontractors, and overhead are typically the principal expenditures (Round 2).
  - iii. Determine how the local people and local businesses who received money from that organisation - the suppliers, staff, etc. - spend their money (Round 3).
  - iv. Perform some simple calculations and calculate the LM3, which tells you how much spending by the organisation impacts the local economy, by expressing the total local spend as a proportion of the original contract sum.
- 4.7** The tool can be used to determine the local multiplier effect of Local Businesses vs. Non-Local Businesses in B&NES if appropriate data is available. Obviously, such data is sensitive, and therefore quite difficult to get hold of, particularly from Non-Local Businesses.
- 4.8** 25 Local Authorities in the North East of England have used the LM3 tool to assess the impact of their own purchases at the local level. One of the main sectors used in the assessment was construction, where the Council has calculated the local multiplier of a Local Contractor vs. a Non-Local Contractor. B&NES Council could establish similar evidence and understanding on the differences between the multiplier effects of its purchases from Local Businesses and its purchases from Non-Local Businesses.

## Initiate the establishment of a local Alliance or Alliances (IBA)

- 4.9** Amiba suggests that local businesses, possibly but not necessarily within a sector, could consider the establishment of a local Independent Business Alliance (IBA). An IBA is essentially a coalition of local businesses, not-for-profit agencies and residents who feel the need to unite to support Locally-Owned Businesses, and entrepreneurship, and prevent the loss of money from the local economy. IBAs often undertake group activities which enable them to benefit from economies of scale along the lines of bigger, often Non-Local businesses, such as group purchasing, joint marketing, and public education. Amiba points out that, in the US, such bodies have been successful in 'a wide range of communities nationwide'. A good example of a successful initiative in the South West of England is the Taste of the South West project. Taste of the South West states that it is 'largest independent regional food group in the country'.

## Resident Consumer Focused Buy Local Campaigns

- 4.10** One of the most popular mechanisms in support of local purchasing is the "buy local" campaign, possibly run by a local IBA. Amiba state that the 'basic principles of effective buy local / independent campaigns are universal', and provide templates of out-reach materials and supporting collateral to help spread 'pro-local' messages amongst local consumers.

## Business Focused Buy Local Campaigns

- 4.11** A variant on the resident focused Buy Local campaign is the Business to Business (B2B) Buy Local campaign (often including public sector opportunities as well as business to business opportunities). A local example of a Council-funded B2B Buy Local campaign, is run by neighbouring Wiltshire Council and can be found at <http://www.buywiltshire.co.uk>.

*'Buy Wiltshire is an exciting initiative designed to support the development of Wiltshire businesses by improving the potential for business to business activities and providing access to contract opportunities with public sector organisations in the South West region.'*

## Create a Local Currency

- 4.12** The best way of ensuring zero leakage of money out of the local economy is to create a local printed currency which can only be spent within that economy. The currency 'sits alongside' Sterling, and its use and acceptance is entirely voluntary. The Transition Network<sup>3</sup>, which has helped several local economies introduce and operate a local currency, states that this measure has been undertaken in a number of UK sub-economies, including Bristol. Other areas where a local currency has operated include:

- Totnes
- Lewes
- The London Borough of Brixton (Lambeth Council funded the design and printing of the notes)
- Stroud
- Hawick (Scotland)

- 4.13** In order to stem the flow of money out of the economy by electronic means, electronic currency systems have been piloted in Bristol and Lambeth. Information on the Bristol Pound project can be found at [www.bristolpound.org](http://www.bristolpound.org).

- 4.14** The establishment of a new financial institution, such as a Credit Union or a new Community Bank can be linked to the creation of a local currency. The Transition Network advises that Credit Unions are easier to set up and operate than banks, however, as UK regulations on banks are onerous.

---

<sup>3</sup> [www.transitionnetwork.org](http://www.transitionnetwork.org)

## Sustainable Local Public Sector Procurement

- 4.15** Given the overall size of the public sector, encompassing education, health and local authorities, one of the biggest potential leaks from B&NES is likely to derive from that sector's procurement of goods and services from Non-Local Businesses. An increase in procurement from Local Businesses could have a major economic impact in B&NES. Whilst specifying local goods and services over non-local goods and services is obviously illegal anti-competitive behaviour, there are a number of measures which can be introduced which help local suppliers.
- 4.16** In order to assist public bodies in such matters as local procurement, NEF have developed a Sustainable Commissioning Model which has two key elements:
- An Outcomes Framework to ensure social, economic and environmental impacts are accounted for in the tendering process and delivery.
  - A Valuing model which tracks social, economic and environmental outcomes and includes a financial savings component.

## Time banks and LETS

- 4.17** Time banks and LETS are both local exchange systems which have been employed in various communities / economies across the UK. A Time Bank is a straightforward exchange of a unit of working time, such as an hour.. Transactions can take place between individuals, organisations or agencies. LETS stands for Local Exchange Trading System. A LETS scheme is essentially a network of people who agree to share their skills with each other through the use of a local currency. Members of the scheme list their skills and services in a local directory and are encouraged to trade with each other, with LETS units exchanging hands as cheques or electronically.
- 4.18** The Transition Network highlights the Lewes SwopShop, where members trade goods and services online, as being an evolution of the LETS concept.

## 5 Conclusions and Recommendations

---

- 5.1** This analysis of Local Businesses and Non-Local Businesses has firmly established the economic importance and contribution of both these two business types. It has found good evidence that, in purely economic terms, that a £1 spent with a Local Business will have a greater overall local economic impact than a £1 spent with a Non-Local Business. Furthermore, this applies to purchases made by both consumers and businesses.
- 5.2** A higher local impact per £1 of local spend supports higher levels of local enterprise, employment, output and incomes. In turn, these support higher levels of wealth, and a better quality of life for local residents and their families. Encouraging local business ownership, and higher levels of local purchasing, should therefore be viewed as a desirable growth path for the B&NES economy.
- 5.3** Should the Council and its partners wish to support higher levels of local ownership and spend it will be important to maintain levels of entrepreneurship locally, support business start-ups and consider links to local purchasing initiatives. Section 4 sets out a number of potential options for action and intervention.
- 5.4** Since there is good evidence in such industries as Retail and Tourism, that Local Businesses have a higher overall per £1 spend impact, and since these are also key B&NES sectors, then both could be considered for a 'Plugging the Leaks' pilot project.
- 5.5** The Local Business stock in B&NES is characterised, in general, by much smaller businesses than the Non-Local business stock. Economies and sectors dominated by micro firms have several advantages, the main one being that they tend to be flexible and quick to respond to market needs. However, the disadvantages of having a high proportion of micro businesses are that the economy or sector derives fewer of the benefits of larger businesses and employers; as well as employing more workers, larger businesses tend to provide more investment and training opportunities, tend to engage more in innovation and R&D and quality management, and have higher rates of productivity. They also help drive quality and innovation in the local supply chain. It is important to hold this in mind because larger private sector businesses in B&NES tend to be Non-Local.
- 5.6** It is therefore important to maintain a balanced approach between local and non-local business. Actions which ultimately result in the displacement of larger employers, and replace them with larger numbers of smaller units, could also have a detrimental effect on the local economy. It is therefore suggested that the overall aim should be to achieve a modest improvement in local ownership and purchasing which in itself will have a significant beneficial effect on the B&NES economy. In some areas, a 10% swing in favour of local purchases has been seen as an appropriate, sustainable and achievable goal.

## Appendix A: Supporting Tables for Section 2

**Table 2.2**

**Table 2.2 Business Units by Sector in B&NES and Smaller Areas within B&NES, which are Locally-owned and Not Locally-owned, Volumes and Percentage All of Businesses in Area, 2010 estimates**

SIC 2007	Number of Business	% in Locally-Owned	% in Non-Local
Agriculture, forestry and fishing	390	<b>99.5</b>	0.5
Mining and quarrying	10	<b>69.2</b>	30.8
Manufacturing	470	<b>90.9</b>	9.1
Electricity, gas, steam and air con	10	<b>57.1</b>	42.9
Water; sewerage, waste mgmt, remed	30	<b>73.3</b>	26.7
Construction	1,080	<b>96.9</b>	3.1
Wholesale	280	<b>76.4</b>	23.6
Retail trade; repair of motors	1,700	<b>73.8</b>	26.2
Transportation and storage	320	<b>79.6</b>	20.4
Accommodation	210	<b>84.2</b>	15.8
Food and drink services	710	<b>76.8</b>	23.2
Information and communication	600	<b>88.5</b>	11.5
Financial and insurance activities	170	<b>56.5</b>	43.5
Real estate activities	270	<b>83.8</b>	16.2
Professional, scientific and technical	1,680	<b>87.8</b>	12.2
Administrative and support services	300	<b>77.7</b>	22.3
Arts, entertainment and recreation	330	<b>86.4</b>	13.6
Other service activities	380	<b>93.6</b>	6.4
All	8,940	<b>84.4</b>	15.6

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); ONS Special Analysis of the Annual Business Inquiry (2007); various online business directories and individual company websites.

**Table 2.6****Table 2.6 Employment by Industry by Ownership Status (Locally-owned and Not Locally-owned), B&NES, 2010 estimates**

SIC 2007	Number of Employees	% in Locally-Owned	% in Non-Local
Agriculture, forestry and fishing	1,000	<b>99.4</b>	0.6
Mining and quarrying	100	<b>46.0</b>	54.0
Manufacturing	4,100	<b>63.3</b>	36.7
Electricity, gas, steam and air con	100	<b>9.7</b>	90.3
Water; sewerage, waste mgmt, remed	200	<b>31.7</b>	68.3
Construction	3,800	<b>91.1</b>	8.9
Wholesale	3,400	<b>42.1</b>	57.9
Retail trade; repair of motors	13,900	<b>39.0</b>	61.0
Transportation and storage	2,400	<b>63.9</b>	36.1
Accommodation	2,700	<b>51.3</b>	48.7
Food and drink services	6,000	<b>57.6</b>	42.4
Information and communication	5,700	<b>78.3</b>	21.7
Financial and insurance activities	2,500	<b>52.4</b>	47.6
Real estate activities	2,200	<b>66.8</b>	33.2
Professional, scientific and technical	12,400	<b>80.9</b>	19.1
Administrative and support services	2,800	<b>70.0</b>	30.0
Arts, entertainment and recreation	2,200	<b>71.7</b>	28.3
Other service activities	1,900	<b>90.1</b>	9.9
All	67,300	<b>63.6</b>	36.4

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); ONS Special Analysis of the Annual Business Inquiry (2007); various online business directories and individual company websites.

**Table 2.10****Table 2.10 GVA by Sector in B&NES by Businesses which are Local and Non-Local, Total Volumes and Percentage All of GVA in the Sector, 2010 estimates**

SIC 2007	GVA (£ million)	% in Locally-Owned	% in Non-Local
Agriculture, forestry and fishing	32	99.4	0.6
Mining and quarrying	31	14.0	86.0
Manufacturing	190	65.3	34.7
Electricity, gas, steam and air con	18	9.7	90.3
Water; sewerage, waste mgmt, remed	23	18.2	81.8
Construction	210	91.4	8.6
Wholesale	194	42.2	57.8
Retail trade; repair of motors	339	43.2	56.8
Transportation and storage	92	65.5	34.5
Accommodation	64	51.3	48.7
Food and drink services	85	57.6	42.4
Information and communication	336	75.1	24.9
Financial and insurance activities	279	51.0	49.0
Real estate activities	140	66.8	33.2
Professional, scientific and technical	663	79.9	20.1
Administrative and support services	101	72.6	27.4
Arts, entertainment and recreation	52	70.1	29.9
Other service activities	54	90.1	9.9
All	2,903	65.6	34.4

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); ONS Special Analysis of the Annual Business Inquiry (2007); various online business directories and individual company websites.

**Table 2.14****Table 2.14 Turnover by Sector in B&NES by Businesses which are Local and Non-Local, Total Volumes and Percentage All of Turnover in the Sector, 2010 estimates**

SIC 2007	Turnover (£ million)	% in Locally-Owned	% in Non-Local
Agriculture, forestry and fishing	101	99.4	0.6
Mining and quarrying	49	17.1	82.9
Manufacturing	658	60.5	39.5
Electricity, gas, steam and air con	68	9.7	90.3
Water; sewerage, waste mgmt, remed	39	28.9	71.1
Construction	491	91.6	8.4
Wholesale	2,185	42.4	57.6
Retail trade; repair of motors	1,733	44.6	55.4
Transportation and storage	238	65.8	34.2
Accommodation	120	51.3	48.7
Food and drink services	191	57.6	42.4
Information and communication	646	73.5	26.5
Real estate activities	237	66.8	33.2
Professional, scientific and technical	1,163	79.0	21.0
Administrative and support services	185	73.8	26.2
Arts, entertainment and recreation	365	71.5	28.5
Other service activities	102	90.0	10.0
All	8,570	58.8	41.2

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); ONS Special Analysis of the Annual Business Inquiry (2007); various online business directories and individual company websites.

**Table 2.19****Table 2.19 Incomes Provision by Sector in B&NES by Businesses which are Local and Non-Local, Total Volumes and Percentage All of Incomes Provision in the Sector, 2010 estimates**

SIC 2007	Incomes (£ million)	% in Locally-Owned	% in Non-Local
Agriculture, forestry and fishing	17	99.4	0.6
Mining and quarrying	1	63.1	36.9
Manufacturing	117	63.1	36.9
Electricity, gas, steam and air con	4	9.7	90.3
Water; sewerage, waste mgmt, remed	6	31.7	68.3
Construction	114	91.1	8.9
Wholesale	96	40.6	59.4
Retail trade; repair of motors	184	39.5	60.5
Transportation and storage	60	63.7	36.3
Accommodation	39	51.4	48.6
Food and drink services	70	57.6	42.4
Information and communication	185	78.6	21.4
Financial and insurance activities	79	52.4	47.6
Real estate activities	59	66.8	33.2
Professional, scientific and technical	374	80.9	19.1
Administrative and support services	52	70.3	29.7
Arts, entertainment and recreation	36	71.8	28.2
Other service activities	34	89.4	10.6
All	1,527	67.4	32.6

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); ONS Special Analysis of the Annual Business Inquiry (2007); various online business directories and individual company websites.

**Table 2.21****Table 2.21 Business Units by Sector in B&NES and Smaller Areas within B&NES, which are Locally-owned and Not Locally-owned, Volumes and Percentage All of Businesses in Area, 2010 estimates**

SIC 2007	GVA (£ million)	Performance Index Locally-owned	Performance Index Not Locally-owned
Agriculture, forestry and fishing	33,500	100	99
Mining and quarrying	621,700	30	159
Manufacturing	46,200	103	95
Electricity, gas, steam and air con	191,300	100	100
Water; sewerage, waste mgmt, remed	113,500	57	120
Construction	55,400	100	97
Wholesale	57,200	100	100
Retail trade; repair of motors	24,400	111	93
Transportation and storage	38,300	103	95
Accommodation	24,300	100	100
Food and drink services	14,000	100	100
Information and communication	59,300	96	115
Financial and insurance activities	110,100	97	103
Real estate activities	63,900	100	100
Professional, scientific and technical	53,400	99	105
Administrative and support services	35,400	104	92
Arts, entertainment and recreation	23,600	98	106
Other service activities	28,700	100	99
All	43,100	103	95

Source: A dataset developed by Smart Growth Analytics from official and unofficial data sources: ONS IDBR Analysis to Support Local Authorities (2009); ONS IDBR for Smaller Areas from Neighbourhood Statistics (2009); ONS Annual Business Inquiry (2008); ONS Business Register and Employment Survey (2010); ONS Special Analysis of the Annual Business Inquiry (2007); various online business directories and individual company websites.

# Appendix B: Analysis of Working Proprietors in B&NES

## Introduction

- A.1** This Appendix contains an analysis of 'Working Proprietors' (WPs) in B&NES. The Working Proprietors dataset is not comparable to the dataset used in the main body of this report. As a result, the analysis contained here, rather than in the main report body, in order to avoid any confusion between the two datasets.
- A.2** Working Proprietors are sole traders, sole proprietors, partners and directors. They are often the very smallest of businesses, almost all of which are likely to be independent businesses. Working Proprietors can therefore be viewed as one important segment of the independent and locally-owned stock of businesses (but not representative of the entire stock of independent locally-owned businesses, many of which also have employees).
- A.3** The reader is advised that, throughout this section, farm agriculture data is excluded from all figures except those for Great Britain and the South West of England. As a result, we do not recommend that any of the B&NES, or B&NES sub-area figures, which relate to agriculture, are compared with Great Britain or the South West.

## The Stock of Working Proprietors in B&NES in 2010

- A.4** Table A.1 shows an analysis of employment and Working Proprietors in B&NES in 2010. For the most part, the data covers all employment except those who are essentially self-employed, and not paid through PAYE.

**Table A.1 Employment, Employees and Working Proprietors in B&NES in 2010**

Area	Total Employment (Employees and WPs)	% Employees	% Working Proprietors	Volume Working Proprietors
	Volume	%	%	Volume
Bath City	57,500	94.1	5.9	3,400
Keynsham	6,300	93.0	7.0	400
Somer Valley	11,100	92.5	7.5	800
Rural	10,900	89.3	10.7	1,200
<b>B&amp;NES</b>	<b>85,800</b>	<b>93.2</b>	<b>6.8</b>	<b>5,800</b>
West of England	561,500	94.6	5.4	30,300
South West	2,451,500	92.1	7.9	194,300
England	24,104,100	93.8	6.2	1,483,900

Source: BRES, ONS, 2010

Notes: Employees: An employee is anyone aged 16 years or over that an organisation directly pays from its payroll(s), in return for carrying out a full-time or part-time job or being on a training scheme. It excludes voluntary workers, self-employed, working owners who are not paid via PAYE.

Employment = employees + Working Proprietors. Working Proprietors are sole traders, sole proprietors, partners and directors. This does not apply to registered charities.

- A.5** In total, B&NES has total employment of around 86,000. Of this employment, 93% are employees and 7% are Working Proprietors. B&NES is therefore home to some 5,800 Working Proprietors and has a higher proportion of Working Proprietors than the West of England and England. However B&NES has a slightly lower proportion of Working Proprietors than found regionally across the South West of England.
- A.6** Within B&NES, the most noticeable distinguishing characteristic found amongst the sub-areas is that over one in ten of those in B&NES Rural are Working Proprietors. This is around four percentage points higher than the B&NES proportion, itself relatively high compared to the comparator areas (except the South West). This finding suggests that the B&NES rural area is characterised by far higher proportions of some of the very smallest of independent enterprises.

### **Working Proprietors by Industry in B&NES**

- A.7** Table A.2 shows B&NES employment by industry, and, within each industry, the structure in terms of the percentage of employment which is employees, and the percentage of employment which is Working Proprietors. The volume of Working Proprietors is also shown in the table, along with a Location Quotient.
- A.8** Location Quotients (LQs) show the degree of structural over-representation' or 'under-representation' on a particular indicator when compared against a benchmark area. In this instance, we have calculated Location Quotients for Working Proprietors in Bath and North East Somerset using Great Britain as the benchmark. An LQ of 1.25 for a sector or industrial activity suggests that the proportion of Working Proprietors as a percentage of all Working Proprietors found across all industries is 125% of the respective national proportion for that sub-sector or industry.

**Table A.2 Total Employment and the Structure of Total Employment (Employees and Working Proprietorships) by Industry in B&NES in 2010, and Percentage Change in Working Proprietorships, 2008 to 2010**

SIC 2007 Section	Total Employment	% Employees	% Working Proprietors	Volume Working Proprietors	Working Proprietors LQ against GB
A : Agriculture, forestry and fishing	100	53.8	46.2	0	0.03
B : Mining and quarrying	0	100.0	0.0	0	0.00
C : Manufacturing	4,700	95.1	4.9	200	0.92
D : Electricity, gas, steam and air conditioning supply	100	95.9	4.1	0	4.08
E : Water supply; sewerage, waste mgmt and remediation	1,100	100.0	0.0	0	0.00
F : Construction	3,400	77.6	22.4	800	1.10
G : Wholesale and retail trade; repair motors	14,100	92.5	7.5	1,100	1.09
H : Transportation and storage	2,200	91.9	8.1	200	1.10
I : Accommodation and food service activities	7,900	93.5	6.5	500	1.50
J : Information and communication	4,300	90.8	9.2	400	1.42
K : Financial and insurance activities	2,700	96.2	3.8	100	0.98
L : Real estate activities	1,400	80.2	19.8	300	0.96
M : Professional, scientific and technical activities	6,400	79.9	20.1	1,300	1.56
N : Administrative and support service activities	3,100	91.9	8.1	300	0.91
O : Public administration and defence; social security	5,700	100.0	0.0	0	0.00
P : Education	12,600	99.5	0.5	100	0.84
Q : Human health and social work activities	12,200	97.8	2.2	300	1.02
R : Arts, entertainment and recreation	2,100	87.2	12.8	300	1.99
S : Other service activities	1,800	92.4	7.6	100	0.76
Total	85,800	93.2	6.8	5,800	1.00

Source: BRES, ONS, 2010

Note: Volumes rounded to nearest 100

### *Sectors with Few Working Proprietors*

**A.9** As can be seen, some sectors have no, or very few, Working Proprietors (Working Proprietors account for fewer than 5% of total employment in the sector):

- Mining and quarrying
- Manufacturing
- Electricity, gas, steam and air con
- Water; sewerage, waste and remediation
- Financial and insurance activities
- Public admin and defence
- Education
- Human health and social work

### *Sectors with Higher Proportions of Working Proprietors*

**A.10** Removing the above sectors which have few Working Proprietors leaves us with the following sectors as having the highest proportions of the very smallest of locally-owned working proprietor businesses (ranked in terms of Working Proprietors as a % of total employment in the sector, highest first):

- Agriculture, forestry and fishing (46% are Working Proprietors)
- Construction (22%)
- Professional, scientific and technical (20%)
- Real estate activities (20%)
- Arts, entertainment and recreation (13%)
- Information and communication (9%)
- Transportation and storage (8%)
- Administrative and support services (8%)
- Other service activities (8%)
- Wholesale & retail trade; repair vehicles (8%)

**A.11** Whilst not shown in the table, an analysis at the far more detailed level of industrial activity (2 digit SIC 2007) reveals that, within the above, there are three specific activities within B&NES which have a particularly high proportion of Working Proprietors as a proportion of all employment (at least one third of all employment in the activity are Working Proprietors): Creative, arts and entertainment activities; Motion picture, video and television programme production, sound recording and music publishing activities, and; Activities of head offices; management consultancy activities.

### *Sectors with High Volumes of Working Proprietors*

**A.12** The following sectors make the largest volume contributions to the total stock of Working Proprietors in B&NES (ranked in order of the total volume of Working Proprietors, highest first):

- Professional, scientific and technical (1,300 Working Proprietors)
- Wholesale & retail trade; repair vehicles (1,100)
- Construction (800)
- Accommodation and food service activities (500)
- Information and communication (400)
- Real estate activities (300)
- Administrative and support services (300)
- Human health and social work activities (300)
- Arts, entertainment and recreation (300)

**A.13** Again, whilst not shown in the table, an analysis at the far more detailed level of industrial activity (2 digit SIC 2007) reveals that, within the above, there are four specific activities within B&NES which have a particularly high volume of Working Proprietors (at least 400 Working Proprietors): Retail, Activities of head offices; management consultancy activities; Food and beverages services, and; Specialised construction. Most noteworthy in this analysis of volumes of Working Proprietors are the 700 Working Proprietors to be found in the B&NES retail sector.

### **Trends in Working Proprietors by Industry in B&NES, 2008 to 2010**

**A.14** Table A.3 shows trends in Working Proprietors and employees in B&NES from 2008 to 2010. It should be pointed out that this relatively short time period is used as it is the only period for which trend data is available from BRES. It should also be pointed out that the 2008 to 2010 period only covers a time of economic downturn for the UK economy. As a result of these two factors we do not suggest that this analysis should be viewed as being representative of longer term trends with respect to Working Proprietors or employment in B&NES. However, the analysis is useful in that it reveals some very interesting trends / developments which have occurred in employment and Working Proprietors during a relatively short period of economic downturn.

**Table A.3 Change in Working Proprietors in B&NES from 2008 to 2010**

SIC 2007 Section	Volume New Working Proprietors	% Change in Working Proprietors	% Change in Employees
A : Agriculture, forestry and fishing	10	84.6	-75.9
B : Mining and quarrying	0	n/a	68.0
C : Manufacturing	-50	-17.1	5.2
D : Electricity, gas, steam and air conditioning supply	0	n/a	-41.5
E : Water supply; sewerage, waste mgmt and remed	0	-100.0	-12.8
F : Construction	20	2.8	-15.5
G : Wholesale and retail trade; repair motors	330	44.7	2.8
H : Transportation and storage	10	5.3	16.3
I : Accommodation and food service activities	0	0.4	10.7
J : Information and communication	30	7.7	3.1
K : Financial and insurance activities	-30	-19.8	11.1
L : Real estate activities	70	34.1	-26.4
M : Professional, scientific and technical activities	140	12.2	-25.4
N : Administrative and support service activities	-220	-46.8	-34.3
O : Public administration and defence; social security	0	n/a	7.4
P : Education	10	15.4	20.4
Q : Human health and social work activities	50	19.7	0.8
R : Arts, entertainment and recreation	150	130.4	-1.5
S : Other service activities	-60	-28.5	-10.8
Total	460	8.7	-0.1

Source: BRES, ONS

*Volume Change Trends*

**A.15** Overall, there were around 460 more Working Proprietors in B&NES in 2010 than there were in 2008, an increase of almost 9%. When we compare this with a slight fall in employees in B&NES of -0.1% (equivalent to 100 employees), it shows that growth in Working Proprietorships has more than offset the small decline in employees and has actually been entirely responsible for employment growth in B&NES during this period of the downturn.

**A.16** In volume terms by sector, that is, in terms of the new additional Working Proprietors in B&NES in 2010 compared to 2008, the following sectors stand out as making the largest contributions to Working Proprietors:

- Wholesale and retail (330 more Working Proprietors)
- Arts, entertainment and recreation (150)
- Professional, scientific and technical activities (140)

**A.17** At the more detailed 2 digit SIC level of analysis (not shown in the table), there are five specific activities which have seen more than considerable volume growth during this short period of general economic downturn:

- Retail (300 more Working Proprietors)
- Activities of head offices; management consultancy activities (190)
- Architectural and engineering activities; technical testing and analysis (120)
- Creative, arts and entertainment activities (120)
- Construction of buildings (100)

#### *Percentage Change Trends*

**A.18** The greatest percentage increases in Working Proprietorships in B&NES over the period were as follows:

- Arts, entertainment and recreation (130% increase in Working Proprietors)
- Agriculture, forestry and fishing (85%)
- Wholesale and retail trade; repair motors (45%)
- Real estate activities (34%)
- Human health and social work activities (20%)
- Education (15%)
- Professional, scientific and technical activities (12%)

**A.19** Again, at the more detailed 2 digit SIC level of analysis (not shown in the table), there are seven specific activities which have seen more than considerable percentage growth change in their Working Proprietors (all had working proprietor growth in excess of 50%, ranked in order of highest growth rate first):

- Motion picture, video and TV programme production, sound recording and music publishing (235% growth in Working Proprietors over the period)
- Creative, arts and entertainment activities (168%)
- Manufacture of fabricated metal products, except machinery and equipment (82%)
- Accommodation (69%)
- Activities of head offices; management consultancy activities (65%)
- Retail (63%)
- Architectural and engineering activities; technical testing and analysis (58%)

### **How does B&NES compare with other areas in terms of Locally-Owned Businesses?**

**A.20** Unfortunately, comparable data to the B&NES analysis of Locally-Owned Businesses in the main body of this report (Section 2) is not available for comparator / benchmark areas (such as nationally, regionally or other local authority areas). This makes it hard to see how B&NES 'performs' in terms of its volumes and concentrations of Locally-Owned businesses, both overall and in the various industrial sectors of the economy. However, comparable data for B&NES and other areas is available for the Working Proprietor dataset from the ONS.

**A.21** As previously stated, Working Proprietors are sole traders, sole proprietors, partners and directors. They are often the very smallest of businesses, and almost all of them are likely to be Locally-Owned Businesses. Working Proprietors can therefore be viewed as one important segment of the independent and Locally-Owned stock of businesses, but not necessarily representative of the entire stock of independent Locally-Owned businesses, many of which also have employees. Despite this latter limitation, we suggest that it is quite likely that the findings from an analysis of trends in Working Proprietors will be suitably illustrative of trends across all industry. A benchmarking analysis of Working Proprietors, as a proxy indicator for Locally-Owned businesses, is therefore presented below.

**A.22** Firstly, Table A.4 shows the volume of Working Proprietors in all the various Principal Authority areas of the South West as a proportion of Total Employment in the area. As can be seen, (Locally-Owned) Working Proprietors account for 6.8% of Total (Local and Non-Local) Employment in B&NES. This proportion ranks B&NES in 6<sup>th</sup> position from the 16 South West Principal Authorities. Whilst B&NES has a somewhat lower proportion than the regional average of 7.9%, it has a slightly higher proportion than the 6.2% found nationally. However, when looking at the regional findings in the Table, it can be seen that the South West has the second highest proportion in Great Britain, beaten only by Wales (with 8.6%).

**A.23** Whilst this analysis is only based on a proxy measure for trends in Locally-Owned Businesses, we are perhaps reasonably safe to conclude that B&NES has a higher proportion of Locally-Owned Businesses than most parts of the Country. However, if we look at the nature of those areas which lie above B&NES in the rankings (i.e. Isles of Scilly, Dorset, Cornwall, Devon, Wiltshire), then an obvious pattern of ownership emerges; the volume of (Locally-Owned) Working Proprietors as a proportion of Total Employment in an area tends to rise in line with the general 'rurality' and geographic 'peripherality' of an area (the two of which often go hand in hand). When we remove the more peripheral and rural areas from the analysis, to leave the more urban and less peripheral areas, B&NES actually comes top of the remaining South West economies. Indeed, if the B&NES' proportion is compared to the 11 GB regions, it would be in 3<sup>rd</sup> place, beaten only by the South West and Wales. We can perhaps conclude from these findings that B&NES has a higher volume of Locally-Owned Businesses as proportion of the business stock than most parts of Great Britain, but certainly amongst the more mixed urban and rural GB economies.

**Table A.4 Working Proprietors as a percentage of Total Employment amongst Principal Authority Areas in the South West and Regions of Great Britain, 2010**

Area	Working Proprietors as a percentage of Total Employment in area	Rank in South West
Isles of Scilly	8.7	1
Dorset	7.9	2
Cornwall	7.2	3
Devon	7.0	4
Wiltshire	6.9	5
<b>Bath and North East Somerset</b>	<b>6.8</b>	<b>6</b>
North Somerset	6.7	7
Somerset	6.7	8
Gloucestershire	6.6	9
Torbay	6.5	10
Bournemouth	5.8	11
Bristol, City of	5.2	12
Poole	5.2	13
Plymouth	4.7	14
Swindon	4.6	15
South Gloucestershire	4.3	16
Wales	8.6	1
South West	7.9	2
East	6.7	3
South East	6.5	4
East Midlands	6.4	5
West Midlands	5.9	6
Scotland	5.7	7
London	5.7	8
Yorkshire and The Humber	5.6	9
North West	5.5	10
North East	4.4	11
Great Britain	6.2	n/a

Source: BRES, ONS

**A.24** Table A.5 shows the volume of Working Proprietors by sector in B&NES as a proportion of total employment in the sector. Similar information is shown for Great Britain. The third column shows the ratio within each sector, of B&NES representation in the sector compared to GB representation in the sector. The final column shows, for reference, the size of the sector in terms of its volumes of WPs.

**Table A.5 Comparisons of Working Proprietors as a percentage of Total Employment for B&NES and GB, 2010**

SIC 2007 Section	A B&NES WPs as % B&NES Total Employment	B GB WPs as % GB Total Employment	A/B	Volume of WPs
C : Manufacturing	4.9	3.1	1.6	200
F : Construction	22.4	15.2	1.5	800
G : Wholesale and retail trade; repair of vehicles	7.5	6.4	1.2	1,100
H : Transportation and storage	8.1	3.9	2.1	200
I : Accommodation and food service activities	6.5	5.5	1.2	500
J : Information and communication	9.2	7.8	1.2	400
K : Financial and insurance activities	3.8	2.9	1.3	100
L : Real estate activities	19.8	19.5	1.0	300
M : Professional, scientific and technical activities	20.1	12.1	1.7	1,300
N : Administrative and support service activities	8.1	3.8	2.1	300
P : Education	0.5	0.8	0.6	100
Q : Human health and social work activities	2.2	2.2	1.0	300
R : Arts, entertainment and recreation	12.8	5.7	2.3	300
S : Other service activities	7.6	9.1	0.8	100
All Industry	6.8	6.2	1.1	200

Source: BRES, ONS

**A.25** The findings show that B&NES has a higher volume of WPs as a percentage of total employment across most industries. However, the real 'drivers of B&NES over-representation of Locally-Owned Businesses, as they have a higher proportion but also constitute large volumes of WPs, compared nationally are:

- Professional, scientific and technical activities
- Construction
- Arts, entertainment and recreation
- Administrative and support service activities

**A.26** Location Quotients (LQs) show the degree of structural over-representation' or 'under-representation' on a particular indicator when compared against a benchmark area. In this instance, we have calculated Location Quotients for Working Proprietors by industrial sector for Bath and North East Somerset and all other Upper Tier Authorities in the South West, using Great Britain as the benchmark (Table A.6 below). An LQ of 1.2 for an industrial activity suggests that the proportion of Working Proprietors in the industry, as a percentage of Working Proprietors across all industries is 120% of the respective national proportion for that industry.

**A.27** The red emboldened sectors show those sectors where B&NES is over-represented in terms of its structure of Working Proprietors. These are essentially the B&NES 'specialisms' in terms of Locally-Owned Businesses. As can be seen, the sectors match very closely the B&NES priority sectors of Tourism, Professional business services, ICT and Creative Industries:

- Arts, entertainment, recreation
- Professional, scientific, tech
- Accommodation and food
- Information and communication

**Table A.6 Location Quotient Analysis for Working Proprietors by industrial sector for Bath and North East Somerset and all other Upper Tier Authorities in the South West (Great Britain = 1.00), 2010**

	Bath and North East Somerset	Bournemouth	Bristol, City of	Cornwall	Devon	Dorset	Gloucestershire	North Somerset	Plymouth	Poole	Somerset	South Gloucestershire	Swindon	Torbay	Wiltshire	South West
C : Manufacturing	0.9	0.9	0.5	1.1	1.1	1.2	1.8	1.8	1.1	0.8	2.2	1.7	1.4	1.3	1.0	1.3
F : Construction	1.1	1.1	1.0	1.0	1.2	1.2	1.4	1.2	1.2	1.0	1.3	1.3	1.6	1.2	0.9	1.2
G : Wholesale and retail trade	1.1	1.1	1.2	1.2	1.5	1.5	1.3	1.2	1.2	1.2	1.4	1.4	1.1	1.2	1.3	1.2
H : Transportation and storage	1.1	1.1	0.8	1.3	1.6	1.7	1.6	1.3	1.3	1.4	1.6	1.6	1.9	1.8	1.1	1.3
<b>I : Accommodation and food</b>	<b>1.5</b>	1.5	2.4	1.1	2.6	1.9	1.5	1.1	1.4	1.7	1.4	1.4	0.9	1.5	3.0	1.3
<b>J : Information and communication</b>	<b>1.4</b>	1.4	1.2	1.6	0.5	0.6	0.7	1.1	1.2	0.6	1.1	0.8	1.8	1.1	0.5	1.2
K : Financial and insurance	1.0	1.0	0.9	0.9	0.9	0.5	0.5	0.6	0.7	0.7	0.4	0.5	1.1	1.2	0.7	0.5
L : Real estate activities	1.0	1.0	1.0	0.7	0.6	0.7	0.8	0.7	0.7	1.5	0.8	0.6	0.6	0.5	0.7	0.6
<b>M : Professional, scientific, tech</b>	<b>1.6</b>	1.6	1.2	1.6	0.8	0.9	1.0	1.3	1.2	1.1	1.0	1.0	1.2	1.4	0.9	1.3
N : Admin and support services	0.9	0.9	1.2	1.3	0.8	0.9	0.9	1.3	1.1	0.9	0.8	1.1	1.1	1.4	0.9	1.2
P : Education	0.8	0.8	1.6	0.7	0.6	0.8	0.9	1.0	1.4	1.0	0.8	0.7	1.2	1.1	1.0	1.0
Q : Human health and social work	1.0	1.0	1.4	1.0	1.1	1.3	1.0	1.1	1.4	1.8	1.0	1.2	1.0	0.8	1.7	1.1
<b>R : Arts, entertainment, recreation</b>	<b>2.0</b>	2.0	1.3	1.6	1.6	1.1	1.3	1.5	0.9	2.7	1.6	1.3	0.7	0.6	1.6	1.4
S : Other service activities	0.8	0.8	0.8	0.7	0.6	0.7	0.8	0.7	1.1	0.7	0.9	0.7	0.8	0.8	0.9	0.8
Column Total	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0