

SME Business Barometer

February 2010

URN 10/P75b

By IFF Research Ltd.



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A Snapshot of Small Business Employers in the UK

Introduction

Between October 2007 and March 2008 IFF Research undertook the 2007/08 Annual Small Business Survey (ASBS) on behalf of the Department for Business, Enterprise and Regulatory Reform (BERR) – now the Department for Business, Innovation and Skills (BIS). A representative sample of 9362 small businesses across the UK were interviewed (7783 of which employed at least one other member of staff). IFF also undertook the 2006/07 ASBS with a similar sample size¹.

BIS has re-commissioned IFF Research Ltd. to re-contact a sample of these SMEs (employers only) to determine how well or badly they have performed in the previous year, and to assess their levels of business confidence going forward. The first wave of this 'Business Barometer' was conducted in December 2008, followed by waves at (approximately) two monthly intervals. This report contains the findings of the seventh wave of research, which was conducted between the 8th and 19th February 2010². 501 employers were interviewed.

Those interviewed were directors, owners and co-owners of the businesses.

Two hundred and one interviews (40 per cent) conducted were with SME employers that had sought finance in the year before the ASBS took place. This proportion was corrected (to 23 per cent) at the analysis stage through weighting.

In interpreting these findings it must be borne in mind that the sample is not fully representative of all SMEs in the UK in that:

- Businesses with no employees have been excluded from this survey
- Businesses that started up since the ASBS surveys are not interviewed

Nor is the survey exactly representative of SME employers that operated at the time of the ASBS surveys, as those that have closed since cannot be interviewed.

However, it is possible to make comparisons between the Business Barometer surveys. In this report we will highlight changes in the findings between the waves that are statistically significant at the 95 per cent confidence level. In general, when considering the overall samples for two waves, a change of 4 to 6 per cent indicates a significant change¹.

¹ For the February 10 Barometer the majority of those interviewed had previously taken part in the 06/07 ASBS

² More details on the sampling and weighting process are given in the technical appendix to this report

Summary

Growth

Twenty-six per cent of SME employers employed fewer people in February 10 than was the case a year previously. This is a significant decrease on the 38 per cent seen in the December 09 Barometer. At the same time 57 per cent report that they now employ the same numbers as they did a year ago, up from 49 per cent in December, and 16 per cent say they now have fewer employees (no significant change on the December figure). The indications are that employment levels are stabilising.

Forty-five per cent of SME employers have seen their turnover decrease compared to 12 months previously, a similar figure to those seen in previous Barometers.

Twenty-two per cent of SME employers expect to employ more people in 12 months time compared to now., 65 per cent think they will employ the same numbers and 12 per cent will employ fewer. Compared to the December 09 Barometer there are more thinking they will employ the same numbers, a further indication that expectations for employment are stabilising.

Twenty per cent have a higher turnover than they had 12 months ago, 19 per cent about the same turnover, and 50 per cent a lower turnover. These proportions have not changed significantly since December 09. The overall trend over time suggests turnover levels are continuing to decline on those seen in 2008.

Thirty-four per cent expect their turnover to be higher in 12 months time, 44 per cent think it will be about the same, and 15 per cent expect it to decline. Although these figures are not significantly different from those seen in December 09, the long term trend over 2009 for being optimistic over future turnover seems to have come to a halt.

Eighty per cent expect to make a profit in the next 12 months. This is significantly higher than the 70 per cent that said this when the question was asked in December 2008. Forty-six per cent had used profit as a form of working capital in the last 12 months.

Sixty-seven per cent expect to grow over the next 2-3 years, a figure consistent with previous Barometers. Of those expecting to grow, the proportion who expect to achieve this using external finance has decreased since December 09.

Twenty-two per cent of SME employers are exporters. There is no significant increase in this proportion since December 09.

Eight-five per cent of SME employers are confident that they will still be trading in 12 months time, whilst 7 per cent are not. There is a small but statistically insignificant decrease in these confidence levels on the previous two Barometers. The construction sector lacks confidence the most.

Business Environment

The state of the economy continues to be cited as the main obstacle to success for SME employers (39 per cent), ahead of cashflow (11 per cent), competition, obtaining finance and taxation (all 9 per cent). In comparison with December 09 obtaining finance is more likely to be mentioned as the main obstacle.

Fluctuating income remains the main cause of cashflow difficulties, but compared to previous Barometers high levels of working capital or of investment required by the business are less likely to be mentioned as causes of cashflow difficulties.

Out of those that offer credit, late payment continues to be a big problem for 22 per cent, a small problem for 47 per cent, and no problem for 30 per cent. These figures are very similar to those seen in previous Barometers, but the indication is still that late payment is much more of a problem than it was at the time of the ASBS in 2007/08.

Just under a quarter (23 per cent) of SME employers have done any work for a public sector client in the last 6 months, a similar proportion to that seen in previous Barometers. This is most likely to have been the case in the construction sector (42 per cent). Seventy-four per cent of these businesses claim they are paid promptly by their public sector clients, and 23 per cent that they are paid slowly. There is a perception of improvement in public sector payment times between December 09 and the latest Barometer. However, only 4 per cent claim that they are normally paid within 10 working days of sending their invoices.

Access to Finance

Nineteen per cent of SME employees sought finance in the last 6 months. Although this figure is similar to those seen in previous Barometers, the trend is for an increase in the proportions seeking finance only once, as opposed to seeking it more than once. Whether this is an indication of greater acceptance by finance providers, or less finance being sought, is unclear.

The main reason for seeking finance is to secure working capital (59 per cent of those seeking it). This proportion is higher than in any previous Barometer.

Of those seeking finance, 46 per cent sought bank loans and 33 per cent an overdraft. Applications for bank finance seem to have increased on December 09, as do those for mortgages, whilst applications for leasing or hire purchase seem to have decreased on the unusually high levels seen in December 09. Bank finance is more likely to be sought in the construction and service sectors, and less likely to be sought in the primary/manufacturing sector which is more likely than average to apply for leasing/HP.

Thirty-eight per cent of those that sought finance reported some difficulty trying to get it, with 30 per cent being unable to gain any. The figures are not significantly different from previous Barometers, but the proportion having difficulty obtaining finance remains much higher than was the case in the 07/08 ASBS.

Twenty-eight per cent of those with bank overdrafts report that their bank had put up overdraft fees or interest rates in the past 6 months, whilst only 3 per cent reported that these had decreased. The proportion reporting increased fees and rates is similar to previous Barometers, but the proportion reporting a decrease is lower.

Of those with bank loans, there was an increase in the proportion claiming that variable rates had risen in the last 6 months compared with December 09, but a decrease in the numbers claiming that their bank had renegotiated terms less favourably for them, or asked for more security.

Four per cent of SME employers use factoring, and 4 per cent have trade credit insurance. These proportions have not increased on previous Barometers.

Real Help for SME Businesses

Forty-seven per cent of SME employers in England have spontaneously heard of 'a publicly funded service providing access to information and advice for businesses, including a national network of local operators', whilst 23 per cent are aware of Business Link. Awareness of both of these has been declining gradually since June 2009.

Seventy per cent in England are aware of Business Link Health Checks, and 13 per cent have ever had one. Those in primary/manufacturing are most likely to have accessed this service (23 per cent).

Fifty-nine per cent of SME employers are aware that the Government has announced a number of measures to help businesses through the economic downturn. The trend has been a decline in awareness of Real Help For Business Now since February 2009.

When prompted on the individual measures of RHFBN, 22 per cent of SM employers across the UK were unaware of any of them. This is an increased proportion on the 15 per cent seen in December 09. In particular, awareness of the HMRC Support Service, Help with Managing Cashflow, the RHFBN website and the Trade Credit Insurance Top-Up Scheme have declined.

Steve Lomax, Director

IFF Research Ltd.

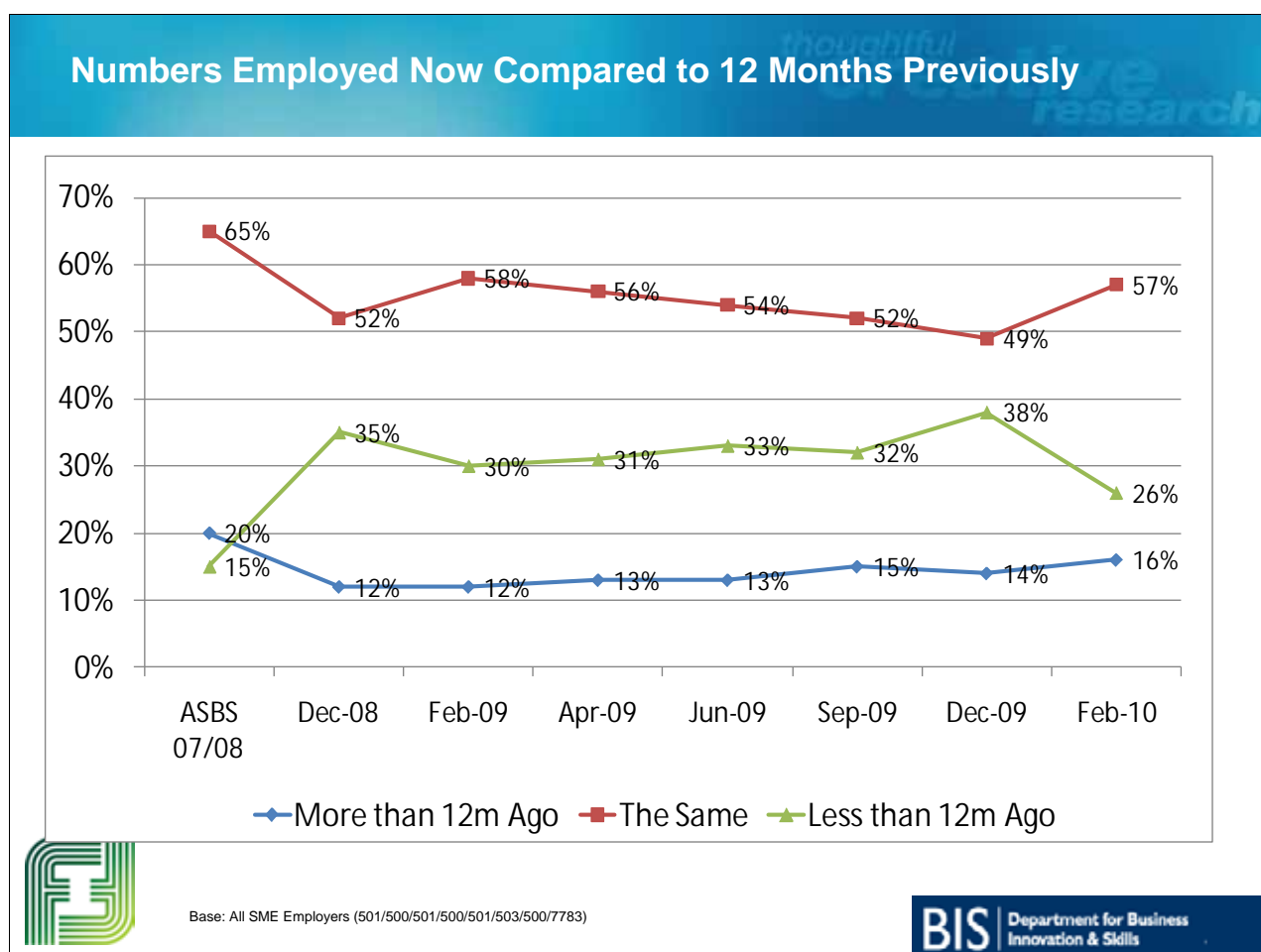
May 2010

Part 1: Growth

Employment Levels over the Last 12 Months

Chart 1 below shows that 26 per cent of SME employers employed fewer people in February 2010 than was the case a year ago. This is a significant decrease on the equivalent figure of 38 per cent in the December Barometer, but a similar number to that seen in February 2009. At the same time, 16 per cent said that they were employing more than 12 months ago – an insignificant increase on the 14 per cent who said this in December 09, and 12 per cent who said this in February 09. There has also been a significant increase in the proportion saying they are employing the same number of staff, up from 49 per cent in December 09, to 57 per cent. The overall indication here is that employment levels appear to be stabilising.

Chart 1: Numbers Employed Now Compared to 12 Months Ago – Trends



Analysis of the data by sector in February (see Table 1 overleaf) shows that construction and primary/manufacturing businesses are once again significantly more likely to have fewer staff than they had a year ago compared to all SME employers.

The decrease on the December Barometer in the proportions saying they are now employing fewer staff is significant in all sectors with the exception of construction. Although the overall increase between February 2009 and February 2010 in the proportion saying they are employing more staff compared to a year previously is not quite statistically significant, it is for businesses in the primary/manufacturing and service sectors. On the other hand, the percentage saying this is the case in the construction sector has actually decreased significantly since February 09.

Table 1: Numbers Employed 12 Months Ago – Trends by Sector					
Base = all SME employers	All	Primary/ Manu	Construction	TRAD	Services
February 2010. n=	501	142	66	148	145
	%	%	%	%	%
Feb 10 – More than 12m Ago	16	17	7	9	25
Feb 10 – Fewer than 12m Ago	26	34	50	22	19
December 2009. n=	500	130	69	136	165
	%	%	%	%	%
Dec 09 – More than 12m Ago	14	18	3	13	16
Dec 09 – Fewer than 12m Ago	38	53	49	36	30
September 2009. n=	501	132	72	143	154
	%	%	%	%	%
Sept 09 – More than 12m Ago	15	17	9	15	17
Sept 09 – Fewer than 12m Ago	32	33	46	23	36
June 2009. n =	500	130	60	148	162
	%	%	%	%	%
June 09 – More than 12m Ago	13	5	6	15	17
June 09 – Fewer than 12m Ago	33	51	45	25	30
April 2009. n =	501	157	62	136	146
	%	%	%	%	%
April 09 – More than 12m Ago	13	10	5	10	19
April 09 – Fewer than 12m Ago	31	41	46	29	25
February 2009. n =	503	111	61	145	186
	%	%	%	%	%
Feb 09 – More than 12m Ago	12	4	19	12	12
Feb 09 – Fewer than 12m Ago	30	37	40	23	31
December 2008. n =	500	123	62	137	178
	%	%	%	%	%
Dec 08 – More than 12m Ago	12	18	9	10	13
Dec 08 – Fewer than 12m Ago	35	32	49	38	29
ASBS 07/08. n =	7783	1498	742	2989	2554
	%	%	%	%	%
ASBS 07/08 – More than 12m Ago	20	21	21	18	21
ASBS 07/08 – Fewer than 12m Ago	15	15	14	15	16

Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research

Thirty-five per cent of SME employers have recruited new employees in the last 12 months. This is a similar proportion to that seen in the December Barometer. Compared to February 09 the figure has risen significantly in the primary/manufacturing sector from 18 to 37 per cent.

As has been seen in previous Barometers the service sector is the most likely to have recruited new employees in the last 12 months (42 per cent).

Table 2: Recruited New Employees in the Last 12 Months – Trends by Sector					
Base = all SME employers	All	Primary/ Manu	Construction	TRAD	Services
February 2010. n=	501	142	66	148	145
	%	%	%	%	%
February 2010	35	37	29	29	42
December 2009. n=	500	130	69	136	165
	%	%	%	%	%
December 2009	32	35	21	27	39
September 2009. n=	501	132	72	143	154
	%	%	%	%	%
September 2009	39	43	34	38	40
June 2009. n=	501	130	60	148	162
	%	%	%	%	%
June 2009	34	24	17	39	39
April 2009. n=	501	157	62	136	146
	%	%	%	%	%
April 2009	36	28	20	35	43
February 2009. n=	503	111	61	145	186
	%	%	%	%	%
February 2009	37	18	28	38	46
December 2008. n=	500	123	62	137	178
	%	%	%	%	%
December 2008	37	47	27	38	36
ASBS 07/08. n=	7783	1498	742	2989	2554
	%	%	%	%	%
ASBS 07/08	44	45	44	43	45
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

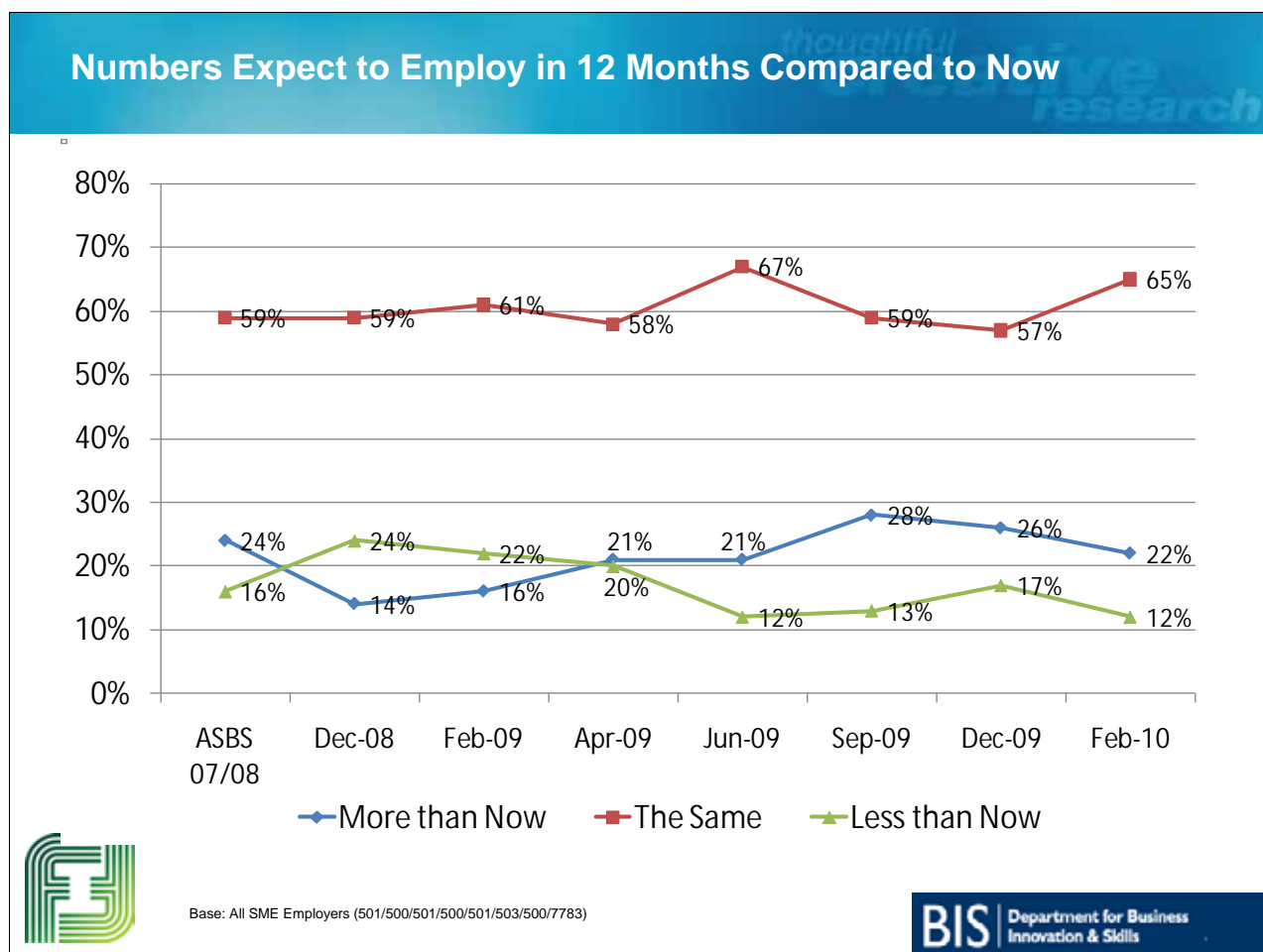
Eighty-three per cent of medium-sized businesses (50-249 employees) have recruited staff in the last 12 months, compared to 67 per cent of small businesses (10-49 employees) and 29 per cent of micro businesses (1-9 employees). These figures are similar but slightly higher to those in the December 09 Barometer.

Expectations of Employment Levels in the Next 12 Months

Twenty-two per cent of SME employers think they will employ more staff in a year's time. This compares with 65 per cent thinking employment levels will remain stable, and 12 per cent saying they think they will need to lose staff (see Chart 2 below). The increase on the December 09 Barometer in the proportion saying they will employ the same number in a year's time is significant, as is the decrease in the proportion saying they will employ fewer.

Compared to February 2009 there are significant increases both in the proportion saying they will employ more in a year's time (up from 16 to 22 per cent), and in the proportion saying they will employ fewer (down from 22 to 12 per cent).

Chart 2: Expectations of Numbers Employed in 12 Months Time



Compared to all SME employers, those in the construction sector are less confident in employment levels in a year's time, with only 11 per cent thinking they will employ more than they do now. Compared to the December Barometer, all sectors are less likely to say they will employ fewer in a year's time, with the exception of construction. This is also evident when comparing February 10 with February 09, again with the exception of the construction sector.

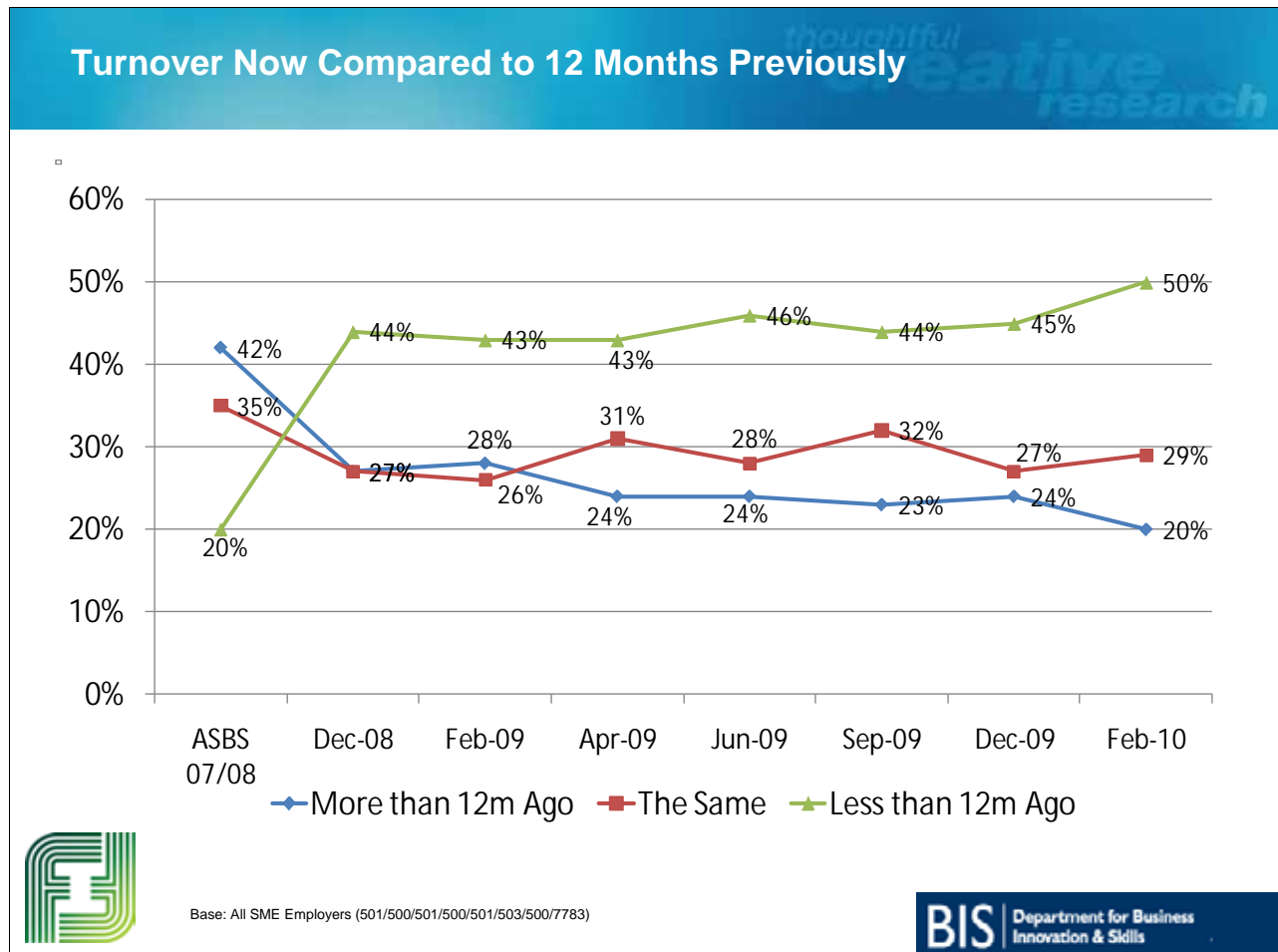
Thirty-eight per cent of medium sized businesses, 33 per cent of small businesses, and 20 per cent of micro businesses expect to employ more in the next 12 months.

Table 3: Numbers Expect to Employ in 12 Months Time Compared to Now – Trends by Sector					
Base = all SME employers	All	Primary/ Manu	Construct- ion	TRAD	Services
February 2010. n =	501	142	66	148	145
	%	%	%	%	%
Feb. 2010 – Will Employ More in 12m	22	29	11	23	23
Feb. 2010 – Will Employ Fewer in 12m	12	9	17	10	14
December 2009. n=	500	130	69	136	165
	%	%	%	%	%
Dec. 2009 – Will Employ More in 12m	26	33	23	17	32
Dec. 2009 – Will Employ Fewer in 12m	17	16	17	17	18
June 2009. n =	501	132	72	143	154
	%	%	%	%	%
Sept. 2009 – Will Employ More in 12m	29	35	33	21	32
Sept. 2009 – Will Employ Fewer in 12m	13	15	23	11	10
June 2009. n =	500	130	60	148	162
	%	%	%	%	%
June 2009 – Will Employ More in 12m	21	35	14	10	28
June 2009 – Will Employ Fewer in 12m	12	13	7	17	9
April 2009. n =	501	157	62	136	146
	%	%	%	%	%
April 2009 – Will Employ More in 12m	21	18	14	18	27
April 2009 – Will Employ Fewer in 12m	20	19	15	24	19
February 2009. n =	503	111	61	145	186
	%	%	%	%	%
Feb. 2009 – Will Employ More in 12m	16	21	14	11	18
Feb. 2009 – Will Employ Fewer in 12m	22	21	27	18	24
December 2008. n =	500	123	62	137	178
	%	%	%	%	%
Dec. 2008 – Will Employ More in 12m	14	14	22	11	15
Dec. 2008 – Will Employ Fewer in 12m	24	27	23	27	20
ASBS 07/08. n =	7783	1498	742	2989	2554
	%	%	%	%	%
ASBS 07/08 – Will Employ More in 12m	24	22	24	21	29
ASBS 07/08 – Will Employ Fewer in 12m	16	17	18	17	15
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

Turnover in the Past 12 Months

Half of all SME employers report that their turnover has dropped compared to 12 months previously, compared to just 20 per cent who say it has increased. The net change in turnover³ is -30 per cent, the lowest seen since the Barometer began.

Chart 3: Turnover Compared to 12 Months Ago



The construction sector is the least likely to report greater turnover now, and the most likely to say that turnover has decreased compared to 12 months ago. Both the decrease and increase in these figures on the December Barometer are significant.

Compared to February 2009 the decreases in proportions reporting greater turnover, and increases in proportions recording lower turnover, are significant for all sectors with the exception of transport, retail and distribution.

Just over a third of medium sized businesses reported an increase in turnover compared to 12 months previously. However, 48 per cent reported lower turnover.

³ Net turnover increase = % saying turnover has increased, minus % saying it has declined.

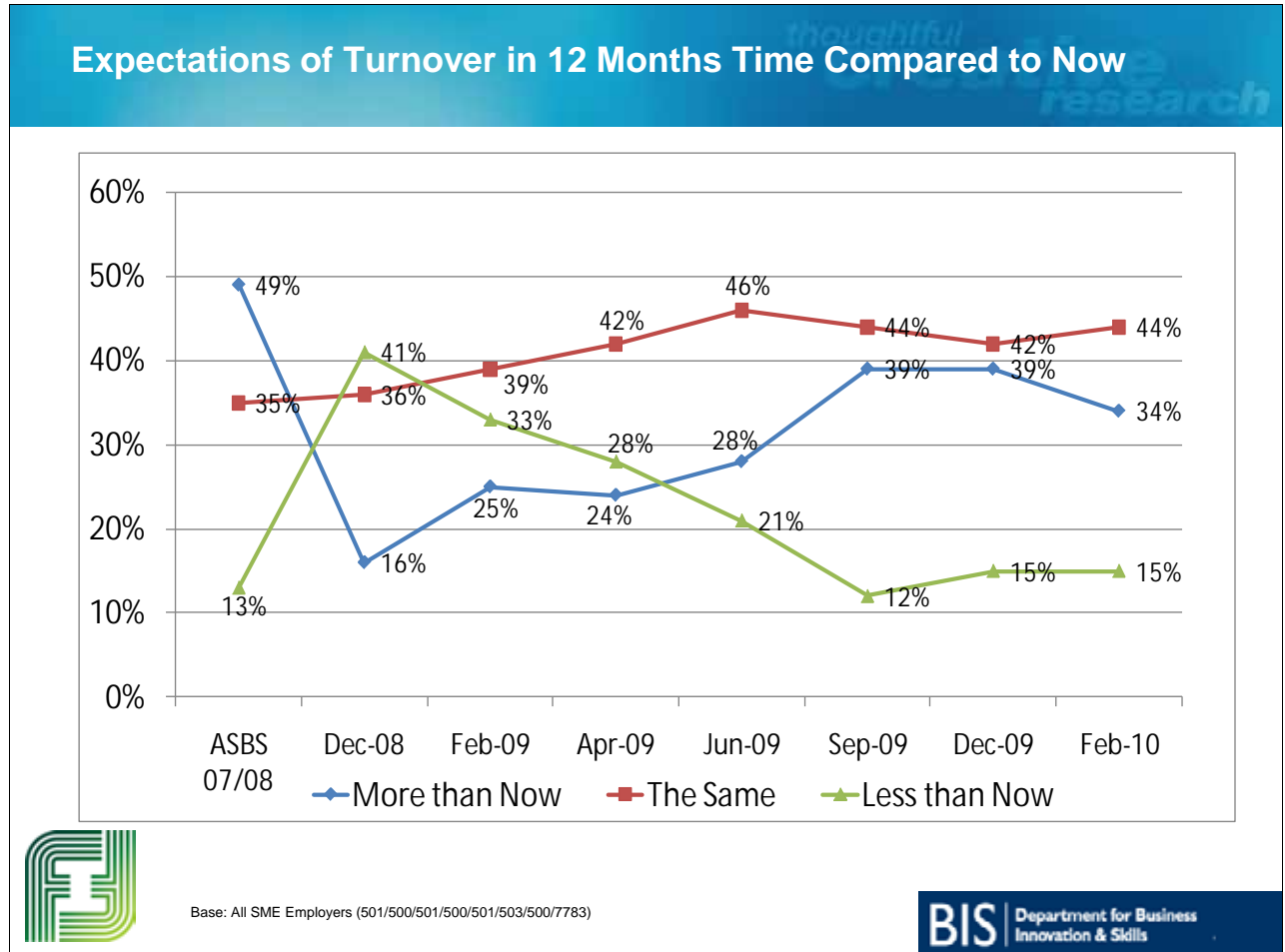
Table 4: Turnover Now Compared to 12 Months Previously – Trends by Sector

Base = all SME employers	All	Primary/ Manu	Construct- ion	TRAD	Services
February 2010. n =	501	142	66	148	145
	%	%	%	%	%
Feb. 2010 – Turnover Greater Now	20	18	2	24	23
Feb. 2010 – Turnover Less Now	50	57	66	43	49
December 2009. n =	500	130	69	136	165
	%	%	%	%	%
Dec. 2009 – Turnover Greater Now	24	24	12	28	24
Dec. 2009 – Turnover Less Now	45	53	44	44	44
September 2009. n =	501	132	72	143	154
	%	%	%	%	%
Sept. 2009 – Turnover Greater Now	23	19	27	23	24
Sept. 2009 – Turnover Less Now	44	50	49	40	44
June 2009. n =	500	130	60	148	162
	%	%	%	%	%
June 2009 – Turnover Greater Now	24	21	23	24	25
June 2009 – Turnover Less Now	46	49	50	49	41
April 2009. n =	501	157	62	136	146
	%	%	%	%	%
April 2009 – Turnover Greater Now	24	16	23	22	28
April 2009 – Turnover Less Now	43	48	49	47	36
February 2009. n =	503	111	61	145	186
	%	%	%	%	%
Feb. 2009 – Turnover Greater Now	28	30	13	24	34
Feb. 2009 – Turnover Less Now	43	42	47	49	37
December 2008. n =	500	123	62	137	178
	%	%	%	%	%
Dec. 2008 – Turnover Greater Now	27	36	14	22	31
Dec. 2008 – Turnover Less Now	44	36	45	52	41
ASBS 07/08. n =	7783	1498	742	2989	2554
	%	%	%	%	%
ASBS 07/08 – Turnover Greater Now	42	47	40	38	45
ASBS 07/08 – Turnover Less Now	20	19	17	23	19
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

Future Turnover Expectations

Thirty-four per cent of SME employers expect their turnover to increase in 12 months time compared to now, 15 per cent expect it to decrease, and 44 per cent think it will be about the same.

Chart 4: Turnover Expectations in 12 Months Time



Compared to February 2009 the February 2010 proportions expecting to increase turnover are significantly higher, and the proportions expecting decreased turnover are significantly lower. This is the case for all the four main sectors (although the increases in thinking turnover will be greater in the Feb 10 Barometer are not statistically significant for TRAD and services).

Table 5 below shows trends in turnover expectation by sector. The primary/manufacturing and TRAD sectors are significantly more likely to think turnover will decrease in 12 months time than average, with the service sector being significantly less likely to think this.

Exporters are more likely than non-exporters to think turnover will increase (48 compared to 31 per cent).

Table 5: Expectations of Turnover in 12 Months Time – Trends by Sector					
Base = all SME employers	All	Primary/ Manu	Construct- ion	TRAD	Services
February 2010. n =	501	142	66	148	145
	%	%	%	%	%
February 2010 – Greater than Now	34	40	30	33	35
February 2010 – Less than Now	15	21	13	20	9
December 2009. n=	500	130	69	136	165
	%	%	%	%	%
Dec. 2009 – Greater than Now	39	40	24	44	38
Dec. 2009 – Less than Now	15	17	24	14	13
September 2009. n =	501	132	72	143	154
	%	%	%	%	%
Sept. 2009 – Greater than Now	39	45	29	35	44
Sept. 2009 – Less than Now	12	13	20	9	13
June 2009. n =	500	130	60	148	162
	%	%	%	%	%
June 2009 – Greater than Now	28	30	15	22	37
June 2009 – Less than Now	21	22	18	17	24
April 2009. n =	501	157	62	136	146
	%	%	%	%	%
April 2009 – Greater than Now	24	18	7	22	34
April 2009 – Less than Now	28	37	34	26	25
February 2009. n =	503	111	61	145	186
	%	%	%	%	%
February 2009 – Greater than Now	25	27	10	26	27
February 2009 – Less than Now	33	32	48	36	26
December 2008. n =	500	123	62	137	178
	%	%	%	%	%
December 2008 – Greater than Now	16	18	20	10	18
December 2008 – Less than Now	41	52	42	41	38
ASBS 07/08. n =	7783	1498	742	2989	2554
	%	%	%	%	%
ASBS 07/08 – Greater than Now	49	51	44	47	51
ASBS 07/08 – Less than Now	13	11	13	14	11
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

Profit/Surplus in the Next 12 Months

Eighty per cent of SME employers think they will make a profit or surplus in the next 12 months, whilst 16 per cent think they will not. Compared with the December Barometer this is a significant decrease of 5 percentage points.

The construction sector is significantly less likely to think it will make a profit, and significantly more likely to think it will make a loss, compared to all SME employers.

Table 6: Whether Expect to Make a Profit in the Next 12 Months ⁴					
Base = all	All	Primary/ Manu	Construct- ion	TRAD	Services
February 2010	501	142	66	148	145
	%	%	%	%	%
Yes	80	77	70	83	81
No	16	23	28	11	15
Refused	4	1	2	6	4
September 2009	501	132	72	143	154
	%	%	%	%	%
Yes	76	77	76	75	75
No	21	22	19	22	20
Refused	4	*	5	4	4
December 2008	500	123	62	137	178
	%	%	%	%	%
Yes	70	68	71	69	72
No	26	31	20	31	23
Refused	3	1	9	1	5
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research. * = a figure larger than zero but less than 0.5%					

Forty-six per cent of SME employers have used retained profit as a source of finance in the last 3 years. This is most likely to be the case for those in the construction sector (68 per cent), and it is least likely to be the case for those in transport, retail and distribution (37 per cent). Exporters (59 per cent) are more likely to do this than non-exporters (43 per cent), but there is no significant difference according to the size of a business.

⁴ Question has not been asked in every Barometer

Table 7: Whether Used Retained Profit as a Source of Finance in the Last 3 Years					
	All	Primary/ Manu	Construction	TRAD	Services
Base = all SME employers	501	142	66	148	145
	%	%	%	%	%
No	52	53	31	61	50
Yes – any	46	46	68	37	47
- Working capital/Cashflow	30	23	48	27	30
- Equipment/vehicles	10	16	25	4	10
- Building improvements	3	1	1	4	4
- Research & development	3	1	3	1	5
- Training/staff development	1	*	3	*	2
Figures in bold are statistically significant at the 95% confidence level against the total					

Retained profit is most likely to be used to fund working capital or cashflow (30 per cent of all SME employers, 65 per cent of those who have used retained profit in the last 3 years as a source of finance). This is most likely to be the case in the construction sector (48 per cent of all in this sector). Buying equipment and vehicles is the second most common usage for retained profit (10 per cent of all SME employers, 22 per cent of those that retain profit).

Table 8: How Business will be Affected if Profits over next 3 Years are Lower than Expected					
	All	Primary/ Manu	Construction	TRAD	Services
Base = all SME employers	501	142	66	148	145
	%	%	%	%	%
Reduce business investment	68	74	73	74	60
Cashflow/working capital problems	68	77	50	70	67
Reduce size of workforce	57	63	70	51	57
Threaten business survival	52	65	53	54	46
Curtail plans to export	10	11	12	10	9
Would not affect them	4	5	3	1	6
None of these	5	3	1	7	5
Figures in bold are statistically significant at the 95% confidence level against the total					

Sixty-eight per cent of SME employers say that reduced profits will cause them to reduce investment (most likely to be the case among TRAD businesses – 74 per cent). Sixty-eight per cent claim it would cause problems for working capital and cashflow (most common in the primary/manufacturing sector), and 57 per cent say that it would reduce the size of their workforce (most common in the construction sector). Fifty-two per cent claim that reduced profits would threaten their business survival (most common in the primary/manufacturing sector).

By size of business, reduced profit is most likely to threaten the business survival of the micros (55 per cent, compared to 43 per cent of small businesses and 31 per cent of medium sized ones). Reduction in workforce is more likely to affect larger SMEs (71 per cent of mediums, 68 per cent of small businesses, and 55 per cent of micros).

Growth Ambitions Over the Next Two to Three Years

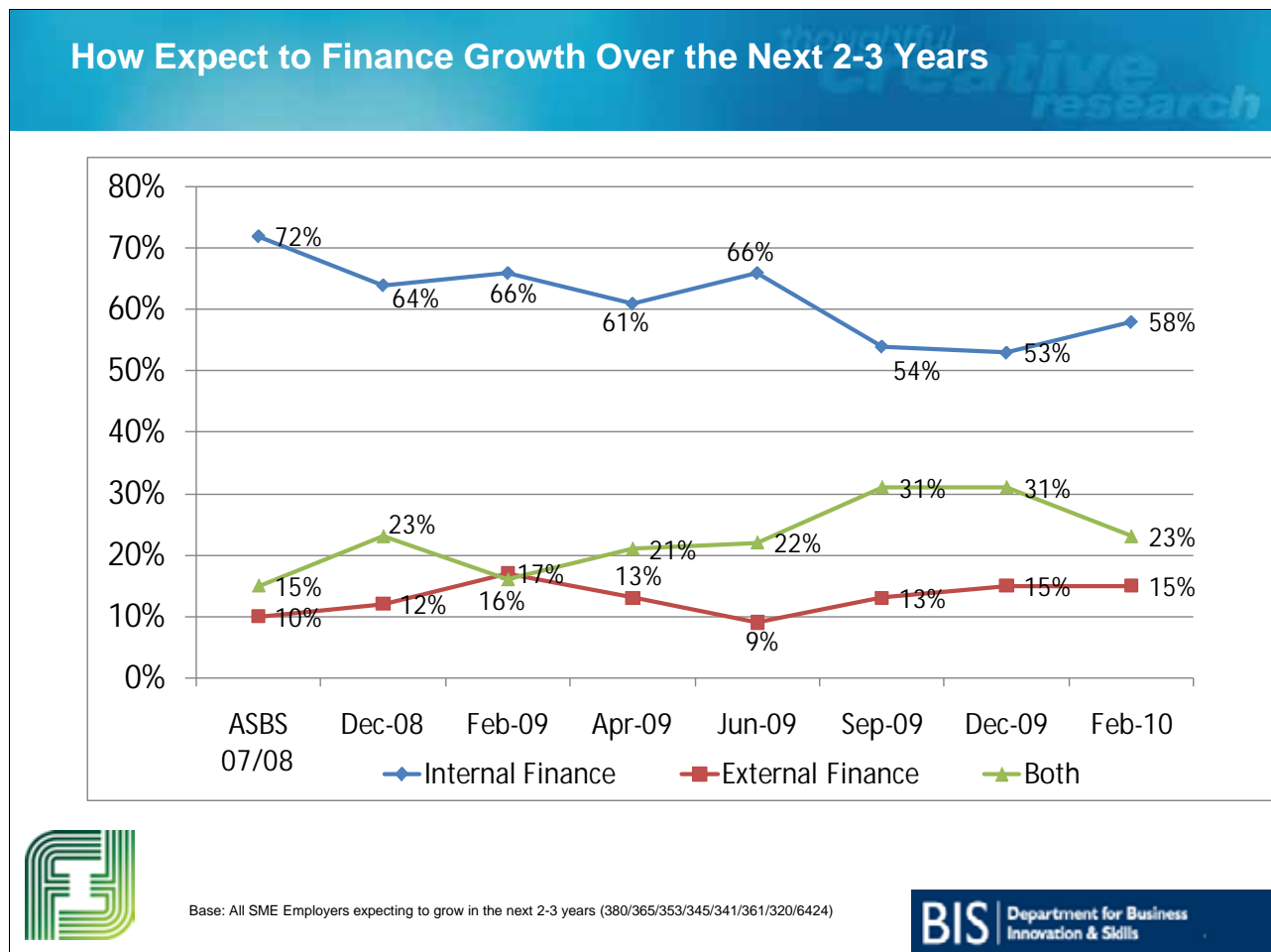
Sixty-seven per cent of SME employers expect to grow their businesses over the next two to three years. This overall proportion is consistent with all previous Barometers with the exception of December 2008.

The construction sector is less likely than average to think it will grow.

Table 9: Expect to Grow Over The Next Two to Three Years – Trends by Sector					
Base = all SME employers	All	Primary/ Manu	Construction	TRAD	Services
February 2010. n =	501	142	66	148	145
	%	%	%	%	%
February 2010	67	70	56	63	72
December 2009. n =	500	130	69	136	165
	%	%	%	%	%
December 2009	66	74	61	62	67
September 2009. n =	501	132	72	143	154
	%	%	%	%	%
September 2009	63	69	51	62	66
June 2009. n =	500	130	60	148	162
	%	%	%	%	%
June 2009	62	64	58	55	69
April 2009. n =	501	157	62	136	146
	%	%	%	%	%
April 2009	60	63	63	50	67
February 2009. n =	503	111	61	145	186
	%	%	%	%	%
February 2009	65	61	48	62	74
December 2008. n =	500	123	62	137	178
	%	%	%	%	%
December 2008	56	56	44	58	55
ASBS 07/08. n =	7783	1498	742	2989	2554
	%	%	%	%	%
ASBS 07/08	67	70	61	65	70
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

Seventy-eight per cent of exporters think they will grow compared to 64 per cent of non-exporters.

Chart 5: How Fund Growth in Next 2-3 Years



Of those expecting to grow, 58 per cent expect to do this through internal finance only, 15 per cent through external finance only, and 23 per cent through both.

Since December 09 there has been a significant drop in the proportion who plan to seek both internal and external finance (from 31 per cent to 23), whilst the proportions planning to use internal finance only or external finance only have not risen significantly.

	All	Primary/Manu	Construction	TRAD	Services
Base = all who plan to grow	380	115	42	108	115
	%	%	%	%	%
No	42	42	57	43	37
Yes	55	47	43	54	61
- Training existing staff	36	27	26	35	42
- New machinery/equipment	34	24	15	39	39
- Hire new staff	26	24	24	21	31
- Move premises	12	10	3	16	13

Figures in bold are statistically significant at the 95% confidence level against the total

Of those planning to grow, 55 per cent say they are planning to increase their investment over the next 12 months in order to achieve this. This is most common in the service sector (61 per cent).

Exports

Twenty-two per cent of SME employers export goods or services outside of the UK, a similar proportion to that seen in December 09 and February 09. Primary/manufacturing are more likely to export than other sectors. Compared to February 09, the construction sector is significantly more likely to export, although the February 10 figure for construction is unusually high compared to previous Barometers.

Table 11: Whether Currently Exporting Goods or Selling Outside of the UK – Trends by Sector					
Base = all SME employers	All	Primary/ Manu	Construction	TRAD	Services
February 2010. n=	501	142	66	148	145
	%	%	%	%	%
February 2010 - Exporting	22	33	17	21	21
December 2009. n=	500	130	69	136	165
	%	%	%	%	%
December 2009 – Exporting	24	44	6	18	26
September 2009. n=	501	132	72	143	154
	%	%	%	%	%
September 2009 – Exporting	18	41	7	14	18
June 2009. n=	500	130	60	148	162
	%	%	%	%	%
June 2009 – Exporting	20	34	7	14	24
April 2009. n=	501	157	62	136	146
	%	%	%	%	%
April 2009 – Exporting	16	36	7	10	17
February 2009. n=	503	111	61	145	186
	%	%	%	%	%
February 2009 - Exporting	19	37	4	15	21
December 2008. n=	500	123	62	137	178
	%	%	%	%	%
December 2008- Exporting	22	44	10	17	21
ASBS 07/08. n=	7783	1498	742	2989	2554
	%	%	%	%	%
ASBS 07/08- Exporting	24	36	11	21	26
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

Among exporters, 36 per cent expect exports to increase in the next 12 months, 44 per cent expect exports to stay the same, and 15 per cent expect them to decrease. The percentage expecting exports to increase has dropped by 13 per cent since December 09, but only to the levels seen in previous Barometers.

The sectors most likely to think exports will increase are the primary/manufacturing sector (64 per cent of those exporting)

Of those not currently exporting, only one per cent think they will start to do so in the next 12 months. This is two percentage points lower than the figure in December 09.

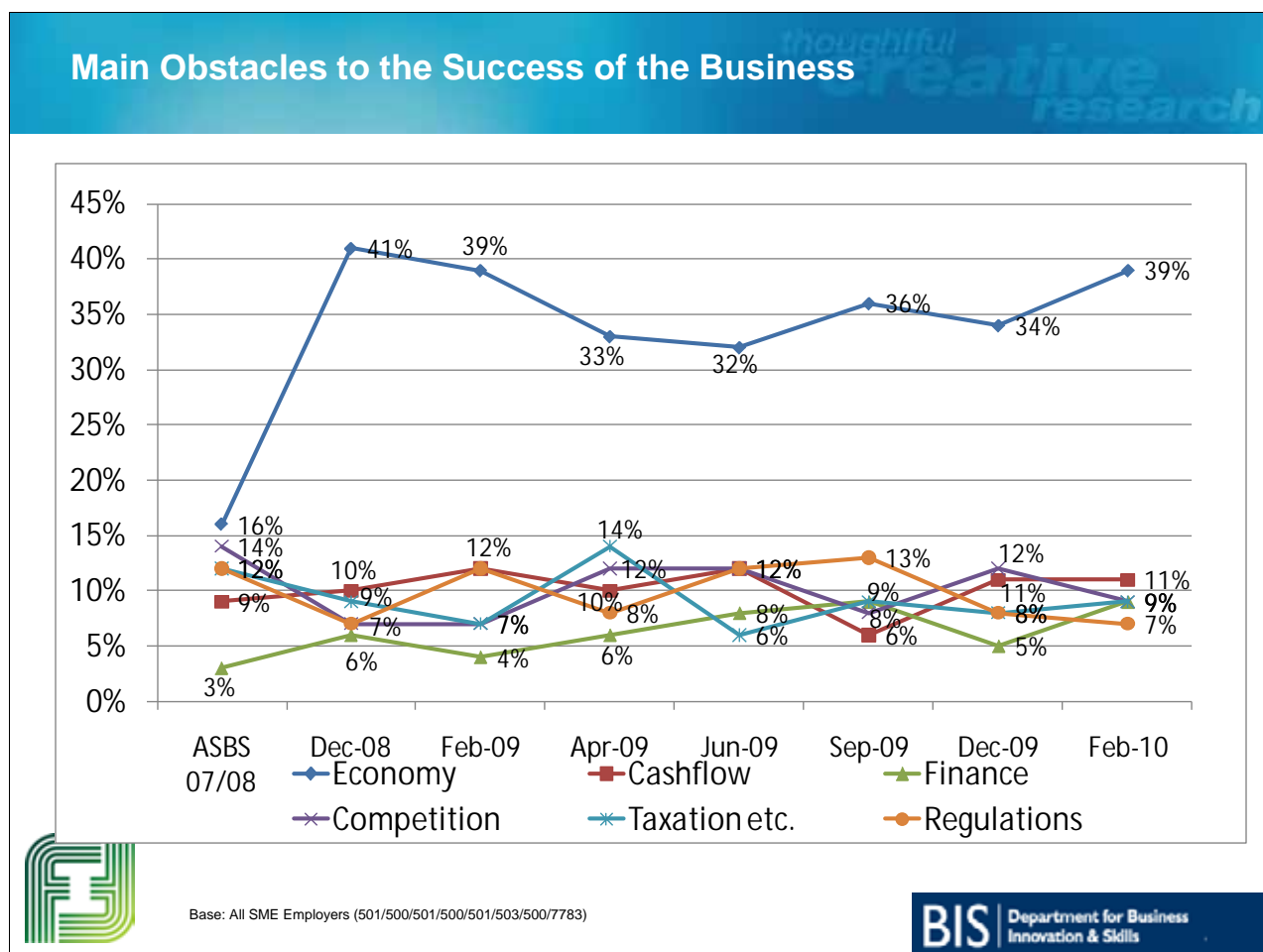
Part 2: Business Environment

Obstacles to Success

When prompted, 39 per cent of SME employers say that the state of the economy is the *main* obstacle to the success of their business, a similar proportion to that seen in the previous Barometers. Compared to December 09, obtaining finance is significantly more likely to be cited as a *main* obstacle to success, although this proportion has returned to the same level that was seen in the September and June 09 Barometers.

Compared to February 2009, more SME employers cite obtaining finance as the main obstacle, and fewer mention regulations.

Chart 6: Main Obstacles to the Success of the Business



The economy is most likely to be a barrier to success for those in the construction sector (53 per cent). Cashflow is more likely to be an obstacle in primary/manufacturing (18 per cent) than in other sectors, and competition is more of an obstacle for TRAD than other sectors (13 per cent).

Four per cent mention lack of financial understanding as the main obstacle to success. Perhaps surprisingly this is more likely to be the case for small and medium sized businesses (8 per cent), than micros (3 per cent).

Cashflow

Fifty per cent of SME employers consider cashflow difficulties as an obstacle to their success, with 11 per cent saying this is their main obstacle – almost exactly the same proportions seen in the December Barometer 2009.

Compared to December 09 there are fewer mentions of late payment from other businesses (58 per cent, down from 69), high levels of working capital needed (34 per cent, down from 50), tax payment timings (30 per cent, down from 40) high levels of investment required (19 per cent, down from 36), and the difficulty of getting credit from suppliers (16 per cent, down from 24). Compared to February 09, the only significant rise is the increase in the percentage saying outgoings fluctuate whilst income is steady (27 per cent, up from 17).

	Feb. 2010	Dec. 2009	Sept. 2009	June 2009	April 2009	Feb. 2009	Dec. 2008	ASBS 07/08
Base = All for whom cashflow is an obstacle	n=249	n=219	n = 218	n = 256	n=233	n=269	n=262	n=3403
	%	%	%	%	%	%	%	
Income fluctuates while outgoings are steady	71	75	73	74	80	71	74	71
Late payment from individual customers	59	63	54	65	62	67	61	56
Late payment from other businesses	58	69	56	68	64	63	64	56
Need to offer credit to customers	38	43	38	49	35	41	30	38
High levels of working capital needed	34	50	46	43	45	38	39	49
Early payment required by suppliers	33	33	34	39	34	36	38	38
Tax payment timings	30	40	51	38	40	32	35	37
Outgoings fluctuate but income is steady	27	20	32	25	26	17	23	26
High levels of investment required by business	19	36	34	24	24	25	30	39
Difficult to get credit from suppliers	16	24	23	20	24	19	18	18
Figures in bold are statistically significant changes at the 95% confidence level between December 09 and February 10 Barometers								

For the construction sector the main cashflow problems are late payment, from individuals (mentioned by 80 per cent of those that consider cashflow a problem) and businesses (81 per cent). The construction sector is also significantly more likely to mention the timing of tax payments (59 per cent) and early payment required by suppliers (54 per cent).

The primary/manufacturing sector is most likely to mention late payment from businesses as their main problem (75 per cent), and are more likely than average to mention individual customers expecting them to offer credit (61 per cent), and the difficulty of getting credit from their suppliers (31 per cent).

The TRAD sector is more likely than average to mention early payment required by suppliers (50 per cent) and high levels of working capital (46 per cent).

The service sector is less likely than other sectors to mention so many causes of cashflow difficulties.

Late payment from other businesses is more a problem for small and medium sized businesses (mentioned by 75 per cent of both groups that have cashflow difficulties), than for micros (55 per cent).

Late Payment

Sixty-one per cent of SME employers offer their customers credit in the form of giving a period of time before payment is due. This proportion is similar to those seen in previous Barometers.

Credit is most likely to be given in the primary/manufacturing sector (75 per cent). It is more likely to be offered by larger SMEs (76 per cent of small businesses, 73 per cent of mediums and only 58 per cent of micros).

Seventy-seven per cent of exporters offer credit, compared to 56 per cent of non-exporters.

Late payment is a big problem for 22 per cent of those offering credit, and a small problem for 47 per cent. Thirty per cent do not consider it a problem.

Only 16 per cent in the construction sector that offer credit do not think late payment is a problem, compared to 38 per cent in TRAD saying it is no problem.

Compared to both December 09 and February 09 the proportion in primary/manufacturing saying that late payment is a big problem has risen significantly. For the TRAD sector, the decrease in the proportion saying late payment is a big problem on the December Barometer is also significant.

Table 13: Whether Late Payment is Problem – Trends by Sector					
Base = All offering credit	All	Primary/ Manu	Construction	TRAD	Services
February 2010	n =346	n=119	n=48	n=91	n=88
	%	%	%	%	%
Big problem	22	29	26	11	26
Small problem	47	44	58	51	41
No problem	30	26	16	38	30
December 2009	n =334	n=111	n=45	n=76	n=102
	%	%	%	%	%
Big problem	23	18	25	30	22
Small problem	49	54	46	30	58
No problem	27	28	28	40	19
September 2009	n =349	n=117	n=53	n=82	n=97
	%	%	%	%	%
Big problem	26	18	16	27	32
Small problem	37	48	50	31	31
No problem	37	32	32	42	37
June 2009	n =345	n=111	n=45	n=85	n=104
	%	%	%	%	%
Big problem	28	27	43	27	23
Small problem	43	46	37	27	54
No problem	26	22	20	46	18
April 2009	n=336	n=133	n=42	n=74	n=87
	%	%	%	%	%
Big problem	31	31	37	13	43
Small problem	36	45	43	37	29
No problem	31	24	14	48	28
February 2009	n=338	n=93	n=35	n=93	n=117
	%	%	%	%	%
Big problem	20	16	29	11	28
Small problem	51	54	48	50	50
No problem	30	30	23	39	22
December 2008	n=312	n=93	n=47	n=70	n=102
	%	%	%	%	%
Big problem	33	26	63	23	32
Small problem	38	34	29	42	41
No problem	29	40	8	35	27
ASBS 07/08	n=7301	n=1472	n=720	n=2732	n=2377
	%	%	%	%	%
Big problem	19	24	32	13	19
Small problem	34	41	35	29	33
No problem	47	36	29	58	41
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

Forty-six per cent of those with late payment problems claim it is only a very small proportion of their customer base that pay late – a similar figure to that seen previously. This is most likely to be the case for the transport, retail and distribution sector, and least likely to be the case in the primary/manufacturing sector. Indeed, payment does seem to be more a problem for the primary/manufacturing sector in the February 10 Barometer compared to December 09, and the increase in the proportion saying that a minority of customers are late payer is significant.

Table 14: Proportion of Customer Base where Late Payment is a Problem – Trends by Sector					
Base = all for whom late payment is a problem	All	Primary/ Manu	Construct- ion	TRAD	Services
February 2010	n=255	n=90	n=40	n=63	n=62
	%	%	%	%	%
Half or more	24	30	18	16	30
The minority	30	46	31	22	27
A very small proportion/a few of them	46	24	51	63	43
December 2009	n=235	n=74	n=35	n=48	n=78
	%	%	%	%	%
Half or more	32	23	42	26	35
The minority	24	28	4	16	32
A very small proportion/a few of them	44	49	55	58	33
September 2009	n=231	n=80	n=38	n=51	n=78
	%	%	%	%	%
Half or more	30	31	42	25	30
The minority	32	29	15	41	32
A very small proportion/a few of them	37	40	42	34	36
June 2009	n=242	n=81	n=36	n=48	n=77
	%	%	%	%	%
Half or more	23	29	30	18	20
The minority	41	35	20	35	53
A very small proportion/a few of them	36	35	49	46	27
April 2009	n=244	n=99	n=32	n=48	n=65
	%	%	%	%	%
Half or more	32	35	40	8	40
The minority	29	27	25	29	32
A very small proportion/a few of them	37	38	35	62	25
February 2009	n=238	n=66	n=29	n=55	n=88
	%	%	%	%	%
Half or more	22	15	25	16	19
The minority	31	41	32	33	25
A very small proportion/a few of them	47	44	42	51	46
December 2008	n=217	n=62	n=38	n=46	n=71
	%	%	%	%	%
Half or more	36	39	54	7	43
The minority	27	22	31	34	23
A very small proportion/a few of them	37	38	15	59	34
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

Payment Times from the Public Sector

Thirty per cent of SME employers work for public sector clients, a similar proportion to that seen in previous Barometers. Twenty-three per cent have worked for the public sector in the previous 6 months.

The construction sector is the one most likely to have worked for the public sector clients (48 per cent, 42 per cent in the last 6 months). The TRAD sector continues to be the one least likely to work for the public sector. Forty-five per cent of medium sized business work for the public sector, compared to 35 per cent of small businesses and 29 per cent of micros.

Table 15: Work for the Public Sector					
Base = all SME employers	All	Primary/ Manu	Construct- ion	TRAD	Services
February 2010. n=	501	142	66	148	145
	%	%	%	%	%
Feb. 2010 – Any Public Sector Clients	30	36	48	17	32
Feb. 2010 – Any Work Last 6 Months	23	29	42	11	25
December 2009. n=	500	130	69	136	165
	%	%	%	%	%
Dec 2009 – Any Public Sector Clients	30	31	53	18	33
Dec 2009 – Any Work Last 6 Months	24	29	47	10	27
September 2009. n=	501	132	72	143	154
	%	%	%	%	%
Sept. 2009 – Any Public Sector Clients	27	37	36	15	30
Sept. 2009 – Any Work Last 6 Months	22	33	32	13	22
April 2009. n=	501	157	62	136	146
	%	%	%	%	%
April 2009 – Any Public Sector Clients	26	22	44	13	32
April 2009 – Any Work Last 6 Months	18	17	42	13	16
February 2009. n=	503	111	61	145	186
	%	%	%	%	%
Feb. 2009 – Any Public Sector Clients	26	25	37	23	26
Feb. 2009 – Any Work Last 6 Months	20	20	27	15	21
December 2008. n=	500	123	62	137	178
	%	%	%	%	%
Dec. 2008 – Any Public Sector Clients	20	19	30	12	23
ASBS 07/08. n=	7783	1498	742	2989	2554
	%	%	%	%	%
ASBS 07/08 – Any Work Last 12 Months	26	30	35	21	29
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

Fifty-six per cent of those who have worked for the public sector in the last 6 months have done so as prime contractor, and 40 per cent as part of the supply chain. These are similar figures to those seen in the December Barometer.

Twelve per cent of those who have worked for the public sector in the last 6 months say they are now doing more work for them than was the case 12 months before; 53 per cent say they are doing the same amount of work; and 37 per cent are doing less. All of these are similar proportions to those seen in December 09.

Ten per cent of those who have worked for the public sector in the last 6 months have noticed that they are being paid quicker than was the case before, whilst 13 per cent say payment has slowed down. The majority, 73 per cent, claim that the speed of payment has not changed.

Compared to December 09 there has been a significant decrease in the proportion claiming they are still mainly paid slowly (10 per cent, down from 21), and there is a significant increase in the proportion claiming overall that they are paid promptly (74 per cent, up from 62).

Table 16: Whether Noticed any Change in the Speed of Payment by Public Sector Bodies in the Last 6m						
Base = All who have dealt with public sector bodies in the last 6 months	Feb 2010	Dec 2009	Sept 2009	June 2009	April 2009	Feb 2009
	n=136	n=160	n=141	n=180	n=125	n=127
	%	%	%	%	%	%
Payment has speeded up	10	11	10	8	15	13
No change – still mainly paid promptly	63	50	52	59	43	51
No change – still mainly paid slowly	10	21	26	22	6	2
Payment has slowed down	13	12	7	7	17	19
Other/Don't know	*	6	5	4	10	10
TOTAL PROMPT PAID	74	62	61	67	58	64
TOTAL SLOW PAID	23	33	33	29	23	21
Figures in bold are statistically significant changes at the 95% confidence level between December 09 and February 10 Barometers						

Fifty per cent of those who have worked for the public sector in the last 6 months have Local Authorities as their main client, 18 per cent have Government departments, 4 per cent Higher Education Institutions, 19 per cent Health Services and 6 per cent other public service institutions. In December 09 only 5 per cent said that Health Services were their main clients, and there has therefore been a significant increase in this proportion.

Looking at payment times according to type of main client (Local Authorities vs. Other – sample sizes are too small to break out the other category further), there are no significant differences as the table overleaf demonstrates.

Table 17: Whether Noticed any Change in the Speed of Payment by Public Sector Bodies in the Last 6 Months. February 10, by Main Type of Public Sector Client			
Base = All who dealt with public sector bodies in the last 6 months	All	Local Authorities	Other Public Sector
	n=136 ⁵	n=66	n=66
	%	%	%
Payment has speeded up	10	14	7
No change – still mainly paid promptly	63	49	77
No change – still mainly paid slowly	10	14	6
Payment has slowed down	13	17	9
Other/Don't know	4	6	1
TOTAL PROMPT PAID	73	62	84
TOTAL SLOW PAID	23	31	15
Figures in bold are statistically significant at the 95% confidence level against the overall finding			

Only four per cent of those who have worked for the public sector in the last 6 months say that they are usually paid within 10 working days of the receipt of the invoice. Two per cent say that they tend to be paid 11 to 15 days later, 9 per cent within 16 to 20 days, 56 per cent between 21 and 30 days, and 27 per cent in longer than 30 days. There are no significant differences according to type of public sector client

Table 18: Average Time Taken for Main Public Sector Client to Pay Invoice. February 10, by Main Type of Public Sector Client			
Base = All who dealt with public sector bodies in the last 6 months	All	Local Authorities	Other Public Sector
	n=136	n=66	n=66
	%	%	%
10 days or less	4	6	3
11 to 15 days	2	3	*
16 to 20 days	9	12	6
21 to 30 days	56	47	63
Longer than 30 days	27	31	25
Don't know	2	1	3
Figures in bold are statistically significant at the 95% confidence level against the overall finding			
* = a figure which is more than 0%, but less than 0.5%			

⁵ Four respondents could not say what type of institution their main public sector client was.

Compared to the December barometer there is a significant shift from payment taking longer than 30 days (from 49 per cent to 27), to payment taking 21 to 30 days (from 29 per cent to 56). The median and modal payment time now falls into the 21 to 30 day category.

Business Confidence

Eighty-five per cent of SME employers are confident that their businesses will still be trading in 12 months time, whilst 7 per cent are not confident. These figures are similar to those seen in the previous Barometers, although there is actually a significant 6 point decrease in the proportion agreeing strongly with the statement.

Table 19: 'In 12 Months Time I am Confident My Business will still be Trading'							
	Feb 2010	Dec 2009	Sept 2009	June 2009	April 2009	Feb 2009	Dec 2008
Base = All SME Employers	n=501	n=500	n=501	n=500	n=501	n=503	n=500
	%	%	%	%	%	%	%
Agree strongly	73	79	75	74	70	73	61
Agree slightly	12	9	12	11	13	15	16
Neither agree nor disagree	6	4	7	6	6	5	9
Disagree slightly	4	2	2	3	3	2	3
Disagree strongly	3	3	3	3	4	4	9
Don't know	2	2	*	2	2	1	2
TOTAL AGREE	85	89	87	85	84	88	76
TOTAL DISAGREE	7	5	5	6	8	6	12
NET AGREE - DISAGREE	+78	+84	+82	+79	+76	+82	+64
Figures in bold are statistically significant changes at the 95% confidence level between December 09 and February 10 Barometers							
* = a figure which is more than 0%, but less than 0.5%							

By sector (see Table 20 below) the service sector is more likely than average to be confident, and the construction sector less likely to be confident. The decrease in confidence among the construction sector compared to February 09 is significant.

Table 20: 'In 12 Months Time I am Confident My Business will still be Trading' – By Sector

Base = All SME Employers	All	Primary/ Manu	Construction	TRAD	Services
February 2010	501	142	66	148	145
	%	%	%	%	%
February 2010 – Confident	85	82	77	83	90
February 2010 – <u>Not</u> Confident	7	8	11	7	6
December 2009	500	130	69	136	165
	%	%	%	%	%
December 2009 – Confident	89	87	84	92	88
December 2009 – <u>Not</u> Confident	5	7	4	4	5
September 2009	501	132	72	143	154
	%	%	%	%	%
September 2009 – Confident	87	87	77	88	90
September 2009 – <u>Not</u> Confident	5	5	10	7	3
June 2009	500	130	60	148	162
	%	%	%	%	%
June 2009 – Confident	85	81	78	84	90
June 2009 – <u>Not</u> Confident	6	12	7	6	5
April 2009	501	157	62	136	146
	%	%	%	%	%
April 2009 – Confident	84	72	69	86	91
April 2009 – <u>Not</u> Confident	8	13	9	10	3
February 2009	503	111	61	145	186
	%	%	%	%	%
February 2009 – Confident	88	84	92	83	91
February 2009 – <u>Not</u> Confident	6	5	4	9	4
December 2008	500	123	62	137	178
	%	%	%	%	%
December 2008 – Confident	76	77	73	72	81
December 2008 – <u>Not</u> Confident	13	13	19	12	11

Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research

Four per cent of SME employers anticipated closure in the next 12 months, whilst a further four per cent anticipated a transfer of ownership. This is a similar result to that seen in December 2009.

Table 21: Whether Anticipate Closure or Full Transfer of Ownership in Next 12 Months							
	Feb 2010	Dec 2009	Sept 2009	June 2009	April 2009	Feb 2009	Dec 2008
Base = All	n=501	n=500	n=501	n=500	n=501	n=503	n=500
	%	%	%	%	%	%	%
Yes- Closure	4	5	3	2	6	3	7
Yes – Transfer of Ownership	4	5	2	6	6	4	6
Neither	86	86	90	89	82	92	83
Don't know/Refused	6	5	4	3	5	1	4
ANY CLOSURE/TRANSFER	8	9	5	7	12	7	13
Figures in bold are statistically significant changes at the 95% confidence level between December 09 and February 10 Barometers							

Transference of ownership was most likely to be anticipated in the transport, retail and distribution sector (7 per cent), which has also been the case in previous Barometers.

Only three per cent of exporters predict closure or transference of ownership, compared to 11 per cent of non-exporters.

Retirement is the main reason to close a business (just over a third of those intending to close their business). The other main reason is lack of work or sales (a quarter of those intending to close).

Part 3: Access to Finance

Access to Finance

Forty-nine per cent of SME employers claim that external finance is important to their business (25 per cent very important). These proportions have not changed significantly in any of the Barometers, although the proportion claiming external finance is not important has decreased significantly from 36 to 29 per cent since December 2009).

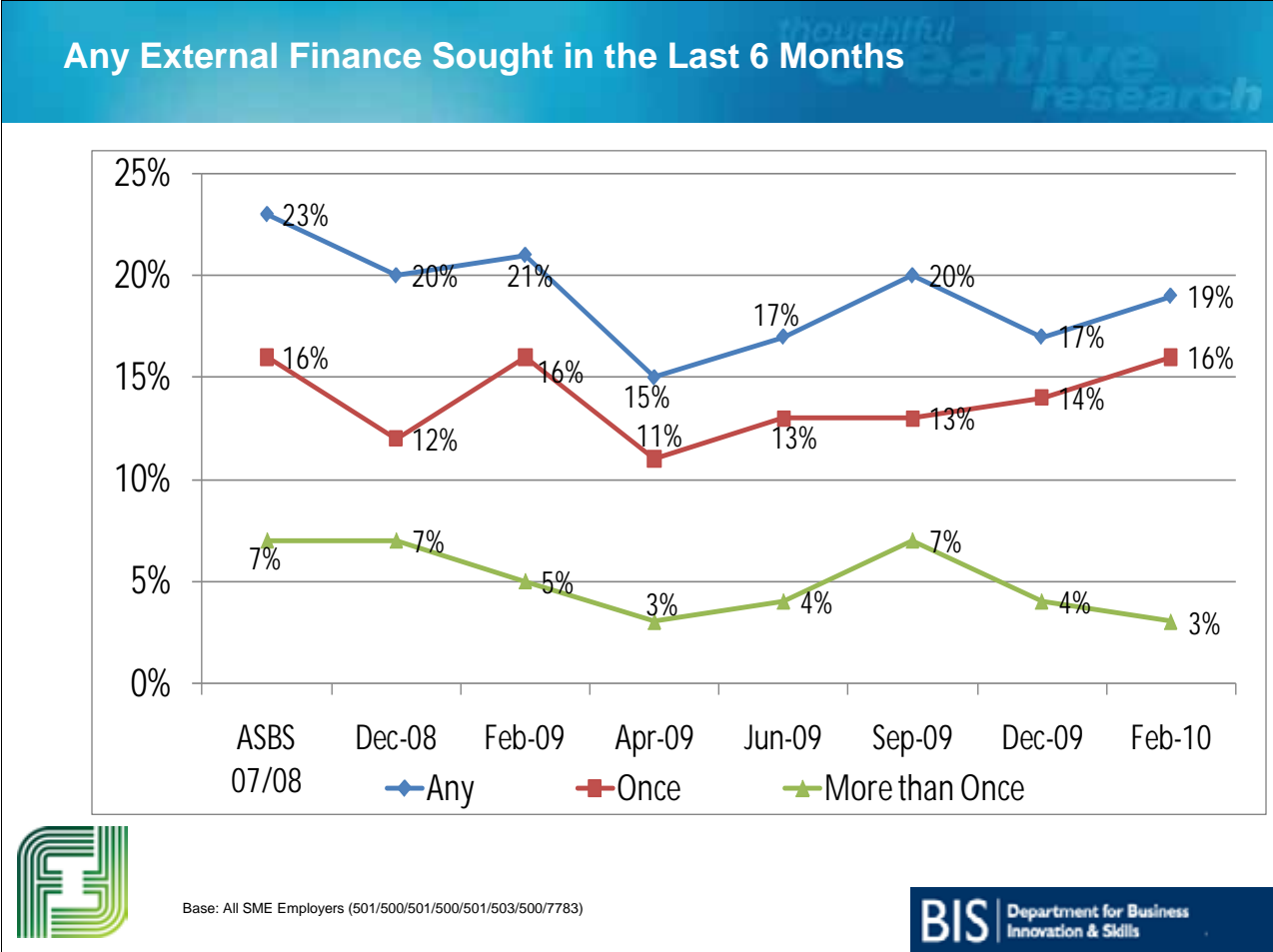
Table 22: Importance of External Finance							
	February 2009	December 2009	September 2009	June 2009	April 2009	February 2009	December 2008
Base = All SME employers	n=501	n=500	n=501	n=500	n=501	n=503	n=500
	%	%	%	%	%	%	%
Very important	25	24	27	24	23	29	22
Fairly important	24	21	22	22	20	20	26
Not very important	22	18	16	20	23	22	19
Not at all important	29	36	32	32	30	27	31
Don't know	*	1	3	2	3	1	2
TOTAL IMPORTANT	49	45	49	47	43	50	48
TOTAL NOT IMPORTANT	51	54	48	51	53	49	50
Figures in bold are statistically significant changes at the 95% confidence level between December 09 and February 10 Barometers							

External finance is most important to those in the TRAD sector (56 per cent claim it is important), and least important to those in construction (34 per cent).

External Finance Sought in the Last 6 Months

Nineteen per cent of SME employers have sought external finance in the last 6 months. Sixteen per cent sought it only once, and 3 per cent more than once.

Chart 7: External Finance Sought in the Last 6 Months



There is no significant increase in the proportion seeking finance between December 09 and February 10. However, the trend for seeking finance only once seems to be increasing, with a significant rise in this proportion between the April 09 and February 10 Barometers.

The construction sector is the least likely to have sought finance in the last 6 months – only 7 per cent did so.

Reasons for Seeking Finance

Finance is most likely sought to gain working capital or to help cashflow (59 per cent in December), a significant increase on both the December and February 09 surveys. Compared to December, fewer SME employers sought finance to improve buildings.

Table 23: Reasons for Seeking Finance

	Feb 2010	Dec 2009	Sept 2009	June 2009	April 2009	Feb 2009	Dec 2008	ASBS 07/08
Base = All who tried to obtain finance in the last 6 months ⁶	n=121	n=105	n=121	n=109	n=109	n=144	n=98	n=2247
	%	%	%	%	%	%	%	%
Working capital, cashflow	59	36	49	46	52	41	45	43
Acquiring equipment or vehicles	28	31	18	16	25	26	25	27
Buying land/buildings	6	7	7	6	11	9	10	10
Improving buildings	4	13	8	11	4	2	2	8
Figures in bold are statistically significant changes at the 95% confidence level between December 09 and February 10 Barometers								

Those seeking finance in the transport, retail and distribution sector are more likely than average to need it for working capital or cashflow (72 per cent).

⁶ ASBS 07/08 = seeking finance in the last 12 months.

Types of Finance Sought

A bank loan is again the type of finance most likely to be sought (by 46 per cent of those seeking finance, a significant increase on the 31 per cent seen in December 09), followed by a bank overdraft (33 per cent).

There was high demand for leasing and HP in December 09, but the proportion seeking these has since declined to levels seen in previous Barometers.

In the February 10 Barometer there were significant increases in the proportions seeking mortgages, loans from family and friends and factoring.

Thirteen per cent of those who sought bank finance say that their bank discussed whether a loan backed by a Government guarantee was suitable for them.

	Feb. 2010	Dec. 2009	Sept. 2009	June 2009	April 2009	Feb. 2009	Dec. 2008	ASBS 07/08
Base = All who tried to obtain finance in the last 6 months ⁷	n=121	n=105	n=121	n=109	n=109	n=144	n=98	n=2247
	%	%	%	%	%	%	%	%
Bank Loan	46	31	43	40	40	38	22	44
Bank Overdraft	33	24	34	27	19	35	32	26
Mortgage for Property Purchase or Improvement	11	3	3	12	2	7	11	7
Leasing or Hire Purchase	10	28	14	11	18	16	12	10
Loans from Family/Friends etc.	6	0	2	2	*	1	6	1
Factoring	4	*	1	1	4	1	1	1
Grant	2	2	2	10	1	4	5	7
Credit Card Finance	2	0	0	2	*	2	3	1
Equity Investment	*	1	*	1	8	2	2	2
Government Guaranteed Loan/VAT Fund	*	1	0	3	6	N/A	N/A	N/A
Loan from a CDFI	0	0	0	0	0	0	1	2
Figures in bold are statistically significant changes at the 95% confidence level between December 09 and February 10 Barometers								
* = a figure which is more than 0%, but less than 0.5%								

The types of finance that were sought according to sector is shown in the table below. Primary/manufacturing is more likely than average to seek leasing or HP, and construction and the service sector are more likely than average to seek bank loans. Compared to December 09 the increase in demand for bank loans among these sectors is significantly higher, with lower demand in primary/manufacturing for bank loans also being significant.

⁷ ASBS 07/08 = seeking finance in the last 12 months.

Table 25: Types of Finance Sought – By Sector					
Base = all who have tried to obtain finance in the last 6 months	All	Primary/ Manu	Construction	TRAD	Services
February 2010	121	33	10	43	35
	%	%	%	%	%
Bank Loan	46	4	87	38	59
Bank Overdraft	33	44	2	36	31
Leasing or Hire Purchase	10	34	10	7	7
December 2009	105	29	14	32	30
	%	%	%	%	%
Bank Loan	31	53	26	28	28
Bank Overdraft	24	4	18	34	22
Leasing or Hire Purchase	28	30	38	20	32
September 2009	121	39	14	36	32
	%	%	%	%	%
Bank Loan	43	37	19	50	44
Bank Overdraft	34	21	27	46	26
Leasing or Hire Purchase	14	31	26	8	10
June 2009	109	34	9	33	33
	%	%	%	%	%
Bank Loan	40	27	64	40	39
Bank Overdraft	27	36	62	30	14
Mortgage for Property Purchase or Improvement	12	13	0	6	20
Leasing or Hire Purchase	11	9	2	18	8
Grant	10	6	0	6	19
April 2009	109	32	11	27	39
	%	%	%	%	%
Bank Loan	40	41	10	58	33
Bank Overdraft	19	26	19	15	19
Leasing or Hire Purchase	18	16	35	27	10
Equity Investment	8	0	0	0	16
Government Guaranteed Loan/VAT Fund	6	11	29	0	4
February 2009	144	42	11	38	53
	%	%	%	%	%
Bank Loan	38	39	38	38	36
Bank Overdraft	35	56	26	43	22
Leasing or Hire Purchase	16	6	17	9	25
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

Difficulties in Obtaining Finance

Thirty per cent of those who sought finance were unable to get any at all from the first source they approached. A further 6 per cent obtained some, but not all, of the finance they required, and 2 per cent only obtained finance with some problems (a significant decrease on the December proportion). Thirty-eight per cent reported having any difficulties at all – a similar result to that seen in December 09.

Table 26: Whether Any Difficulty Obtaining Finance from the First Source Approached - Trends

	Feb. 2010	Dec. 2009	Sept. 2009	June 2009	April 2009	Feb. 2009	Dec. 2008	ASBS 07/08
Base = All who tried to obtain finance in the last 6 months ⁸	n=121	n=105	n=121	n=109	n=109	n=144	n=98	n=2247
	%	%	%	%	%	%	%	%
Yes – unable to obtain any finance	30	20	42	33	41	35	33	14
Yes – obtained some, but not all of the finance	6	4	2	5	2	5	7	4
Yes – obtained all of the finance required but with some problem	2	12	13	5	8	4	11	7
No – had no difficulty obtaining finance	53	52	40	51	42	51	46	73
Don't know	8	12	3	5	8	5	2	1
ANY DIFFICULTIES	38	35	57	44	50	44	52	26
Figures in bold are statistically significant changes at the 95% confidence level between December 09 and February 10 Barometers								

Difficulties were most evident in the construction sector: 81 per cent of those that applied having some form of difficulty, although this was mainly not getting all the finance they needed. The TRAD sector was also likely to experience difficulties (65 per cent), with the vast majority of these being unable to obtain any finance. The service sector (16 per cent) and primary/manufacturing (19 per cent) were less likely than average to experience difficulties. There were no differences according to the size of business.

Bank loans (41 per cent) and overdrafts (42 per cent) were the types of finance where difficulties were most likely to be encountered. The main reasons for being turned down or not getting all the finance they wanted were insufficient security (11 per cent), and a poor credit history (15 per cent).

Of those turned down for finance by the first source they approached, only 29 per cent went on to get this finance – half of them from internal sources.

⁸ ASBS 07/08 = seeking finance in the last 12 months.

Reasons for Not Applying for Finance

Eighty-two per cent of those that did not apply for finance report they did not need it – a similar proportion to those seen in previous Barometers. Eight per cent did not want to take on additional risk, a significant 5 per cent increase on the December 09 survey. Four per cent thought they would be rejected and 2 per cent thought it would be too expensive.

Table 27: Reasons For Not Having Applied for Finance in the Last 6 Months					
Base = all who have not applied for finance in the last 6 months	All	Primary/ Manu	Construct- ion	TRAD	Services
February 2010	380	109	56	105	110
	%	%	%	%	%
Did not need it	82	82	88	82	80
Didn't want to take on additional risk	8	8	5	10	8
Thought they would be rejected	4	4	2	3	4
Thought it would be too expensive	2	2	1	1	4
Other	4	4	6	5	5
December 2009	395	101	55	104	135
	%	%	%	%	%
Did not need it	83	88	75	83	85
Thought they would be rejected	6	4	5	11	4
Thought it would be too expensive	4	*	6	6	6
Didn't want to take on additional risk	3	3	3	2	3
Other	5	3	10	5	3
September 2009	380	93	58	107	122
	%	%	%	%	%
Did not need it	86	92	87	79	89
Thought they would be rejected	5	*	4	12	3
Didn't want to take on additional risk	3	4	3	7	1
Thought it would be too expensive	3	4	7	2	2
Other	2	0	3	*	3
December 2008	365	90	43	102	130
	%	%	%	%	%
Did not need it	81	88	92	69	86
Didn't want to take on additional risk	8	6	7	14	4
Thought it would be too expensive	4	5	1	4	4
Thought they would be rejected	2	3	0	3	2
Other	5	*	0	9	4

Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research.
* = a figure larger than zero but less than 0.5%

Those in the transport, retail and distribution sector are more likely than average to think they will be rejected for finance, those in the construction sector most likely to think finance too expensive.

Existing Bank Lending - Overdrafts

Fifty two per cent of SME employers have had an overdraft facility at some point in the last 6 months – a similar percentage as in previous Barometers. This proportion did not vary by size or sector.

Changes to the terms and conditions on their overdrafts in the last 6 months were as follows:

Table 28: Changes to Terms and Conditions on Overdrafts in the Last 6 Months							
	Feb. 2010	Dec. 2009	Sept. 2009	June 2009	April 2009	Feb. 2009	Dec. 2008
Base = All who have had an overdraft facility in the last 6 months	n=271	n=298	n=282	n=300	n=300	n=326	n=310
	%	%	%	%	%	%	%
Bank put up overdraft fees or interest rates	28	23	36	27	30	23	30
Bank required more security	8	13	19	N/A	N/A	N/A	N/A
Bank reduced overdraft limit	8	13	10	9	10	10	8
Bank cancelled existing overdraft facility	2	3	3	4	4	5	1
Bank extended overdraft limit	15	15	18	14	21	17	20
Bank reduced overdraft fees or interest rates	3	7	10	12	12	14	9
Bank relaxed security requirements	2	*	3	N/A	N/A	N/A	N/A
No change	47	48	37	46	44	47	52
Don't know	5	3	5	5	4	6	2
Figures in bold are statistically significant changes at the 95% confidence level between December 09 and February 10 Barometers							

Twenty-eight per cent of those with overdrafts claim the bank had put up their overdraft fees or interest rates in the previous six months – a similar proportion to the December 2009 Barometer.

Three per cent report that their bank reduced overdraft fees or interest rates. This figure is significantly lower than the equivalent in December 09.

Changes to terms and conditions are more likely to be experienced by larger SMEs. Sixty-five per cent of medium sized businesses experienced changes, compared to 61 per cent of small businesses and 54 per cent of micros.

Twenty-three per cent of those with overdraft facilities managed to exceed their limit on at least one occasion. This finding is consistent with that seen in previous Barometers.

Existing Bank Lending - Loans

Nineteen per cent of SME employers have had a bank loan in the last 6 months (with the loan outstanding). This is a five percent significant increase on the December 09 figure, but only puts loan holding back to the level seen in September, suggesting that the December figure was a blip.

Only 4 per cent of those in the construction sector had a loan. Perhaps surprisingly, only 9 per cent of exporters had a loan, compared to 22 per cent of non exporters.

Table 29: Changes to Terms and Conditions on Bank Loans in the Last 6 Months

	Feb. 2010	Dec. 2009	Sept. 2009	June 2009	April 2009	Feb. 2009	Dec. 2008
Base = All who have had bank loans in the last 6 months	n=118	n=110	n=109	n=114	n=121	n=129	n=129
	%	%	%	%	%	%	%
Interest rates increased on variable loan	13	4	3	17	10	12	12
Bank asked for more security	6	16	8	4	12	7	7
Bank renegotiated terms of existing loan less favourably for borrower	4	14	7	11	11	4	4
Bank cancelled existing loan	*	2	1	0	*	*	*
Interest rates decreased on variable loan	15	15	38	39	38	20	20
Bank renegotiated terms of existing loan more favourably for borrower	2	5	9	1	8	5	5
Any other changes	2	3	2	4	4	6	6
No changes	65	54	49	42	41	53	53
Don't know	6	9	2	7	4	4	4
* = a figure larger than zero but less than 0.5%							
Figures in bold are statistically significant changes at the 95% confidence level between December 09 and February 10 Barometers							

Two thirds (65 per cent) of those with loans experienced no changes to the terms and conditions in the last 6 months. Although this is an increase on the December and February 09 Barometers, the difference is not quite statistically significant.

Compared to the December 09 Barometer there was a reduction in the proportion claiming the bank renegotiated terms of the existing loan less favourably (from 14 to 4 per cent), and a reduction in instances of the bank asking for more security (from 16 to 6 per cent). There was, however, an increase in the proportion who claimed interest rates on variable loans had increased (from 4 to 13 per cent). The increase in interest rates was most likely to have been experienced in the TRAD sector (27 per cent of those with loans). Medium sized businesses were most likely to be asked for more security (24 per cent), and to receive worse terms and conditions than previously (24 per cent).

Relationship with Bank

Most SME employers continue to report that they have a good relationship with their bank. Twenty-nine per cent report that the relationship is very good, with a further 35 per cent saying it is fairly good – similar figures to those seen in previous Barometers.

Table 30: Relationship with Bank							
	Feb. 2010	Dec. 2009	Sept. 2009	June 2009	April 2009	Feb. 2009	Dec. 2008
Base = All SME employees	n=501	n=500	n=501	n=500	n=501	n=503	n=500
	%	%	%	%	%	%	%
Very good	29	30	31	30	33	37	37
Fairly good	35	31	31	32	38	30	34
Neither good nor poor	23	21	19	19	17	17	19
Fairly poor	9	9	11	10	5	10	5
Very poor	4	7	7	6	6	5	4
TOTAL GOOD	64	61	61	62	71	67	70
TOTAL POOR	13	16	18	17	12	15	9

Figures in bold are statistically significant changes at the 95% confidence level between December 09 and February 10 Barometers

More micro businesses tend to report a poor relationship with their bank (only 62 per cent consider it a good relationship), than small (71 per cent good) or medium-sized (70 per cent good) businesses. The construction sector is less likely than others to report a good relationship (48 per cent).

Factoring

Four per cent of those businesses that offer credit to their customers factor their invoices – a similar figure to that seen in previous Barometers. Factoring is most likely to occur among medium sized businesses (13 per cent of those offering credit).

Four per cent of those factoring think it is easier to obtain factor finance than it was 6 months ago, with 16 per cent thinking it is harder. This decline on the 48 per cent saying getting factor finance in December 09 is statistically significant.

Eight per cent say the cost of factoring has increased in the last six months. Compared to the 40 per cent saying this in December 09, this is another significant decrease.

Trade Credit Insurance

Four per cent of SME employers that offer credit to customers have trade credit insurance, with a further one per cent having had it the last year – exactly the same proportion seen in the December 09 Barometer.

Eighteen per cent of medium-sized businesses that offer credit have had trade credit insurance in the last year, compared to 6 per cent of small and 3 per cent of micro businesses – again, very similar results to the December 09 Barometer.

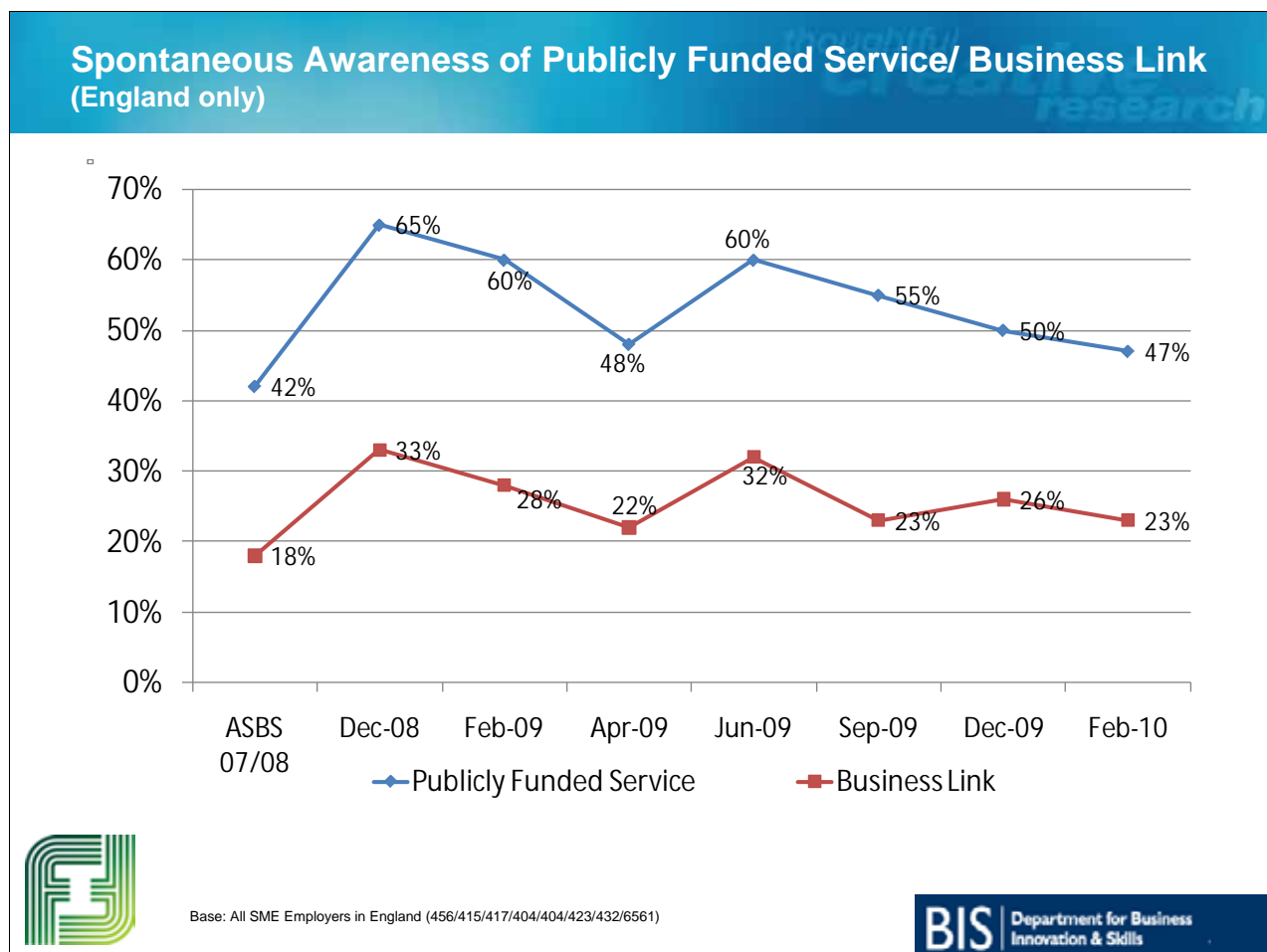
Fifty-one per cent of those that currently have credit insurance or have had it in the last year reported problems in the last 6 months. This is up significantly from 23 per cent in December 09. The problems encountered concerned reduced limits, withdrawal of cover, fewer clients being covered by TCI, and rejection of claims.

Part 4: Real Help for SME Businesses

Awareness of Business Link

Forty-seven per cent of SME employers in England are aware of 'a publicly funded service providing access to information and advice for businesses, including a national network of local operators'.

Chart 8: Spontaneous Awareness of Publicly Funded Service/Business Link



Twenty-three per cent can name this organisation spontaneously as Business Link. Levels of awareness, which peaked in December 2008, are slowly decreasing back to those seen in the 07/08 ASBS.

Awareness of the publicly funded service does not vary by sector, but micro businesses are less likely to be aware than small and medium sized ones (45 per cent of micros spontaneously aware, compared to 55 per cent of small and mediums).

There is higher awareness of Business Link in the service sector (30 per cent), and lower awareness in TRAD (16 per cent). Compared to December 09 awareness in the construction sector has increased (from 34 to 54 per cent). Compared to

Table 31: Spontaneous Awareness of Business Link – Trends by Sector					
Base = all SME employers in England	All	Primary/ Manu	Construct- ion	TRAD	Services
February 2010.	456	131	59	129	137
	%	%	%	%	%
Feb. 2010 – Aware of Publicly Funded Service	47	47	54	43	48
February 2010 – Aware of BL	23	24	19	16	30
December 2009.	415	110	55	110	140
	%	%	%	%	%
Dec. 2009 – Aware of Publicly Funded Service	50	58	34	48	54
Dec. 2009 – Aware of BL	26	36	9	18	33
September 2009.	417	117	52	111	137
	%	%	%	%	%
Sept. 2009 – Aware of Publicly Funded Service	55	61	47	44	63
September 2009 – Aware of BL	23	22	18	20	28
June 2009.	404	108	47	111	138
	%	%	%	%	%
June 2009 – Aware of Publicly Funded Service	60	66	57	47	68
June 2009 – Aware of BL	32	40	20	20	42
April 2009.	404	133	51	99	121
	%	%	%	%	%
April 2009 – Aware of Publicly Funded Service	48	61	48	44	47
April 2009 – Aware of BL	22	29	13	21	24
February 2009.	423	97	52	123	151
	%	%	%	%	%
Feb. 2009 – Aware of Publicly Funded Service	60	60	58	51	68
February 2009 – Aware of BL	28	29	20	24	33
December 2008.	432	111	53	109	159
	%	%	%	%	%
Dec. 2008 – Aware of Publicly Funded Service	65	57	48	68	71
Dec. 2008 – Aware of BL	33	29	10	41	36
ASBS 07/08.	6561	1278	633	2467	2183
	%	%	%	%	%
ASBS 07/08 – Aware of Publicly Funded Service	42	44	34	40	46
ASBS 07/08 – Aware of BL	18	18	11	15	23
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

Business Link 'Health Checks'

Seventy per cent of all SME employers in England are aware that Business Link provides free business health checks⁹, a similar proportion as that seen in previous Barometers. Awareness levels have increased in the service sector since December 09, but only to the levels seen in the September Barometer.

Table 32: Awareness and Usage of Business Link Health Checks – Trends By Sector					
Base = all SME employers in England	All	Primary/ Manu	Construct- ion	TRAD	Services
February 2010.	456	131	59	129	137
	%	%	%	%	%
Feb. 2010 – Aware	70	77	80	63	71
Feb. 2010 – Used	13	23	19	10	10
December 2009.	415	110	55	110	140
	%	%	%	%	%
December 2009 – Aware	64	83	64	62	58
December 2009 – Used	15	29	19	15	7
September 2009.	417	117	52	111	137
	%	%	%	%	%
September 2009 – Aware	65	70	63	54	71
September 2009 – Used	19	21	15	14	22
June 2009.	404	108	47	111	138
	%	%	%	%	%
June 2009 – Aware	61	63	72	50	65
June 2009 – Used	15	20	14	16	13
April 2009.	404	133	51	99	121
	%	%	%	%	%
April 2009 – Aware	60	80	52	54	60
April 2009 – Used	10	23	8	5	9
February 2009.	423	97	52	123	151
	%	%	%	%	%
Feb. 2009 – Aware	66	59	88	56	71
Feb. 2009 – Used	13	15	12	11	14
December 2008.	432	111	53	109	159
	%	%	%	%	%
Dec. 2008 – Aware	61	63	54	60	63
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

Thirteen per cent of SME employers claim they have had a Business Link Health Check, a similar figure to that seen in the December Barometer. Primary/manufacturing is significantly more likely to have had a Health Check.

⁹ This question was asked after prompting the name 'Business Link', hence the figure is higher than for spontaneous awareness of Business Link

Of those that had a Health Check, 56 per cent were satisfied (14 per cent very satisfied), and 29 per cent were dissatisfied. Satisfaction has decreased since the December 09 survey, but only back to the levels seen in September. However, dissatisfaction has increased significantly from 13 to 29 per cent – the highest level of dissatisfaction encountered in the Barometer series. Dissatisfaction was largely contained to micro businesses (34 per cent, compared to 9 per cent of small and mediums).

Table 33: Satisfaction with Information Received as a Result of the Health Check

	February 2010	December 2009	September 2009	June 2009	April 2009	February 2009
Base = All in England who had a free Health Check	n=84	n=65	n=80	n=62	n=71	n=64
	%	%	%	%	%	%
Very satisfied	14	32	29	33	31	28
Fairly satisfied	42	48	25	41	17	33
Neither satisfied nor dissatisfied	9	7	22	7	19	22
Fairly dissatisfied	6	9	7	11	12	9
Very dissatisfied	23	4	12	*	8	8
Don't know	6	*	5	7	13	0
TOTAL SATISFIED	56	80	54	74	48	61
TOTAL DISSATISFIED	29	13	19	12	20	17
Figures in bold are statistically significant changes at the 95% confidence level between December 09 and February 10 Barometers						

HMRC

Sixteen per cent of SME employers in the UK have made use of HMRC's Business Payment Support Service – an insignificant 4 percentage point decrease on the December 09 figure, and similar to the September figure.

Of those who had contacted the tax office, 86 per cent found HMRC's response helpful, 61 per cent considered it reasonable and 41 per cent sensitive. These ratings are not significantly better than those seen in December 09, but are significantly better than those ratings given in February 09.

Table 34: View of HMRC's Service

	Feb. 2010	Dec. 2009	Sept. 2009	June 2009	April 2009	Feb. 2009	Dec. 2008
Base = All who contacted the tax office during the last 12 months to discuss a payment plan for outstanding tax	n=90	n=98	n=77	n=81	n=71	n=98	n=66
	%	%	%	%	%	%	%
Helpful	86	80	65	84	41	55	37
Reasonable	61	49	47	55	62	44	27
Sensitive	41	34	26	50	19	18	6
None of these	2	5	7	3	10	15	34
Don't know	4	*	*	4	2	9	6
Figures in bold are statistically significant changes at the 95% confidence level between December 09 and February 10 Barometers							

Real Help for Businesses Now

Fifty-nine per cent of SME employers are aware that the Government has announced a number of measures to help businesses through the economic downturn – a similar figure to that seen in December 09, although significantly lower than the awareness level seen in February 09.

Table 35: Awareness of 'Real Help for Businesses Now' – by Sector					
Base=all SME employers	All	Primary/ Manu	Construct- ion	TRAD	Services
February 2010	n=501	n=142	n=66	n=148	n=145
	%	%	%	%	%
Aware of Government measures	59	54	57	58	63
Aware that package is called 'Real Help for Businesses Now'	13	18	22	7	14
December 2009	n=500	n=130	n=69	n=136	n=165
	%	%	%	%	%
Aware of Government measures	62	68	53	57	67
Aware that package is called 'Real Help for Businesses Now'	17	17	20	19	15
September 2009	n=501	n=132	n=72	n=143	n=154
	%	%	%	%	%
Aware of Government measures	65	65	56	59	73
Aware that package is called 'Real Help for Businesses Now'	15	15	12	11	21
June 2009	n=500	n=130	n=60	n=148	n=162
	%	%	%	%	%
Aware of Government measures	70	66	71	66	73
Aware that package is called 'Real Help for Businesses Now'	16	16	18	16	15
April 2009	n=501	n=157	n=62	n=136	n=146
	%	%	%	%	%
Aware of Government measures	71	80	74	58	77
Aware that package is called 'Real Help for Businesses Now'	21	12	17	22	25
February 2009	n=503	n=111	n=61	n=145	n=186
	%	%	%	%	%
Aware of Government measures	78	82	79	69	84
Aware that package is called 'Real Help for Businesses Now'	24	14	19	24	29
Figures in bold are statistically significant for that sector against the total.					

The decline in awareness compared with February 09 is evident in all sectors. Between December 09 and February 10 the decline in awareness among primary/manufacturing is significant.

When prompted, 13 per cent claimed they knew the package of measures was called 'Real Help for Businesses Now' – a similar proportion to that seen in December, but again significantly lower than that seen in February 09. This is especially the case among the service sector. Only 7 per cent of the TRAD sector was aware of RHFBN in February 10, a significant decrease on awareness levels in December 09.

Nineteen per cent have seen advertising which encourages businesses to find out more about the help available to them – four points lower than in December, but not a significant decrease.

SME employers were asked whether they were aware of various Government measures, and then whether their business had used them, benefited or accessed the help from any of them.

Table 36: Awareness and Usage of Real Help for Businesses Now Services/Measures												
	Feb. 2010		Dec. 2009		Sept. 2009		June 2009		April 2009		Feb. 2009	
	Aware	Used	Aware	Used	Aware	Used	Aware	Used	Aware	Used	Aware	Used
Base = All SME employers	n=501		n=500		n=501		n=500		n=501		n=503	
			%	%	%	%	%	%	%	%	%	%
Business Health Check ¹⁰	69	12	65	13	61	16	54	12	51	8	55	11
Train to Gain (g)	50	5	54	6	49	4	57	7	48	5	52	5
HMRC Support Service	37	16	48	20	41	15	45	13	42	11	N/A	16
Prompt Payment Business Code	33	0	31	0	30	1	35	*	35	1	28	0
Government Guaranteed Loan from Bank	27	1	27	2	25	2	40	1	36	3	40	1
Payment by Government within 10 Days	25	*	22	1	21	1	28	*	29	1	20	1
Help with Managing Cashflow	14	1	20	1	13	*	18	*	16	*	18	1
RHFBN Website	12	*	22	*	11	*	15	*	19	*	15	1
Capital for Investment Fund	9	*	11	1	11	*	16	*	15	*	13	0
Trade Credit Insurance Top-Up Scheme	7	*	15	*	11	*	N/A	N/A	N/A	N/A	N/A	N/A
None of these	22	76	15	74	20	70	13	71	15	75	14	70

Figures in bold are statistically significant changes at the 95% confidence level between December 09 and February 10 Barometers

¹⁰ Figures here are for all in the UK. The previous figure in Table 33 was for all in England.

The proportion that have not heard of any of the measures has increased from 15 per cent in December 09 to 22 per cent, a significant rise. Awareness levels decreased most for the HMRC Support Service (from 48 to 37 per cent awareness), the RHFBN website (from 22 to 12 per cent), Help with Managing Cashflow (from 20 to 14 per cent), and the Trade Credit Insurance Top Up Scheme (from 15 to 7 per cent).

Compared with February 09 awareness of the Government Guaranteed Loan has also significantly declined. However, awareness of the Business Link Health Check has actually increased in this time period from 55 to 69 per cent.

The Business Link Health Check is the measure most likely to have been heard of in the UK, despite only being available in England. This is followed by Train to Gain, which 54 per cent of SME employers are aware of, and the HMRC Support Service (48 per cent).

Least aware of any of the measures is the TRAD sector where 28 per cent had heard of none of them. Primary/manufacturing was the most likely to have heard of the measures – only 15 per cent having heard of none of them.

Twenty-three per cent had used or benefitted from any of the measures, a similar proportion to other Barometers. Mostly it was the HMRC (16 per cent) and Business Link health Check (12 per cent) that had been used, with 5 per cent having accessed Train to Gain support. The primary/manufacturing sector was most likely to have made use of any service (34 per cent), and TRAD the least likely (17 per cent).

Technical Appendix

A sample of SME employers was drawn from those who had taken part in the 2007/08 and 2006/07 ASBS survey and who were willing to be recontacted:

- Those that had been interviewed in the December 2008, February, April, June, September and December 2009 Business Barometers were excluded
- Only those with employees were sampled
- Those who had applied for finance in the 12 months preceding the 2006-08 interview were oversampled so that they represented 40 per cent of the sample
- The sample was drawn in the correct regional proportion (the ASBS's contained regional boosts)
- Larger SMEs were oversampled (10-49 employees, 50-249 employees)

Quotas were imposed on size of business (according to number of employees), broad sector (primary/manufacturing; construction; transport, retail and distribution; service), and whether finance had been sought in the ASBS's. The data were weighted at the analysis stage to correct this sampling bias and make the survey representative of all SME employers (based on 2007 SME statistics, published by the Enterprise Directorate).

	Unweighted		Weighted	
	n=	%	n=	%
1-9 employees	211	42	419	84
10-49 employees	181	36	71	14
50-249 employees	109	22	11	2
Primary/manufacturing	142	28	73	15
Construction	66	13	60	12
Transport, retail and distribution	148	30	168	34
Services	145	29	200	40
Sought finance in the previous 12 months (in 06/07)	201	40	115	23
Did not	300	60	386	77
Total	501	100	501	100

501 interviews were conducted between the 30th November and 10th December 2009 using Computer Assisted Telephone Interviewing (CATI).

Figures reported on in this report are statistically significant at the 95 per cent confidence limit, unless stated otherwise. No design factor has been applied to the calculations. Where a change occurs for figures based on sample sizes of less than 10 respondents, this is not reported as significant.

ⁱ This depends on the percentage where the finding is at. A change of 3.7 per cent is required for findings around 10 or 90 per cent; a change of 5.7 per cent for findings around 30 or 70 per cent; and a change of 6.2 per cent for findings around 50 per cent. Throughout the report, changes are described as statistically significant or not. Significance testing has been done at the 95% confidence level.

Where a change occurs for figures based on sample sizes of less than 10 respondents, this is not reported as significant.