

**ENGLISH BUSINESS SURVEY – MARCH 2012**31<sup>st</sup> May 2012**Introduction****Period:***March 2012***Coverage:***England; Regions***Frequency:***Monthly***Status:***Experimental Official  
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London***Lead Statistician:***Heather Holt**Tel: 020 7215 5103**Email:**[ebssurvey@bis.gsi.gov.uk](mailto:ebssurvey@bis.gsi.gov.uk)***Next update:***26<sup>th</sup> June 2012**URN 12/P139D*

This statistical release is the fourth in a series of monthly publications based on data from the English Business Survey (EBS). The data in the publication refers to conditions in March 2012. Until we have a longer data series to better understand the survey findings, it is advised that results are not compared across months; each month of data should be taken as a snapshot in time. Even within the snapshot of monthly data seasonal patterns may be present and results should be interpreted with this in mind (see Background note on Comparability).

The EBS is a workplace survey so characteristics (e.g. region, employment size and industry) relate to the workplace rather than the enterprise.<sup>1</sup> Regional results are discussed in this Statistical Release, with supporting tables, including results by workplace employment size and broad industry, available from the EBS page of the BIS website <http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebssurvey>.

Results are weighted to take account of workplace employment size, so workplaces with higher employment are given a larger weight. This is a way of measuring a workplace's contribution to the economy. Doing this provides a view of conditions of the economy as a whole. When reading results in the tables, a national estimate of 10% for example should be interpreted as workplaces accounting for 10% of employment in England giving that response, rather than 10% of workplaces in England giving that response.

While every care has been taken to produce reliable statistics, this survey is still in its infancy and full quality assurance of the data is not yet possible. Until this fuller quality assurance is possible estimates from the survey have been designated as *Experimental Official Statistics*, meaning results may be subject to revision if improvements in methodology are identified. All revisions would be pre-announced. Results should be used with this in mind.

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<sup>1</sup> A business can be a single workplace, or a workplace that belongs to a larger enterprise, for example a local store of a larger retail chain.

## Summary

- In England more workplaces, weighted by employment, reported higher rather than lower **output** in March 2012 compared with December 2011. All regions reported positive balances but there was a degree of variation, between 6% and 16%. The annual comparison also shows a higher share of workplaces, weighted by employment, reporting that output was higher rather than lower in March 2012 compared with March 2011. Again, all regions saw positive balances but there was substantial variation across the regions.
- Looking ahead, the balance of **expectations for output** in June 2012 compared with March 2012 is positive across all regions, ranging from 18% to 36%. Despite relatively low backward-looking balance statistics for output, the North East had one of the highest expected balance statistics for future output.
- Around two-thirds of workplaces, weighted by employment, did not report changes in **employment** in March 2012 compared with December 2011. Of those that reported a change, slightly more workplaces reported lower employment rather than higher. Negative balances were seen across most regions, with London seeing the largest negative balance.
- Looking ahead to June 2012, the majority of workplaces, weighted by employment, have neutral **employment expectations** (i.e. expect no change). Of those expecting a change more workplaces, weighted by employment, expect higher employment in June 2012 compared with March 2012, with positive balances across all regions.
- Workplaces accounting for 29% of employment in England made new **capital investment** in the period January to March 2012, with a similar proportion (27%) intending to invest in the period April to June 2012. The North West reported consistently weak investment intentions (both backward and forward-looking), while London was particularly strong for investment over the last 3 months.
- The majority of workplaces, weighted by employment, reported that **labour costs** were unchanged in March 2012 compared with December 2011, which was reflected across all regions. Of those reporting changes, a higher share of workplaces, weighted by employment, reported an increase rather than a decrease in labour costs. Looking forwards, the majority of workplaces, weighted by employment do not expect labour costs to change in June 2012 compared with March 2012. However, of those expecting a change, more workplaces, weighted by employment, expect labour costs to be higher. Again, this was consistent across all regions.
- Across all regions, the majority of workplaces weighted by employment reported that **output prices** were unchanged in March 2012 compared

with December 2011. Looking forwards, again the majority of workplaces, weighted by employment, expect output prices to be the same in June 2012 as in March 2012. However, of those expecting a change, a higher percentage of workplaces, weighted by employment, expect output prices to be higher.

## **Output/Business activity and Stocks**

### Output/Business activity

Workplaces accounting for around a third of employment in England (33%) reported that output was the same in March 2012 as in December 2011. Of those reporting a change, workplaces accounting for 38% of employment in England reported higher output over this period, while 26% reported lower output (Chart 1 and Table 1)<sup>2</sup>, giving a positive balance of 13%.

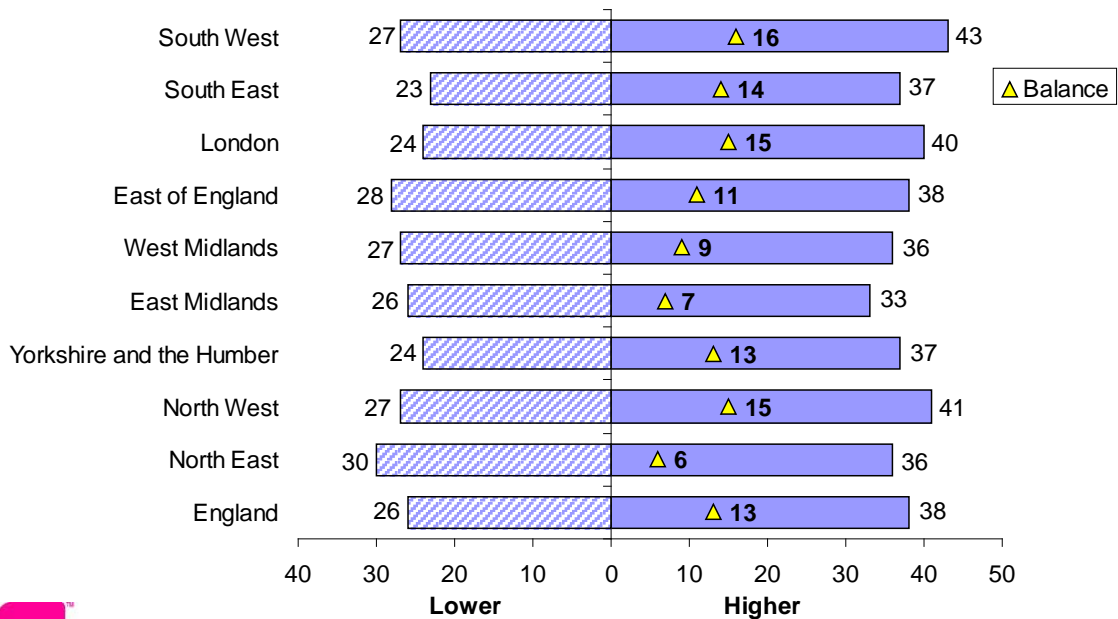
Across all regions workplaces, when weighted by employment, reported that output was higher in March 2012 than in December 2011. This resulted in positive balance statistics across all regions, ranging from 6% in the North East to 16% in the South West.

The lowest output balance seen in the North East was driven both by a below-average share of workplaces, weighted by employment, reporting higher output and an above-average share of workplaces reporting lower output. In contrast, the most positive balance for the South West was driven by a significantly lower share of workplace employment reporting output as the same, compared with the England average.

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<sup>2</sup> Responses across all categories (i.e. Higher, The same, Lower and Don't Know) sum to 100%. Workplaces accounting for 33% of employment reported that output had not changed in March 2012 compared with December 2011, with only 3% reporting don't know.

**Chart 1: Level of output/business activity in March 2012 compared with December 2011, by region**



Notes:

1. Workplaces were asked about the level of output in March 2012 compared with December 2011.
2. Results are weighted to be representative of total employment in England, not workplaces. Results should be interpreted as workplaces accounting for x% of employment said...
3. Survey results sum to 100%=Higher%+The same%+Lower%+Don't know% (only a small share of total).
4. The Lower and Higher scores range from 0% to 100%.

Looking ahead, workplaces accounting for 42% of employment in England expect output to be higher in June 2012 than in March 2012. In comparison, 14% expected output to be lower, giving a positive balance of 27%. Workplaces in London were relatively optimistic compared with other regions, with a balance of 36%. In contrast, workplaces in the East Midlands and North West were comparatively pessimistic, reporting balance statistics of 18% and 19% respectively.

Looking back 12 months, workplaces accounting for 44% of employment in England reported output was higher in March 2012 than in March 2011, while 23% reported output was lower, giving a balance of 20%. The balances were positive across all regions, ranging from 7% in the North East to 34% in London.

**Table 1: Output percentages and balances<sup>1 2 3 4</sup>, by region, March 2012**

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
<b>Output</b>											
<b>Past (Mar 12 vs. Dec 11)</b>	<b>Higher</b>	<b>38%</b>	36%	41%	37%	33%	36%	38%	40%	37%	43%
	<b>Lower</b>	<b>26%</b>	30%	27%	24%	26%	27%	28%	24%	23%	27%
	<b>Balance (Higher-Lower)</b>	<b>13%</b>	6%	15%	13%	7%	9%	11%	15%	14%	16%
<b>Future (Jun 12 vs. Mar 12)</b>	<b>Higher</b>	<b>42%</b>	43%	36%	39%	37%	40%	44%	47%	40%	45%
	<b>Lower</b>	<b>14%</b>	11%	17%	12%	19%	13%	12%	11%	18%	15%
	<b>Balance (Higher-Lower)</b>	<b>27%</b>	32%	19%	28%	18%	27%	32%	36%	23%	30%
<b>Past annual (Mar 12 vs. Mar 11)</b>	<b>Higher</b>	<b>44%</b>	41%	42%	41%	42%	39%	48%	50%	43%	42%
	<b>Lower</b>	<b>23%</b>	34%	21%	23%	25%	28%	26%	16%	25%	25%
	<b>Balance (Higher-Lower)</b>	<b>20%</b>	7%	20%	18%	17%	11%	23%	34%	18%	17%

Notes:

1. Results are weighted to be representative of total employment in England, not workplaces (see 'Weighting' section of Background note).
2. A positive balance indicates that Higher was more than Lower. As well as assessing the balance, it is important to consider the underlying figures which are available here (<http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebsurvey>). See 'Balance' section of Background note for more explanation.
3. Balances are calculated on unrounded figures and then rounded. For this reason Higher minus Lower percentages may not sum to the balance score.
4. The dates indicate the periods being compared in the question i.e. Past (Mar 12 vs. Dec 11) indicates that workplaces were asked how conditions in March 2012 compared with December 2011.

Stocks

Only those sectors that typically have stocks are asked questions about stock levels<sup>3</sup>. Within this group, workplaces accounting for 16% of employment in England currently report having no stocks, though this varies by region (from 9% in the East Midlands to 24% in London).

Workplaces accounting for a third of employment in England (33%) reported that stocks were the same in March 2012 compared with December 2011. For England as a whole, workplaces accounting for 17% of employment reported higher stocks, while 29% reported lower stocks, giving a balance of -12%. This indicates that more workplaces weighted by employment saw lower stocks in March 2012 compared with December 2011.

The balance statistic for stocks was negative across all regions, with the exception of Yorkshire & the Humber, though there was substantial regional variation. The lowest figure was -29% (in the North East), which was due to a significantly smaller share reporting higher stocks and larger share reporting lower stocks in March 2012 than in December 2011, compared with the

<sup>3</sup> This includes Agriculture, Production, Wholesale and Retail, Real Estate and Professional, Scientific and Technical Activities.

England average. The highest figure was 5% (in Yorkshire and the Humber), while the East of England had only a slightly negative balance (-2%).

Looking ahead to June 2012, workplaces across England (when weighted by employment) expect stocks to be higher, on balance. Workplaces accounting for 22% of employment in England expect stocks to be higher in June 2012 than in March 2012, while 15% expect stocks to be lower, giving a balance of 7%. The forward-looking stocks balance is positive across all regions except two – the East Midlands (-5%) and the South East (-2%). The balance is highest in the North East, at 20%.

**Table 2: Stocks percentages and balances<sup>1 2 3 4</sup>, by region, March 2012**

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
<b>Stocks<sup>5</sup></b>											
<b>Past (Mar 12 vs. Dec 11)</b>	<b>Higher</b>	<b>17%</b>	10%	17%	29%	18%	17%	18%	11%	15%	26%
	<b>Lower</b>	<b>29%</b>	39%	36%	24%	28%	32%	20%	28%	26%	36%
	<b>Balance (Higher-Lower)</b>	<b>-12%</b>	-29%	-19%	5%	-10%	-15%	-2%	-18%	-11%	-10%
<b>Future (Jun 12 vs. Mar 12)</b>	<b>Higher</b>	<b>22%</b>	28%	18%	27%	21%	23%	22%	26%	14%	28%
	<b>Lower</b>	<b>15%</b>	8%	16%	21%	26%	10%	16%	8%	16%	18%
	<b>Balance (Higher-Lower)</b>	<b>7%</b>	20%	2%	6%	-5%	13%	6%	19%	-2%	10%

Notes:

1. See note 1 of Table 1.
2. See note 2 of Table 1.
3. See note 3 of Table 1.
4. See note 4 of Table 1.
5. The questions on stocks are only asked of workplaces in the following sectors Agriculture, Production, Wholesale and Retail, Real Estate and Professional, Scientific and Technical Activities (SIC 2007 Codes A-G, L and M). Workplaces can also report having no stocks.

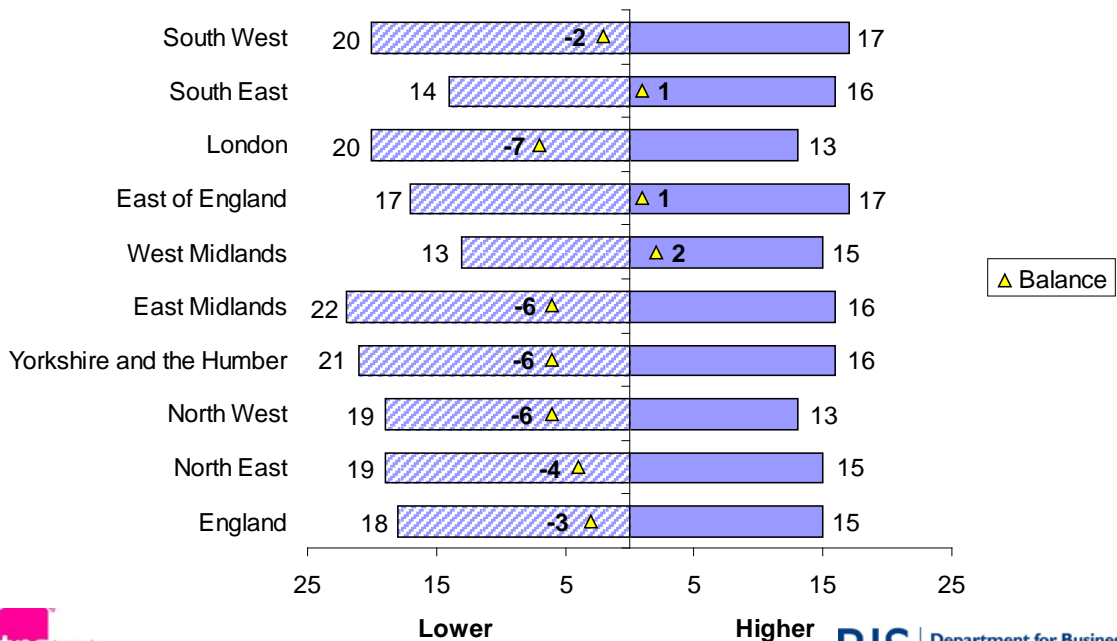
## Labour market

Two-thirds of workplaces in England (66%), weighted by employment, reported no change in employment in March 2012 compared with December 2011. Of those reporting a change, workplaces accounting for 15% of employment in England reported higher employment, while 18% reported lower employment, giving a balance of -3% (Chart 2 and Table 3).

The employment balances were negative in the majority of regions (six out of nine) and ranged from -7% in London to 2% in the West Midlands. The latter was driven by a below-average share of workplaces, weighted by employment, reporting lower employment compared with the England average (13%, compared with 18%).



**Chart 2: Level of employment in March 2012 compared with December 2011, by region**



Notes:

1. Workplaces were asked about the level of employment in March 2012 compared with December 2011.
2. Results are weighted to be representative of total employment in England, not workplaces. Results should be interpreted as workplaces accounting for x% of employment said...
3. Survey results sum to 100%=Higher%+The same%+Lower%+Don't know% (only a small share of total).
4. The Lower and Higher scores range from 0% to 100%.

Looking forward, a similar proportion of workplaces (representing 67% of workplace employment) expect employment to be the same in June 2012 compared with March 2012. Of those expecting a change, workplaces accounting for 22% of employment in England expect levels of employment to be higher in June 2012 than in March 2012, while 11% expect employment to be lower, giving a balance of 11%.

At the regional level, the majority of respondents expected no change in future employment levels. London was most optimistic (with a balance statistic of 18%), while the West Midlands was least optimistic (with a balance statistic of 4%). In London this was driven both by an above-average share expecting higher employment and a below-average share expecting lower employment. The balance in the West Midlands was driven by a significantly smaller share expecting employment to be higher (14%, compared with 22%) and a significantly larger share expecting employment to be the same (74%, compared with 67%).

On workforce use, the majority (64%) of workplaces in England, weighted by employment, reported that their workforce was used at a satisfactory level during March 2012. Workplaces accounting for 25% of employment reported

their workforce to be overstretched, while 9% reported the workforce was underutilised, giving a balance of 16%.

There was a consistent message of workforces being overstretched across all regions (shown by positive balances in Table 3 below), although there was a degree of variation. The North East reported the highest balance statistic (25%, compared with an England average of 16%), which contrasts with their negative balance statistic on backward-looking employment (-4%). The lowest balance statistic was reported by the West Midlands (8%), which was driven by a significantly lower share of workplace employment relative to the England average (19%, compared with 25%) reporting that the workforce was overstretched.

**Table 3: Employment and Workforce Use percentages and balances<sup>1 2 3 4</sup>, by region, March 2012**

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
<b>Employment</b>											
<b>Past (Mar 12 vs. Dec 11)</b>	<b>Higher</b>	<b>15%</b>	15%	13%	16%	16%	15%	17%	13%	16%	17%
	<b>Lower</b>	<b>18%</b>	19%	19%	21%	22%	13%	17%	20%	14%	20%
	<b>Balance (Higher-Lower)</b>	<b>-3%</b>	-4%	-6%	-6%	-6%	2%	1%	-7%	1%	-2%
<b>Future (June 12 vs. Mar 12)</b>	<b>Higher</b>	<b>22%</b>	26%	17%	23%	22%	14%	17%	27%	25%	24%
	<b>Lower</b>	<b>11%</b>	10%	11%	16%	15%	10%	10%	8%	9%	11%
	<b>Balance (Higher-Lower)</b>	<b>11%</b>	15%	6%	7%	8%	4%	8%	18%	15%	13%
<b>Workforce Use<sup>5</sup></b>											
<b>March 2012</b>	<b>Overstretched</b>	<b>25%</b>	31%	27%	24%	21%	19%	24%	27%	29%	25%
	<b>Underutilised</b>	<b>9%</b>	6%	7%	10%	9%	12%	13%	5%	9%	10%
	<b>Balance (Over-Under)</b>	<b>16%</b>	25%	20%	14%	12%	8%	11%	22%	20%	14%

Notes:

1. See note 1 of Table 1.
2. See note 2 of Table 1.
3. See note 3 of Table 1.
4. See note 4 of Table 1.
5. Balance of respondents (weighted by employment) reporting workforce was overstretched or underutilised. Positive figure indicates workforce is overstretched. It is also important to consider the underlying figures, available here (<http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebsurvey>)

Even though the majority of workplaces expect employment to remain the same over the next 3 months, the proportion of workplaces intending to take on new staff is greater than those intending to decrease employment. This positive forward-looking employment balance is consistent with the message of an overstretched workforce. Furthermore, the slightly negative backward-looking employment balance, combined with a positive backward-looking output balance for England, could be contributing to the positive workforce utilisation responses – for example, London has one of the highest workforce utilisation balances (22%), one of the lowest employment balances (-7%) and one of the highest output balances (15%). However, this pattern is not true across all regions; the North East has the highest workforce utilisation balance



(25%) and a low employment balance (-4%), but has the lowest output balance (6%).

## Investment

Workplaces accounting for 29% of employment in England made new capital investment<sup>4</sup> in the 3 months from January to March 2012. Looking ahead, a slightly lower percentage (27%) expects to make new capital investment in the 3 months from April to June 2012 (Table 4).

**Table 4: Capital Investment percentages and Capital Use percentages and balances<sup>1 2 3 4</sup>, by region, March 2012**

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
<b>Capital Investment<sup>5</sup></b>											
<b>Past</b> <b>(Jan 12-Mar 12)</b>	<b>Have invested</b>	<b>29%</b>	27%	24%	29%	29%	31%	27%	35%	31%	27%
<b>Future</b> <b>(Apr 12-Jun 12)</b>	<b>Plan to invest</b>	<b>27%</b>	26%	23%	25%	25%	27%	32%	28%	29%	29%
<b>Capital Use<sup>6</sup></b>											
<b>March 2012</b>	<b>Overstretched</b>	<b>10%</b>	11%	14%	10%	9%	8%	7%	12%	10%	9%
	<b>Underutilised</b>	<b>10%</b>	5%	9%	7%	12%	15%	14%	9%	9%	10%
	<b>Balance (Over-Under)</b>	<b>0%</b>	6%	4%	2%	-4%	-7%	-6%	3%	1%	-1%

Notes:

1. See note 1 of Table 1.
2. See note 2 of Table 1.
3. See note 3 of Table 1.
4. See note 4 of Table 1.
5. Workplaces accounting for x% of employment report making or planning to make capital investments.
6. Balance of respondents (weighted by employment) reporting capital was overstretched or underutilised. Positive figure indicates capital is overstretched. It is also important to consider the underlying figures, available here (<http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebsurvey>)

In the period January to March 2012 the proportion of workplaces, weighted by employment, undertaking new capital investment varied between the regions. London had the greatest proportion that reported making a new investment (35%), while the North West had the lowest (24%). Looking forward, the North West had a similarly weak outlook, with only 23% of workplaces, weighted by employment, expecting to invest in the period April to June 2012. The East of England had the strongest outlook, with 32% planning to invest. However, none of these discrepancies were significantly different from the England average.

Workplaces were also asked about their use of capital in the most recent month (March 2012). Workplaces accounting for almost four-fifths of

<sup>4</sup> Defined as including buildings, plant and machinery, equipment, vehicles and computer hardware.

employment (77%) reported that capital was used at a satisfactory level and this was broadly consistent across the regions.

In England, an equal proportion of workplaces, weighted by employment, reported their capital use as overstretched and underutilised, giving a balance of 0%. There was more variation across the regions, with the North East having the most positive balance statistic (6%) and the West Midlands having the most negative (-7%). In the case of the former, this was due to a significantly lower share of workplaces (5%), weighted by employment, reporting underutilisation relative to the England average (10%). In the case of the latter, this was due to a significantly higher share (15%) reporting underutilisation.

The message on capital utilisation – with the balance of workplaces reporting underutilisation (Table 4) – contrasts with the message on workforce utilisation, with the balance of workplaces reporting overstretched workforces (Table 3). However, these are consistent with the expectations on both future employment (with forward-looking balances being broadly positive) and future capital investment plans (with little change between backward-looking and forward-looking measures).

## Prices

### Labour costs

Workplaces accounting for 69% of employment in England reported that labour costs per person remained the same in March 2012 compared with December 2011. Of those reporting a change, workplaces accounting for 20% of employment in England reported such costs to be higher, compared with 7% reporting lower, giving a balance of 13% (Table 5). A positive balance was seen in every region, with the highest in the South East (17%) and the lowest in the East of England (6%).

Looking ahead, workplaces accounting for 62% of employment in England expect average labour costs to be the same in June 2012 as in March 2012. Of those expecting a change, labour costs per person are, on balance, expected to be higher. Workplaces accounting for 29% of employment in England expect higher costs in June 2012 relative to March 2012, while 5% expect lower, giving a balance of 24%. Again, a positive balance was seen across all regions, with the highest balance again in the South East (26%) and lowest in the North West at 19%.

### Output prices

Workplaces accounting for 66% of employment in England reported that the prices charged (output prices) in March 2012 compared with December 2011 had not changed; a pattern that was repeated across all regions.

Of those reporting changes, workplaces accounting for a fifth of employment in England (19%) reported higher output prices in March 2012 than in

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December 2011, while 11% reported lower output prices; giving a balance of 8%. The output prices balance was positive across all regions, being highest in the Yorkshire & Humber (at 13%) and lowest in the South West (at 1%).

Looking ahead, workplaces accounting for 20% of employment in England expect higher output prices in June 2012 compared with March 2012, while 6% expect lower output prices; giving a balance of 14%. All regions reported positive balances, but varied from 10% in the North West, West Midlands and London to 19% in the East Midlands. The positive forward-looking output price balances may be partly driven by the expectation of higher labour costs, as indicated by the positive forward-looking labour costs balances above.

**Table 5: Labour cost and output price percentages and balances<sup>1 2 3 4</sup>, by region, March 2012**

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
<b>Labour costs</b>											
<b>Past (Mar 12 vs. Dec 11)</b>	<b>Higher</b>	<b>20%</b>	14%	18%	24%	18%	20%	14%	24%	22%	16%
	<b>Lower</b>	<b>7%</b>	3%	10%	8%	7%	4%	8%	8%	5%	8%
	<b>Balance (Higher-Lower)</b>	<b>13%</b>	11%	9%	16%	11%	16%	6%	16%	17%	8%
<b>Future (Jun 12 vs. Mar 12)</b>	<b>Higher</b>	<b>29%</b>	27%	24%	27%	32%	30%	26%	30%	31%	31%
	<b>Lower</b>	<b>5%</b>	5%	6%	4%	10%	6%	5%	*	5%	8%
	<b>Balance (Higher-Lower)</b>	<b>24%</b>	22%	19%	23%	22%	24%	22%	...	26%	24%
<b>Output prices</b>											
<b>Past (Mar 12 vs. Dec 11)</b>	<b>Higher</b>	<b>19%</b>	24%	20%	21%	21%	17%	21%	17%	17%	16%
	<b>Lower</b>	<b>11%</b>	14%	12%	8%	12%	12%	9%	8%	10%	15%
	<b>Balance (Higher-Lower)</b>	<b>8%</b>	9%	7%	13%	9%	5%	11%	9%	7%	1%
<b>Future (Jun 12 vs. Mar 12)</b>	<b>Higher</b>	<b>20%</b>	19%	18%	22%	26%	15%	28%	16%	20%	22%
	<b>Lower</b>	<b>6%</b>	7%	7%	3%	7%	6%	4%	5%	7%	9%
	<b>Balance (Higher-Lower)</b>	<b>14%</b>	13%	10%	18%	19%	10%	24%	10%	13%	13%

Notes:

1. See note 1 of Table 1.
2. See note 2 of Table 1.
3. See note 3 of Table 1.
4. See note 4 of Table 1.
5. The 'lower' balance for forward-looking labour costs in London is suppressed, due to a small number of respondents (marked with \*), while the balance statistic is not available (marked with ...) due to small sample sizes.

## Background Note

### Workplace survey

1. The EBS is a survey of workplaces. A business can be a single workplace, or a workplace that belongs to a larger enterprise for example a local store of a larger retail chain. Most businesses only consist of a single workplace. The main purpose of the EBS is to provide sub-national information. For this reason the location and business conditions at local workplaces is very important and therefore the interviews were conducted with, or with reference to, specific workplaces. The region, employment size and industry all relate to that of the workplace and not the enterprise.

### Period covered

2. EBS Releases are labelled by the period which workplaces are asked about (the reference month). In most questions workplaces are asked to compare the reference month with the month three months previous and three months forward. For example, for the March 2012 EBS most backward-looking questions compare March 2012 with December 2011 and forward looking questions compare June 2012 with March 2012. However, care should be taken as the reference month for questions on capital investment, capacity constraints and annual output differs. Periods being compared are clearly labelled on the tables. This is also explained in the User Guide (<http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebsurvey>).

### Weighting

3. EBS results are required to give a snapshot of economic conditions as a whole. For this reason it makes sense to give workplaces which contribute more to the economy a larger weight in the results. This would ideally be done using turnover or Gross Value Added but this is not available at the workplace level. Instead, results are weighted to reflect the distribution of employment. Responses from larger workplaces, in terms of employment, will be given more weight as a proxy for the contribution it makes to the economy or its economic influence. Results therefore **should not** be interpreted as 'x% of businesses said ...' but rather 'workplaces representing x% of employment said ...'.

### Balance

4. Most results in this release are presented as a balance statistic, that is: Higher % minus Lower %. The balance can take any value in the range of -100% (if all workplaces were to provide negative responses) to +100% (if all workplaces were to provide positive responses), with a zero index indicating a balanced picture.
5. A balance can be achieved through a number of different scenarios in the underlying results, for example a balance of zero can be achieved from Higher and Lower both being 0% or both being 50%. It is therefore important to consider the underlying figures. All figures in this document and the underlying data can also be found in the accompanying excel tables and will provide

additional context for the results (<http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebsurvey>).

6. It is important to remember that these questions only ask workplaces whether output was higher or lower and this does not take into account the size of any changes. Therefore a balance of 50% does not necessarily mean output growth will be higher than if the balance was 20%, as the growth rate seen by those contributing to the 20% positive balance may, in aggregate, outweigh the growth rates seen or expected by those contributing to the positive 50% balance. The difference in size between two higher percentages simply means that a higher percentage of workplaces, by employment, reported that output was higher.

### **Comparability**

7. Data from the EBS is still in its infancy and therefore it is not yet possible to understand any time series that may result. It is likely that comparisons over time will show large changes for certain groups. These changes could be true changes, but they could be a result of seasonal patterns, due to the survey not yet being fully established or due to smaller sample sizes achieved for some groups. Given this, until the series is better understood, it is sensible to treat each new month of results as a snapshot in time, rather than trying to draw comparisons over time.
8. Even within the snapshot of monthly data seasonal patterns may be present. Seasonal patterns differ by industry. For example, all else being equal some industries would expect output to be much lower in January compared with October due to seasonal patterns. The annual output question attempt to make comparisons between periods which would be less affected by seasonal patterns. Results should be interpreted with this in mind.

### **Accessibility**

9. First releases, supporting tables and full documentation for the EBS can be found on the BIS website (<http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebsurvey>). Once the EBS is more established the aim is to publish a wider set of supporting tables through an online reporting tool which is being developed. A link to the reporting tool will be added to future releases once it is ready. The microdata will be placed in the ONS Datalab and an aggregated version of the dataset will be placed in the UK Data Archive.

### **Methodology and Data Source**

10. To aid understanding and assist in the interpretation of the survey findings there are two documents aimed at different types of user: a non-technical User Guide, which gives a general introduction of how to interpret the tables of results and a Technical Annex which contains fuller details of the methodology. Both documents can be found here <http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebsurvey>.

11. The EBS is a monthly business survey of around 3,000 workplaces across England conducted by TNS-BMRB on behalf of BIS. The survey is conducted by telephone with each interview lasting an average of 11 minutes.
12. The sample is drawn from the ONS Inter-Departmental Business Register which is a list of registered businesses. This means the results do not cover unregistered businesses, so will exclude the very smallest, non-employed businesses that are not registered for VAT/PAYE.
13. Businesses are asked a range of backward and forward-looking directional questions related to business and economic conditions, such as output, employment, wage costs and output prices. The survey also covers capital investment and capacity constraints.
14. Although some of the information collected is available elsewhere, the EBS brings some topics together on one survey and allows the sample size opens up the potential to go below the regional level each quarter. The EBS also covers all sectors of the economy including the public/ not for profit sectors. The timeliness of the survey is a critical advantage to policymakers in providing a prompt response to issues as they arise in the current macroeconomic climate.
15. Only regional results are discussed in the statistical release. In the supporting tables there are also results by workplace employment size and broad industry. In this release, and the tables accompanying it, region, employment size and industry all relate to that of the workplace, rather than for the enterprise. Data is not seasonally adjusted.
16. The questionnaire was cognitively and pilot tested prior to its launch. The questionnaire development report summarising this development work can be found here (<http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebsurvey>).
17. Full details of the response rates can be found in the accompanying *Technical Annex*. The sample loaded each month stays live for three months so at this stage the response rate for the March 2012 EBS is not known. As an indication, the final response rates for previous months are given in Table A below.



**Table A: EBS response rates, October 2011-January 2012**

Month	Response rate (%)
October 2011	44
November 2011	44
December 2011	48
January 2012	50

### Accuracy

18. All estimates based on a sample of the population rather than a census are subject to sampling error. Calculation of these errors for the EBS is still being developed and will be released when available, however, provisional information on the likely size of these sampling errors is provided in the *Technical Annex*.
19. Provisional testing has been carried out to test for statistically significant differences between the England total results and the results from each sub-group. For example whether the higher percentage in the North East is significantly different to that in England. The results of these tests are marked on the accompanying tables. Due to additional complexities testing has not yet been done on the balances. A worked example of what this testing means and how it should be interpreted is in the *User Guide*.

### Presentation

20. In the tables accompanying this release, the following conventions have been used:
- 0 nil (none recorded in sample)
  - \* Suppressed due to small cell sample size
  - - Suppressed due to small column sample size
  - ... Balance score not available due to small sample counts
21. All figures and percentages in this release, including the accompanying tables, have been rounded. Unweighted counts have been rounded to the nearest 5 and percentages have been rounded to the nearest integer. Balances are calculated based on unrounded figures and rounded independently therefore differences in the components may not equal the difference between the rounded figures.

### Strengths and Limitations

22. The EBS has a number of strengths:

- a relatively large monthly sample which will provide timely sub-national results;
- a workplace focus which will enable data on local conditions to be collected;
- an 'economic influence' type weighting approach to try to better represent what is happening for sub-national economies.

However, it also has some limitations:

- the nature of data collection being at workplace level mean that inferences about the enterprise-level business population are more limited;
- due to the coverage of the sampling frame the EBS does not cover non-registered businesses. This is potentially important as such businesses make up a significant proportion of the overall business population (55% of businesses<sup>5</sup>) although they account for a smaller share of employment and turnover.

### **Timeliness**

23. This publication is the third in a series of monthly publications based on data from the English Business Survey (EBS). Each release will include one additional month of data, so EBS April 2012 data will be released in June 2012 and so on, meaning results are published within two months of the period to which they refer.

24. The date of publication will be announced at least four weeks in advance. We are working towards a regular publication cycle, however due to the experimental nature of the data; the publication date for each month may initially vary. Future publication dates will be added to the National Statistics Publication Hub (<http://www.statistics.gov.uk/hub/index.html>).

### **Data users and uses**

25. As this is a new survey the full list of data users is not known and will evolve over time. The EBS was launched to meet the information requirements of the Department for Business, Innovation and Skills (BIS) so, as a minimum, the data will be used by BIS to provide timely indications of sub-national economic and business conditions across England. NIESR have also been contracted by BIS to undertake analysis of the EBS data and produce monthly reports, which will be published with a six month lag.

26. Over time it is likely that users will include:

- other central government departments to inform policy development;

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<sup>5</sup> Source: BIS National Statistics publication Business Population Estimates for the UK and Regions 2011.

- a range of public bodies including local government to inform decision making;
- private sector businesses; and
- academics to inform research into business at national and local level.

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