

## ENGLISH BUSINESS SURVEY – JULY 2012

26<sup>th</sup> September 2012

**Period:**

July 2012

**Coverage:**

England; Regions

**Frequency:**

Monthly

**Status:**

Experimental Official  
Statistics

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**Next update:**

October 2012

URN 12/P139H

This statistical release is the eighth in a series of monthly publications based on data from the English Business Survey (EBS). The survey provides qualitative information across a range of important variables – such as output, employment, prices and investment. Performance on these variables is compared with three months ago and expectations for three months ahead. Regional results are discussed in the statistical release, with statistics on workplace employment size, and broad industry published in supporting tables. Sub-regional statistics for NUTS2, as well as a larger selection of variables are published on a quarterly basis in the Quarterly statistical release<sup>1</sup>.

### Key Points

- Workplaces accounting for 41% of employment in England reported that output was the same in July 2012 as in April 2012. Of those reporting a change, workplaces accounting for 34% of employment in England reported higher output over this period, while 22% reported lower output.
- Workplaces accounting for just over two-thirds employment in England (67%), reported no change in employment in July 2012 compared with April 2012. Of those reporting a change, workplaces accounting for 19% of employment in England reported higher employment, while 14% reported lower employment.
- Workplaces accounting for 40% of employment in England expected output to be higher in October 2012 than in July 2012; however 35% expected output to be the same as June 2012.
- Looking forward, workplaces accounting for 66% of employment in England expect employment to be the same in October 2012 compared with July 2012.

<sup>1</sup> <http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebssurvey>

- Workplaces accounting for 33% of employment in England made new capital investment in the 3 months to July 2012. Looking ahead, a similar percentage (30%) expect to make new capital investment in the 3 months to October 2012.

## Background

The EBS statistics are Official statistics currently undergoing evaluation and are released as Experimental Statistics during this period<sup>2</sup>. As the statistics are undergoing evaluation we encourage users to read, understand and provide feedback on the information contained in the release and the accompanying metadata, including methodology.

The EBS is a workplace survey so characteristics – region, employment size and industry – relate to the workplace rather than the enterprise.<sup>3</sup> Statistical releases, supporting tables and full documentation for the EBS can be found on the BIS website.<sup>4</sup>

The data in the publication refers to conditions in July 2012, which is the reference month for the survey.

## Methodology

The EBS is a monthly business survey of around 3,000 workplaces across England. The survey is conducted by telephone with each interview lasting an average of 11 minutes.

The sample of workplaces is drawn from the ONS Inter-Departmental Business Register (IDBR), which is a list of businesses registered for VAT and/or PAYE. Workplaces 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 (for example, the degree of utilisation for both capital and labour inputs).

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.

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<sup>2</sup> Experimental Statistics are Official statistics that are undergoing development that are published in order to involve users and stakeholders in their.

<sup>3</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.

<sup>4</sup> <http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebsurvey>

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<sup>5</sup>, which provides information about how to interpret results, and a Technical Annex<sup>6</sup>, which contains detailed information about the methodology.

## **Quality and use**

The English Business Survey provides Ministers and officials with information about the current economic and business conditions across England. By providing timely and robust information on a regular and geographically detailed basis, the survey enhances officials' understanding of business perceptions throughout England and ultimately improves policy making. The statistics are also useful to businesses, providing valuable intelligence about local economic and business conditions.

These estimates are currently classified as experimental statistics as they are undergoing development and have not yet been assessed against the standards required for National Statistics. It is recommended that users exercise caution when interpreting time series data, as the data has not been adjusted for seasonality; it is expected that seasonal patterns will 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. It is recommended that until the statistics are assessed for seasonality that each month of results is seen as a snapshot in time, rather than trying to draw comparisons over time.

## **Strengths and Limitations**

The EBS has a number of strengths:

- a relatively large monthly sample with the potential to provide timely sub-national statistics;
- 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;
- coverage of all sectors of the economy, including the public/not-for-profit sectors; and
- timely statistics, allowing policy makers and businesses to react promptly to issues as they arise in the current macroeconomic climate.

However, it also has some limitations:

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<sup>5</sup> <http://www.bis.gov.uk/assets/biscore/statistics/docs/e/12-598-english-business-survey-user-guide.pdf>

<sup>6</sup> <http://www.bis.gov.uk/assets/biscore/statistics/docs/e/12-602x-english-business-survey-technical-annex.pdf>

- the nature of data collection being at workplace level mean that statistics about region, employment size and industry all relate to that of the workplace, rather than for the enterprise. Accordingly, inferences about the enterprise-level business population are more limited; and
- due to the coverage of the sampling frame – the IDBR – 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) although they account for a smaller share of employment (11%) and turnover (3%)<sup>7</sup>.

## Economic Context

This section provides contextual information about economic performance over the same period that the survey results cover (April to July 2012) to help the user to interpret the statistics. During the time period considered here, for which official statistics are available, there has been a fall in Gross Domestic Product (GDP) of 0.5%. This weak performance is expected to continue for most of the rest of the year, with the majority of forecasters (such as the Bank of England<sup>8</sup> and the consensus of private sector forecasts published by HM Treasury<sup>9</sup>) predicting 2012 to result in either no growth or a slight contraction for the UK economy overall. Despite this, some official statistics for business activity have shown signs of improvement in recent months, such as recent month-on-month increases in retail sales<sup>10</sup>, manufacturing output<sup>11</sup> and construction output<sup>12</sup>. This might suggest support for the recent positive qualitative assessments made by businesses of their future prospects.

Despite the contraction in the economy, the labour market has proved resilient, showing a rise in employment levels over the first half of the year<sup>13</sup>. Due to the weak GDP data, employment is generally expected to fall in the future. Inflation data between April and July has shown a steady decline, with the Consumer Price Index<sup>14</sup> falling from 3% in April to 2.6% in July.

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<sup>7</sup> Statistics on the non-registered businesses are taken from Business Population Estimates for the UK and Regions 2011.

<sup>8</sup> <http://www.bankofengland.co.uk/publications/Pages/inflationreport/ir1203.aspx>

<sup>9</sup> [http://www.hm-treasury.gov.uk/data\\_forecasts\\_index.htm](http://www.hm-treasury.gov.uk/data_forecasts_index.htm)

<sup>10</sup> [http://www.ons.gov.uk/ons/dcp171778\\_276401.pdf](http://www.ons.gov.uk/ons/dcp171778_276401.pdf)

<sup>11</sup> [http://www.ons.gov.uk/ons/dcp171778\\_278169.pdf](http://www.ons.gov.uk/ons/dcp171778_278169.pdf)

<sup>12</sup> [http://www.ons.gov.uk/ons/dcp171780\\_278624.pdf](http://www.ons.gov.uk/ons/dcp171780_278624.pdf)

<sup>13</sup> <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/index.html>

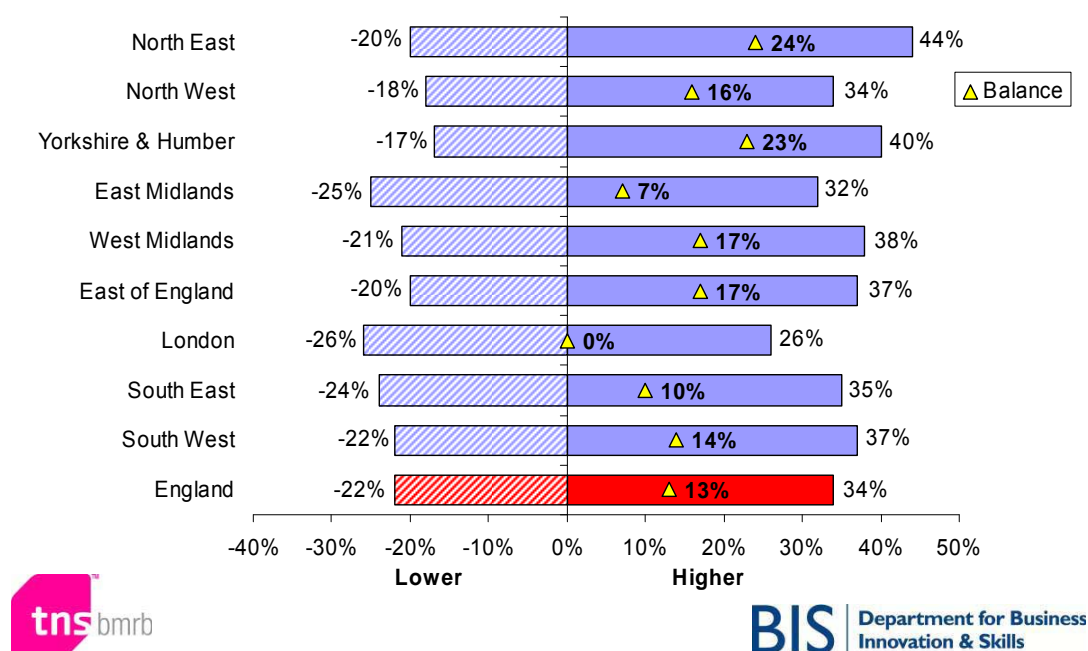
<sup>14</sup> <http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/index.html>

## Output/Business activity and Stocks

### Output/Business activity

Workplaces accounting for 41% of employment in England reported that output was the same in July 2012 as in April 2012. Of those reporting a change, workplaces accounting for 34% of employment in England reported higher output over this period, while 22% reported lower output (Chart 1 and Table 1)<sup>15</sup>, giving an overall balance of +13%. Balance statistics were positive across all regions except London (which reported a balance of zero) and was highest in the North East (24%) and Yorkshire & The Humber (23%).

**Chart 1: Level of output/business activity in July 2012 compared with April 2012, by region**



#### Notes:

1. Workplaces were asked about the level of output in July 2012 compared with April 2012.
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, which is only a small share of total).
4. The Lower and Higher scores range from 0% to 100%.

Looking ahead, workplaces accounting for 40% of employment in England expect output to be higher in October 2012 than in July 2012. In comparison, 20% expect output to be lower, while 35% expect output to remain unchanged. This gives an overall balance of +21%. Comparing among regions, workplaces in London were more optimistic about future output, with a balance of +36%. In contrast, workplaces in the North East and South West were more pessimistic, reporting balance statistics of +11% and +12%

<sup>15</sup> Responses across all categories (i.e. Higher, The same, Lower and Don't Know) sum to 100%. Workplaces accounting for 3% of employment responded don't know. See data tables (<http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebsurvey>) for detailed figures.

respectively (the latter of which may be driven by seasonality effects, due to the importance of tourism to the region).<sup>16</sup>

Looking back at the same period 12 month ago workplaces overall were slightly more pessimistic. Workplaces accounting for 42% of employment in England reported output was higher in July 2012 than in July 2011, but 26% reported output was lower, giving a balance of +16%. The balances were positive across all regions, ranging from +6% in the South West to +25% in Yorkshire & The Humber.

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

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
<b>Output</b>											
<b>Past (Jul 12 vs. Apr 12)</b>	<b>Higher</b>	34%	44%	34%	40%	32%	38%	37%	26%	35%	37%
	<b>Lower</b>	22%	20%	18%	17%	25%	21%	20%	26%	24%	22%
	<b>Balance (Higher-Lower)</b>	13%	24%	16%	23%	7%	17%	17%	0%	10%	14%
<b>Future (Oct 12 vs. Jul 12)</b>	<b>Higher</b>	40%	39%	38%	35%	38%	36%	45%	49%	39%	35%
	<b>Lower</b>	20%	28%	17%	22%	24%	22%	21%	13%	20%	24%
	<b>Balance (Higher-Lower)</b>	21%	11%	21%	13%	15%	15%	24%	36%	19%	12%
<b>Past annual (Jul 12 vs. Jul 11)</b>	<b>Higher</b>	42%	45%	43%	48%	47%	44%	42%	44%	37%	37%
	<b>Lower</b>	26%	29%	25%	23%	26%	21%	28%	26%	28%	30%
	<b>Balance (Higher-Lower)</b>	16%	16%	17%	25%	21%	23%	14%	18%	9%	6%

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 (Jul 12 vs. Apr 12)' indicates that workplaces were asked how conditions in July 2012 compared with April 2012.

### Stocks

Only those sectors that typically have stocks are asked questions about stock levels<sup>17</sup>. Within this group, workplaces accounting for 23% of employment in England currently report having no stocks, though there are some large regional differences, with the two extremes being in the West Midlands (15%) and London (32%). Such variations could reflect differences in industrial composition, with a greater representation of certain sectors in London that do

<sup>16</sup> EBS data is not seasonally adjusted

<sup>17</sup> This comprises Agriculture, Production, Wholesale and Retail, Real Estate and Professional, Scientific and Technical Activities

not have stocks (e.g. financial & insurance; public administration & defence; arts, entertainment & recreation).<sup>18</sup>

Workplaces accounting for 37% of employment in England reported that stocks were the same in July 2012 compared with April 2012. For England as a whole, workplaces accounting for 21% of employment reported higher stocks, while 16% reported lower stocks, giving a balance of +5% (Table 2, below).

The North West (-1%) and East Midlands (-6%) were the only regions that had negative balances. The highest balance figure was +15% in the East of England.

Looking ahead to October 2012, workplaces across England (when weighted by employment) expect stocks to be higher, on balance. Workplaces accounting for 23% of employment in England expect stocks to be higher in October 2012 than in July 2012, while 17% expect stocks to be lower, giving a balance of +5%. The balance statistic for stocks was positive across most regions, but negative in the West Midlands (-4%), East of England (-4%) and the South West (-9%). London (+19%) reported the largest positive balance, largely driven by workplaces accounting for 11% of employment expecting stock levels to be lower – which is the lowest value across all regions and significantly different from England.

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

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
<b>Stocks<sup>5</sup></b>											
<b>Past (Jul 12 vs. Apr 12)</b>	<b>Higher</b>	21%	29%	16%	17%	19%	26%	24%	21%	17%	23%
	<b>Lower</b>	16%	21%	17%	12%	24%	15%	9%	16%	15%	17%
	<b>Balance (Higher-Lower)</b>	5%	8%	-1%	5%	-6%	11%	15%	4%	2%	5%
<b>Future (Oct 12 vs. Jul 12)</b>	<b>Higher</b>	23%	28%	24%	19%	22%	19%	22%	30%	23%	17%
	<b>Lower</b>	17%	25%	11%	13%	19%	24%	26%	11%	12%	26%
	<b>Balance (Higher-Lower)</b>	5%	3%	13%	6%	3%	-4%	-4%	19%	11%	-9%

Notes:

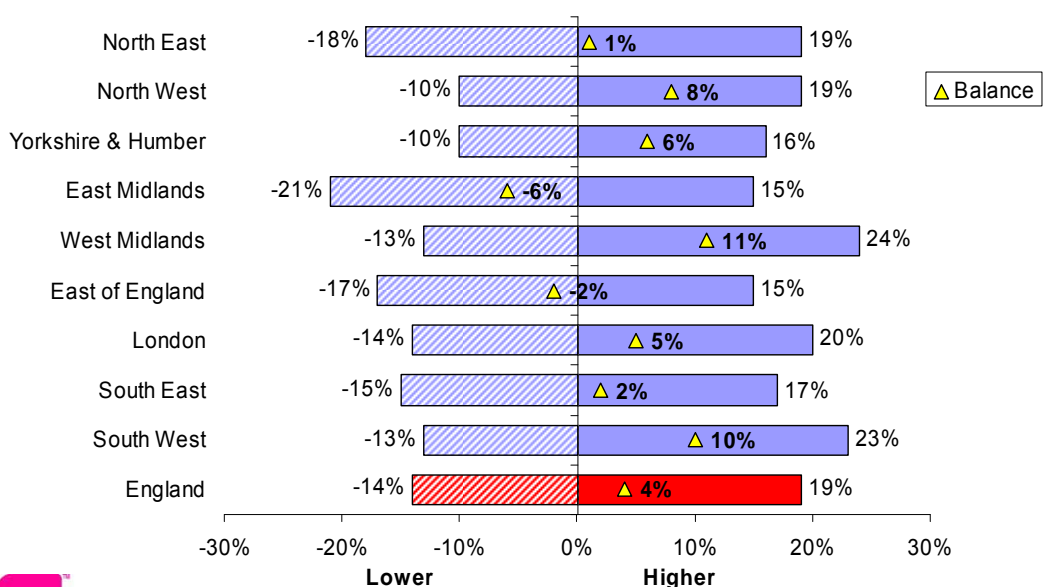
1. See note 1 of Table 1.
2. See note 2 of Table 1.
3. See note 3 of Table 1.
4. See note 4 of Table 1.
5. The questions on stocks are only asked of workplaces in the following sectors Agriculture, Production, Wholesale and Retail, Real Estate and Professional, Scientific and Technical Activities (SIC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

<sup>18</sup> See data tables (<http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebsurvey>) for detailed figures

## Labour market

Workplaces accounting for just over two-thirds of employment in England (67%), reported no change in employment in July 2012 compared with April 2012. Of those reporting a change, workplaces accounting for 19% of employment in England reported higher employment, while 14% reported lower employment, giving a balance of +4% (Chart 2 and Table 3). Two of the nine regions reported a negative balance (East Midlands at -6%; East of England at -2%). Five regions – North West (+8%), Yorkshire and The Humber (+6%), West Midlands (11%), London (+5%) and the South West (+10%) – reported balances above the England average of +4%.

**Chart 2: Level of employment in July 2012 compared with April 2012, by region**



**Notes:**

1. Workplaces were asked about the level of employment in July 2012 compared with April 2012.
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, which is 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 66% of workplace employment) expect employment to be the same in October 2012 compared with July 2012. Of those expecting a change, workplaces accounting for 19% of employment in England expect levels of employment to be higher, while 14% expect it to be lower, giving a balance of +5%.

In all regions the majority of respondents expected no change in future employment levels. Looking at balance statistics, three regions (East of England at +9%; London at +14% and South East at +6%) had balances greater than the England average (+5%). The South West was the least optimistic, with a balance statistic of -3%, while the North East had a balance statistic of zero.



On workforce use, the majority (66%) of workplaces in England, weighted by employment, reported that their workforce was used at a satisfactory level during July 2012. Workplaces accounting for 23% of employment reported their workforce to be overstretched, while 9% reported their workforce was underutilised, giving a balance of +14%.

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 (+22%, compared with an England average of +14%); although this appears consistent with the low balance statistic for employment levels relative to 3 months ago (+1%), the balance statistic for 3 months ahead is zero. The lowest balance statistic for workforce use was reported in the South East (+11%).

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

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
<b>Employment</b>											
<b>Past (Jul 12 vs. Apr 12)</b>	<b>Higher</b>	19%	19%	19%	16%	15%	24%	15%	20%	17%	23%
	<b>Lower</b>	14%	18%	10%	10%	21%	13%	17%	14%	15%	13%
	<b>Balance (Higher-Lower)</b>	4%	1%	8%	6%	-6%	11%	-2%	5%	2%	10%
<b>Future (Oct 12 vs. Jul 12)</b>	<b>Higher</b>	19%	19%	17%	17%	15%	20%	22%	24%	20%	15%
	<b>Lower</b>	14%	19%	14%	13%	15%	17%	13%	10%	14%	17%
	<b>Balance (Higher-Lower)</b>	5%	0%	3%	3%	1%	2%	9%	14%	6%	-3%
<b>Workforce Use<sup>5</sup></b>											
<b>July 2012</b>	<b>Overstretched</b>	23%	32%	23%	22%	23%	21%	28%	21%	22%	26%
	<b>Underutilised</b>	9%	10%	7%	9%	10%	9%	10%	10%	10%	8%
	<b>Balance (Over-Under)</b>	14%	22%	16%	14%	13%	12%	18%	12%	11%	19%

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 slightly greater than those intending to reduce employment in England (and all regions except the North East and South West). This positive forward-looking employment balance is consistent with the message of an overstretched workforce. The positive backward-looking output and positive workforce utilisation balances may be linked to future positive employment

expectations – that is, past increases in output resulting in increased workforce utilisation, could then lead to increases in future labour demand. In this context however, it is surprising that, despite the North East and South West expecting their employment to remain the same or reduce in 3 months' time, the balance statistics above suggest that their workforce is currently overstretched. However, while some workplaces intend to hire workers in the future, this is by no means certain.

## Investment

Workplaces accounting for 33% of employment in England made new capital investment<sup>19</sup> in the 3 months from May to July 2012. Looking ahead, a similar percentage (30%) expects to make new capital investment in the 3 months from August to October 2012 (Table 4).

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

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
<b>Capital Investment<sup>5</sup></b>											
<b>Past (May-Jul 12)</b>	<b>Have invested</b>	33%	33%	31%	26%	36%	32%	35%	34%	35%	37%
<b>Future (Aug-Oct 12)</b>	<b>Plan to invest</b>	30%	35%	28%	25%	31%	27%	30%	31%	30%	34%
<b>Capital Use<sup>6</sup></b>											
<b>July 2012</b>	<b>Overstretched</b>	8%	11%	7%	7%	7%	11%	8%	8%	10%	9%
	<b>Underutilised</b>	9%	12%	7%	8%	12%	8%	8%	8%	11%	9%
	<b>Balance (Over-Under)</b>	0%	-1%	0%	-1%	-5%	3%	0%	0%	-1%	0%

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 May to July 2012 the proportion of workplaces, weighted by employment, undertaking new capital investment varied between the regions. The East Midlands (36%), East of England (35%), London (34%), South East (35%) and the South West (37%) all had above-average proportions that reported making a new investment, while the percentage reporting investment was lowest in Yorkshire & The Humber (26%). Looking forward, the North East (35%) and the South West (34%) had the strongest outlook and Yorkshire & The Humber had a relatively weak outlook, with 25% of workplaces, weighted by employment, expecting to invest in the period August to October 2012.

<sup>19</sup> Defined as including buildings, plant and machinery, equipment, vehicles and computer hardware

Workplaces were also asked about their use of capital in July 2012. Workplaces accounting for 79% of employment in England reported that capital was used at a satisfactory level.

Overall for England, 8% of workplaces, weighted by employment, reported their capital use as overstretched and 9% underutilised, giving a zero balance. Of the regions, the West Midlands had the largest positive balance statistic (+3%) and the East Midlands the most negative (-5%).

## Prices

### Labour costs

Workplaces accounting for over three-quarters of employment in England (79%) reported that labour costs per person remained the same in July 2012 compared with April 2012. Of those reporting a change, workplaces accounting for 14% of employment in England reported labour costs to be higher, compared with 4% reporting lower, giving a balance of +10% (Table 5). A positive balance was seen in every region, with the highest in the North East (+14%) and lowest in London (+5%).

Looking ahead, workplaces accounting for 68% of employment in England expect average labour costs to be the same in October 2012 as in July 2012. Of those expecting a change, labour costs per person are, on balance, expected to be higher. Workplaces accounting for 22% of employment in England expect higher costs, while 7% expect such costs to be lower, giving a balance of +15%. A broadly similar positive balance was seen across all regions, varying from +12% (Yorkshire & The Humber) to +19% (South East), with the exception of the North East, which had a zero balance.

### Output prices

Workplaces accounting for 74% of employment in England reported that the prices charged (output prices) in July 2012 compared with April 2012 had not changed.

Of those reporting changes, workplaces accounting for 11% of employment in England reported higher output prices in July 2012 than in April 2012, while 9% reported lower output prices, giving a balance of +2%. The output prices balance was positive across most regions, apart from Yorkshire & The Humber and South East (where balances were both zero) and the East of England (where the balance was -4%).

Looking ahead, workplaces accounting for 16% of employment in England expect higher output prices in October 2012 compared with July 2012, while 7% expect lower output prices, giving a balance of +10%. All regions reported positive balances, with several regions – North West (+12%), East Midlands (+14%), East of England (+11%) and South East (+15%) – having a balance statistic greater than England. 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, July 2012**

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
<b>Labour costs</b>											
<b>Past (Jul 12 vs. Apr 12)</b>	<b>Higher</b>	14%	21%	17%	16%	13%	13%	12%	11%	12%	17%
	<b>Lower</b>	4%	6%	5%	4%	5%	2%	3%	6%	2%	6%
	<b>Balance (Higher-Lower)</b>	10%	14%	12%	13%	8%	11%	9%	5%	10%	12%
<b>Future (Oct 12 vs. Jul 12)</b>	<b>Higher</b>	22%	16%	21%	19%	18%	25%	21%	20%	27%	22%
	<b>Lower</b>	7%	16%	7%	8%	4%	7%	4%	5%	7%	8%
	<b>Balance (Higher-Lower)</b>	15%	0%	14%	12%	14%	18%	17%	15%	19%	13%
<b>Output prices</b>											
<b>Past (Jul 12 vs. Apr 12)</b>	<b>Higher</b>	11%	13%	13%	11%	12%	12%	6%	13%	9%	15%
	<b>Lower</b>	9%	10%	11%	10%	10%	7%	10%	7%	9%	9%
	<b>Balance (Higher-Lower)</b>	2%	3%	2%	0%	3%	5%	-4%	6%	0%	6%
<b>Future (Oct 12 vs. Jul 12)</b>	<b>Higher</b>	16%	13%	17%	16%	19%	18%	17%	13%	21%	13%
	<b>Lower</b>	7%	10%	5%	6%	6%	10%	5%	6%	6%	8%
	<b>Balance (Higher-Lower)</b>	10%	3%	12%	10%	14%	7%	11%	7%	15%	5%

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.

### **Coherence with similar data**

Other business surveys, conducted by both trade bodies and private companies, collect information across a range of variables. Although some of this information overlaps with that collected through the EBS, the EBS has the advantages that it: brings the data together in a single place; allows sub-regional analysis each quarter; and covers all sectors of the economy, including the public/not-for-profit sectors.

Along with many other business surveys, data from the EBS is difficult to reconcile with official statistics, particularly output. For example, while official GDP data shows a fall in output for the second quarter of 2012, data from the EBS, as well as surveys by the Confederation of British Industry (CBI) and British Chambers of Commerce (BCC) all indicate increases over the recent past, with expectations of further increases to come. The Purchasing Managing Index (PMI) data indicates a fall in July 2012, but this is the first decrease in 3 years. In contrast, employment data is broadly positive across all surveys, which is more in line with the increase of 0.3 percentage points in Quarter 2 that was shown in official employment statistics.

## Product Development

The survey has undergone extensive development and testing, including pilot testing of the survey and cognitive testing of the survey questions. The Report on the EBS Questionnaire<sup>20</sup> contains details of the development and testing of the questionnaire; the Technical Annex details the methods which underpin the survey. Both documents are available on the EBS webpage<sup>21</sup>.

EBS methods and surveys continue to be reviewed and analysed to ensure they remain the best possible. Should you have any comments on the statistics – including on the methods used and dissemination of the statistics – or would like to inform us how you use the statistics, please contact [ebssurvey@bis.gsi.gov.uk](mailto:ebssurvey@bis.gsi.gov.uk).

## Background Notes

### Interpreting the results

#### *Workplace based 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.

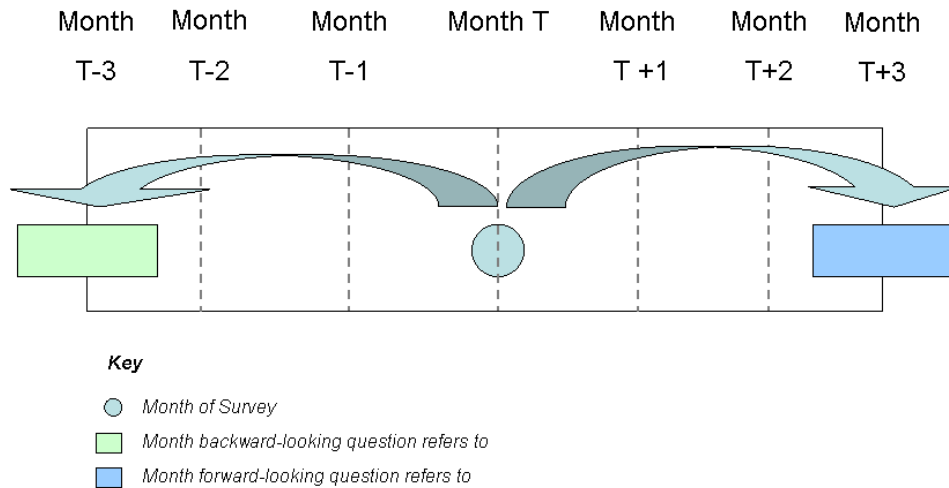
#### *Period covered*

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 (month T) with the month three months previous and three months forward. For example, for the July 2012 EBS most backward-looking questions compare July 2012 with April 2012 and forward-looking questions compare October 2012 with July 2012.

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<sup>20</sup> <http://www.bis.gov.uk/assets/biscore/statistics/docs/e/12-601-english-business-survey-report-questionnaire-development.pdf>

<sup>21</sup> <http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebssurvey>



3. However, care should be taken, as for questions on capital investment, capacity constraints and annual output the question refers to a reference period of several months, not a single month. Periods being compared are clearly labelled on the tables. This is also explained in the EBS User Guide.

### *Weighting*

4. 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 Statistics*

5. 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.
6. 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 supporting tables.
7. 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.

### *Time Series Comparisons*

8. 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 we recommend that users do not compare two periods.

### *Accuracy*

9. 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*.
10. Provisional testing has been carried out to test for statistically significant differences between the England total results and the results from each subgroup. 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*

11. 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
12. 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.

### *Timeliness*

13. Statistics from the EBS are published within two months of the period to which they refer. 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<sup>22</sup>.

### *Revisions*

14. While every care has been taken to produce reliable statistics, EBS is still being developed and has been designated an Experimental Official Statistic. As the EBS develops statistics may be subject to revision if improvements in methodology are identified. All revisions will be pre-announced where practicable and all known users notified.

### **Additional information**

#### *Accessibility*

15. Once the EBS is more established a greater number of supporting tables will be published online. EBS Microdata are available to 'approved researchers' via ONS' Virtual Micro Laboratory<sup>23</sup> and an aggregated version of the dataset is available from the UK Data Archive<sup>24</sup>.

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<sup>22</sup> <http://www.statistics.gov.uk/hub/index.html>

<sup>23</sup> <http://www.ons.gov.uk/ons/about-ons/who-we-are/services/vml/index.html>

<sup>24</sup> <http://www.data-archive.ac.uk/>