

ENGLISH BUSINESS SURVEY – AUGUST 2012

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This statistical release is the ninth 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 release¹.

Key Points

- Workplaces accounting for 36% of employment in England reported that output was the same in August 2012 as in May 2012. Of those reporting a change, workplaces accounting for 30% of employment in England reported higher output over this period, while 30% reported lower output.
- Workplaces accounting for around two-thirds employment in England (63%), reported no change in employment in August 2012 compared with May 2012. Of those reporting a change, workplaces accounting for 19% of employment in England reported higher employment, while 18% reported lower employment.
- Workplaces accounting for almost half of England's (49%) employment expect output to be higher in November 2012 than in August 2012; however, 31% expect output to be the same as August 2012.
- Looking forward, workplaces accounting for 61% of employment in England expect employment to be the same in November 2012 compared with August 2012. Of those expecting a change, workplaces accounting for 24% of employment in England expected higher employment, while 14% expected lower employment.

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

- Workplaces accounting for 29% of employment in England made new capital investment in the 3 months to August 2012. Looking ahead, a similar percentage (24%) expect to make new capital investment in the 3 months to November 2012.

Background

The EBS statistics are Official statistics currently undergoing evaluation and are released as Experimental Statistics during this period². 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.³ Statistical releases, supporting tables and full documentation for the EBS can be found on the BIS website.⁴

The data in the publication refers to conditions in August 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.

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

³ 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.

⁴ <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 Guide⁵, which provides information about how to interpret results, and a Technical Annex⁶, 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 November 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:

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

⁶ <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 (12%) and turnover (3%)⁷.

Economic Context

This section provides contextual information about economic performance over the survey period (May to August 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 net rise in Gross Domestic Product (GDP) – after a fall of 0.4% in Q2 2012, an increase for Q3 2012 of 1.0%. Despite this stronger recent performance, growth is widely predicted (by the Bank of England⁸ and the consensus of private sector forecasts published by HM Treasury⁹) to be flat, or even slightly negative, for 2012 as a whole.

Official statistics for business activity give a mixed picture – recent increases in retail sales¹⁰ contrast with declines in manufacturing output¹¹ and construction output¹². This, combined with latest figures on declining household income¹³, suggest that the underlying weaknesses that resulted in recession at the end of 2011 may yet persist.

Despite this general weakness in the broader economy, the labour market has proved resilient, continuing to show a rise in employment levels over the year¹⁴. Inflation data has also shown a steady decline, with the Consumer Price Index¹⁵ falling to 2.2% in September.

⁷ Statistics on the non-registered businesses are taken from Business Population Estimates for the UK and Regions 2012

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

⁹ http://www.hm-treasury.gov.uk/data_forecasts_index.htm

¹⁰ <http://www.ons.gov.uk/ons/rel/rsi/retail-sales/index.html>

¹¹ <http://www.ons.gov.uk/ons/rel/iop/index-of-production/index.html>

¹² <http://www.ons.gov.uk/ons/rel/construction/output-in-the-construction-industry/index.html>

¹³ http://www.ons.gov.uk/ons/dcp171766_284260.pdf

¹⁴ <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/index.html>

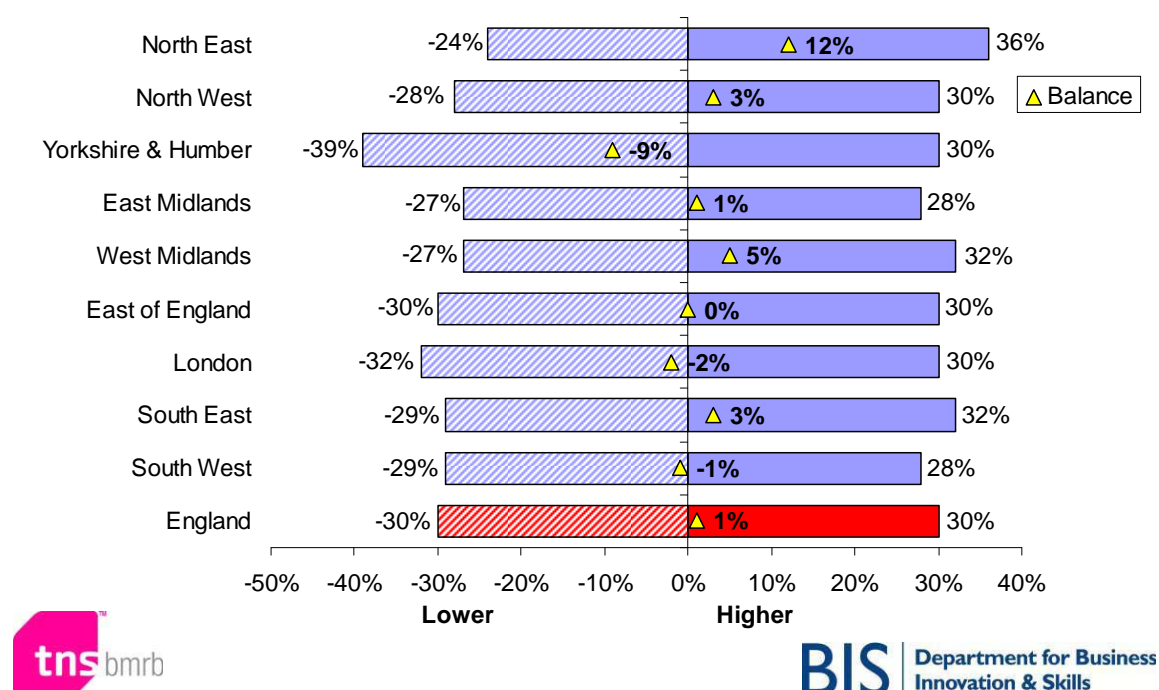
¹⁵ <http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/index.html>

Output/Business activity and Stocks

Output/Business activity

Workplaces accounting for 36% of employment in England reported that output was the same in August 2012 as in May 2012. Of those reporting a change, workplaces accounting for 30% of employment in England reported higher output over this period, while 30% reported lower output (Chart 1 and Table 1)¹⁶, giving an overall balance of +1%. Balance statistics were positive across most regions, being highest in the North East (12%). However, the East of England reported a balance of zero and three regions reported negative balances – Yorkshire & The Humber (-9%), London (-2%) and the South West (-1%).

Chart 1: Level of output/business activity in August 2012 compared with May 2012, by region



Notes:

1. Workplaces were asked about the level of output in August 2012 compared with May 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 49% of employment in England expect output to be higher in November 2012 than in August 2012. In comparison, 17% expect output to be lower, while 31% expect output to remain unchanged. This gives an overall balance of +32%. Comparing among

¹⁶ 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.

regions, workplaces in London were more optimistic about future output, with a balance of +43%.

Workplaces in the South West were more pessimistic about their expectations for output in November 2012, when compared with August 2012, reporting a balance statistic of +15%, which may be driven by seasonality effects, due to the importance of tourism to the region.¹⁷

Looking back at the same period 12 month ago workplaces in England were more optimistic; workplaces accounting for 42% of employment in England reported output was higher in August 2012 than in August 2011, but 26% reported output was lower, giving a balance of +15%. The balances were positive across all regions, ranging from +4% in the East Midlands to +22% in the South East.

Table 1: Output percentages and balances^{1 2 3 4}, by region, August 2012

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
Output											
Past (Aug 12 vs. May 12)	Higher	30%	36%	30%	30%	28%	32%	30%	30%	32%	28%
	Lower	30%	24%	28%	39%	27%	27%	30%	32%	29%	29%
	Balance (Higher-Lower)	1%	12%	3%	-9%	1%	5%	0%	-2%	3%	-1%
Future (Nov 12 vs. Aug 12)	Higher	49%	48%	47%	54%	49%	50%	44%	55%	51%	38%
	Lower	17%	20%	17%	23%	14%	18%	20%	12%	15%	24%
	Balance (Higher-Lower)	32%	28%	30%	30%	36%	32%	24%	43%	36%	15%
Past annual (Aug 12 vs. Aug 11)	Higher	42%	43%	43%	35%	35%	39%	44%	47%	46%	36%
	Lower	26%	25%	25%	30%	31%	25%	26%	27%	23%	28%
	Balance (Higher-Lower)	15%	18%	18%	5%	4%	14%	18%	21%	22%	9%

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 (Aug 12 vs. May 12)' indicates that workplaces were asked how conditions in August 2012 compared with May 2012.

Stocks

Only those sectors that typically have stocks are asked questions about stock levels¹⁸. Within this group, workplaces accounting for 18% of employment in England currently report having no stocks, though there are regional

¹⁷ EBS data is not seasonally adjusted

¹⁸ This comprises Agriculture, Production, Wholesale and Retail, Real Estate and Professional, Scientific and Technical Activities

differences, with the two extremes being in Yorkshire & the Humber (11%) and London (26%). Such variations could reflect differences in industrial composition, with a greater representation of certain sectors in London that do not have stocks (for example, financial & insurance; public administration & defence; arts, entertainment & recreation).¹⁹

Workplaces accounting for 40% of employment in England reported that stocks were the same in August 2012 compared with May 2012. For England as a whole, workplaces accounting for 20% of employment reported higher stocks, while 17% reported lower stocks, giving a balance of +3% (Table 2, below).

The East of England (-2%) and South East (-5%) were the only regions that had negative balances – having, on balance, lower stock levels in August 2012 when compared to May 2012. The highest balance figure was +9% in Yorkshire & the Humber.

Table 2: Stocks percentages and balances^{1 2 3 4}, by region, August 2012

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
Stocks⁵											
Past (Aug 12 vs. May 12)	Higher	20%	22%	18%	22%	25%	19%	14%	21%	19%	24%
	Lower	17%	22%	14%	13%	19%	16%	16%	15%	24%	19%
	Balance (Higher-Lower)	3%	0%	4%	9%	6%	3%	-2%	6%	-5%	5%
Future (Nov 12 vs. Aug 12)	Higher	29%	33%	32%	26%	28%	34%	22%	29%	33%	24%
	Lower	17%	18%	13%	29%	21%	19%	16%	6%	12%	27%
	Balance (Higher-Lower)	12%	16%	20%	-3%	7%	15%	6%	23%	21%	-2%

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.

Looking ahead to November 2012, workplaces across England (when weighted by employment) expect stocks to be higher, on balance. Workplaces accounting for 29% of employment in England expect stocks to be higher in November 2012 than in August 2012, while 17% expect stocks to be lower, giving a balance of +12%. The balance statistic for stocks was positive across most regions, but negative in Yorkshire & the Humber (-3%) and the South West (-2%), which was driven by a significantly higher proportion of respondents expecting lower stocks. London (+23%) reported the largest positive balance, largely driven by workplaces accounting for 6% of

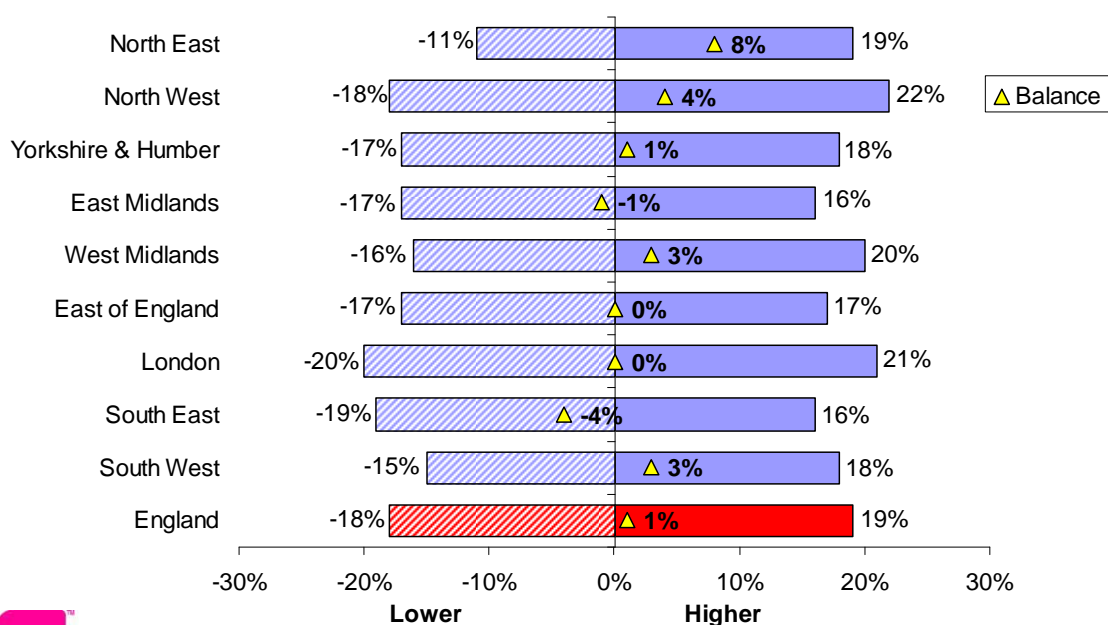
¹⁹ See data tables (<http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebsurvey>) for detailed figures

employment expecting stock levels to be lower – which is the lowest value across all regions and significantly different from England.

Labour market

Workplaces accounting for almost two-thirds of employment in England (63%), reported no change in employment in August 2012 compared with May 2012. Of those reporting a change, workplaces accounting for 19% of employment in England reported higher employment, while 18% reported lower employment, giving a balance of +1% (Chart 2 and Table 3). Two of the nine regions reported a negative balance (East Midlands at -1%; South East at -4%), with more workplaces, weighted by employment, reporting reductions in employment than reporting increases. Four regions – North East (+8%), North West (+4%), West Midlands (+3%) and the South West (+3%) – reported balances above the England average of +1%.

Chart 2: Level of employment in August 2012 compared with May 2012, by region



Notes:

1. Workplaces were asked about the level of employment in August 2012 compared with May 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 61% of workplace employment) expect employment to be the same in November 2012 compared with August 2012. Of those expecting a change, workplaces accounting for 24% of employment in England expect levels of employment to be higher, while 14% expect it to be lower, giving a balance of +9%.

In all regions the majority of respondents expected no change in future employment levels. Looking at balance statistics, most regions had balances greater than the England average (+9%). The South West was the least optimistic, with a balance statistic of +2%.

On workforce use, the majority (64%) of workplaces in England, weighted by employment, reported that their workforce was used at a satisfactory level during August 2012. Workplaces accounting for 22% of employment reported their workforce to be overstretched, while 11% reported their workforce was underutilised, giving a balance of +11%.

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 (+18%, compared with an England average of +11%); in contrast, the region has the highest balance statistic for employment levels, relative to 3 months ago (+8%) and for 3 months ahead (+16%), indicating that a higher proportion of firms have increased, or plan to increase, employment. The lowest balance statistic for workforce use was reported in Yorkshire & the Humber (+5%).

Table 3: Employment and Workforce Use percentages and balances^{1 2 3 4}, by region, August 2012

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
Employment											
Past (Aug 12 vs. May 12)	Higher	19%	19%	22%	18%	16%	20%	17%	21%	16%	18%
	Lower	18%	11%	18%	17%	17%	16%	17%	20%	19%	15%
	Balance (Higher-Lower)	1%	8%	4%	1%	-1%	3%	0%	0%	-4%	3%
Future (Nov 12 vs. Aug 12)	Higher	24%	29%	28%	23%	17%	25%	23%	26%	24%	17%
	Lower	14%	13%	12%	13%	11%	15%	13%	18%	14%	15%
	Balance (Higher-Lower)	9%	16%	15%	10%	6%	10%	10%	7%	11%	2%
Workforce Use⁵											
August 2012	Overstretched	22%	24%	23%	21%	20%	20%	24%	24%	22%	21%
	Underutilised	11%	6%	9%	16%	9%	9%	10%	12%	11%	12%
	Balance (Over-Under)	11%	18%	13%	5%	11%	10%	14%	12%	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. 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 across all regions. 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. However, while some workplaces intend to hire workers in the future, this is by no means certain.

Investment

Workplaces accounting for 29% of employment in England made new capital investment²⁰ in the 3 months from June to August 2012. Looking ahead, a smaller percentage (24%) expects to make new capital investment in the 3 months from August to November 2012 (Table 4).

Table 4: Capital Investment percentages and Capital Use percentages and balances^{1 2 3 4}, by region, August 2012

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
Capital Investment⁵											
Past (Jun-Aug 12)	Have invested	29%	28%	28%	29%	35%	31%	26%	30%	30%	27%
Future (Sep-Nov 12)	Plan to invest	24%	18%	25%	21%	28%	26%	24%	23%	22%	23%
Capital Use⁶											
August 2012	Overstretched	8%	6%	10%	10%	8%	8%	7%	5%	8%	9%
	Underutilised	16%	13%	17%	19%	17%	17%	15%	16%	15%	14%
	Balance (Over-Under)	-8%	-6%	-7%	-9%	-9%	-9%	-7%	-11%	-8%	-6%

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 June to August 2012 the proportion of workplaces, weighted by employment, undertaking new capital investment varied between the regions. The East Midlands (35%), West Midlands (31%), London (30%) and South East (30%) all had above-average proportions that reported making a new investment, while the percentage reporting investment was lowest in the East of England (26%). Looking forward, there were signs of weakening across all regions, with the East Midlands (28%) again having the strongest outlook,

²⁰ Defined as including buildings, plant and machinery, equipment, vehicles and computer hardware

while the North East had a weak outlook, with only 18% of workplaces, weighted by employment, expecting to invest in the period September to November 2012.

Workplaces were also asked about their use of capital in August 2012. Workplaces accounting for 73% 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 16% underutilised, giving a balance statistic of -8%. This suggests that, on balance, there is a degree of spare capacity in relation to capital utilisation, which would support the decline in forward-looking investment intentions observed above. All regions reported a negative balance, with London (-11%) having the lowest.

Prices

Table 5: Labour cost and output price percentages and balances^{1 2 3 4}, by region, August 2012

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
Labour costs											
Past (Aug 12 vs. May 12)	Higher	15%	18%	19%	16%	15%	17%	12%	15%	14%	13%
	Lower	6%	6%	5%	6%	7%	6%	3%	5%	7%	6%
	Balance (Higher-Lower)	9%	12%	14%	10%	9%	11%	9%	10%	7%	6%
Future (Nov 12 vs. Aug 12)	Higher	24%	26%	22%	25%	27%	25%	25%	24%	23%	24%
	Lower	9%	11%	11%	10%	6%	11%	8%	8%	8%	9%
	Balance (Higher-Lower)	16%	15%	11%	15%	21%	14%	17%	16%	16%	16%
Output prices											
Past (Aug 12 vs. May 12)	Higher	10%	9%	9%	12%	8%	11%	13%	9%	9%	10%
	Lower	10%	3%	11%	8%	9%	12%	7%	12%	10%	7%
	Balance (Higher-Lower)	0%	5%	-2%	4%	-1%	-1%	6%	-3%	-1%	3%
Future (Nov 12 vs. Aug 12)	Higher	13%	7%	11%	19%	18%	15%	9%	15%	14%	9%
	Lower	8%	8%	5%	9%	6%	10%	11%	5%	5%	14%
	Balance (Higher-Lower)	6%	-1%	7%	10%	11%	6%	-3%	10%	9%	-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.

Labour costs

Workplaces accounting for over three-quarters of employment in England (74%) reported that labour costs per person remained the same in August 2012 compared with May 2012. Of those reporting a change, workplaces accounting for 15% of employment in England reported labour costs to be higher, compared with 6% reporting lower, giving a balance of +9% (Table 5). A positive balance was seen in every region, with the highest in the North West (+14%) and lowest in the South West (+6%).

Looking ahead, workplaces accounting for 63% of employment in England expect average labour costs to be the same in November 2012 as in August 2012. Of those expecting a change, labour costs per person are, on balance, expected to be higher. Workplaces accounting for 24% of employment in England expect higher costs, while 9% expect such costs to be lower, giving a balance of +16%. A broadly similar positive balance was seen across all regions, varying from +11% (North West) to +21% (East Midlands).

Output prices

Workplaces accounting for 76% of employment in England reported that the prices charged (output prices) in August 2012 compared with May 2012 had not changed.

Of those reporting changes, workplaces accounting for 10% of employment in England reported higher output prices in August 2012 than in May 2012, while 10% reported lower output prices, giving a balance of zero. Unusually, the output prices balance was negative across most regions, meaning that workplaces accounting for a larger share of employment, reported a fall in output prices, rather than an increase; only the North East (+5%, which had a significantly smaller proportion of respondents reporting lower output prices), Yorkshire & the Humber (+4%), East of England (+6%) and the South West (+3%) reported positive balances.

Looking ahead, workplaces accounting for 13% of employment in England expect higher output prices in November 2012 compared with August 2012, while 8% expect lower output prices, giving a balance of +6%. Most regions reported positive balances, though North East (-1%), East of England (-3%) and South West (-5%) continued to have negative balances. The more subdued (and negative) forward-looking output price balances may be indicative of anticipated discounting to boost sales in the Christmas season, which would also be supported by a slightly weakened performance on output/business activity observed above. Combined with the more positive balances on labour costs, this also implies that businesses may face increased pressure on their profit margins over the next few months.

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, 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. Similarly, the monthly Purchasing Managing Index (PMI) has also remained in broadly positive territory throughout 2012. While this ties in well to the recent GDP estimate for Q3 2012 (1.0%), this does not fit well with previous data. In contrast, employment data is broadly positive across all surveys, which is more in line with the 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 Questionnaire²¹ 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 webpage²².

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 ebsurvey@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.

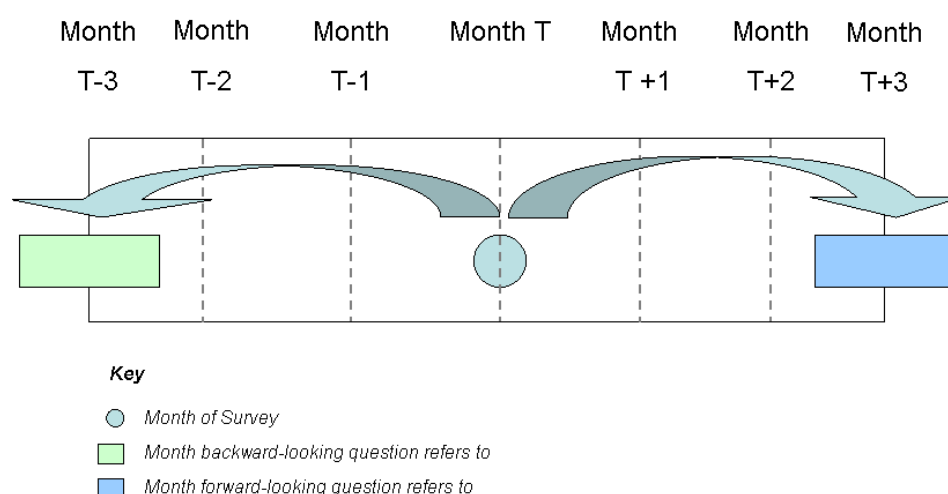
Period covered

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

²¹ <http://www.bis.gov.uk/assets/biscore/statistics/docs/e/12-601-english-business-survey-report-questionnaire-development.pdf>

²² <http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebsurvey>

months forward. For example, for the August 2012 EBS most backward-looking questions compare August 2012 with May 2012 and forward-looking questions compare November 2012 with August 2012.



- 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

- 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

- 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.
- 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 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

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 Hub²³.

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 Laboratory²⁴ and an aggregated version of the dataset is available from the UK Data Archive²⁵.

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²³ <http://www.statistics.gov.uk/hub/index.html>

²⁴ <http://www.ons.gov.uk/ons/about-ons/who-we-are/services/vml/index.html>

²⁵ <http://www.data-archive.ac.uk/>