

ENGLISH BUSINESS SURVEY – MAY 2012

26th July 2012

Introduction

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This statistical release is the sixth in a series of monthly publications based on data from the English Business Survey (EBS). The data in the publication refers to conditions in May 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.¹ 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.

¹ 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

- Across England more workplaces, weighted by employment, reported higher **output** in May 2012 compared with February 2012. All regions reported positive balances, though East and West Midlands had the strongest positive balances. The annual comparison also shows a higher share of workplaces, weighted by employment, reporting that output was higher in May 2012 compared with May 2011. Again, all regions saw positive balances with some variation, ranging between 14% and 29%.
- Looking ahead, though the balance of **expectations for output** in August 2012 compared with May 2012 is also positive across all regions, there was a greater degree of variation, ranging from 6% to 20%. The East of England reported the lowest regional balance for both backward-looking and future expectations of output, though this remained positive.
- Workplaces accounting for two-fifths of employment (41%) reported that **stocks** remained unchanged in May 2012, compared with February 2012. A similar proportion (42%) expected that stocks would remain unchanged in August 2012, relative to May 2012. Overall, there was a positive balance of workplaces reporting higher stocks in May 2012 compared with February 2012 across all regions, but this was less consistent on the measure looking ahead to August 2012, with some balances being either zero or negative.
- Just over two-thirds of workplaces, weighted by employment, reported no changes in **employment** in May 2012 compared with February 2012. Of those that reported a change, slightly more workplaces reported higher employment. Small positive balances were seen across all regions, with London having the largest positive balance (12%).
- Looking ahead to August 2012, **expectations for employment** are neutral, with the majority of workplaces, weighted by employment, not expecting employment levels to change. Of those expecting a change, more workplaces, weighted by employment, expect higher employment in August 2012 compared with May 2012, with low but nevertheless positive balances across all regions.
- Workplaces accounting for 30% of employment in England made new **capital investment** in the period March to May 2012, with a similar proportion (29%) intending to invest in the period June to August 2012. The South West and East of England consistently reported above-average incidence of investment, both for backward and forward-looking measures. There was evidence of a relationship between those regions reporting stronger investment intentions and underutilisation of existing capital.

- The majority of workplaces, weighted by employment, reported that **labour costs** were unchanged in May 2012 compared with February 2012, 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 August 2012 compared with May 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 May 2012 compared with February 2012. Looking forwards, again the majority of workplaces, weighted by employment, expect output prices to be the same in August 2012 as in May 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 40% of employment in England reported that output was the same in May 2012 as in February 2012. Of those reporting a change, workplaces accounting for 41% of employment in England reported higher output over this period, while 16% reported lower output (Chart 1 and Table 1)², giving a positive balance of 25%.

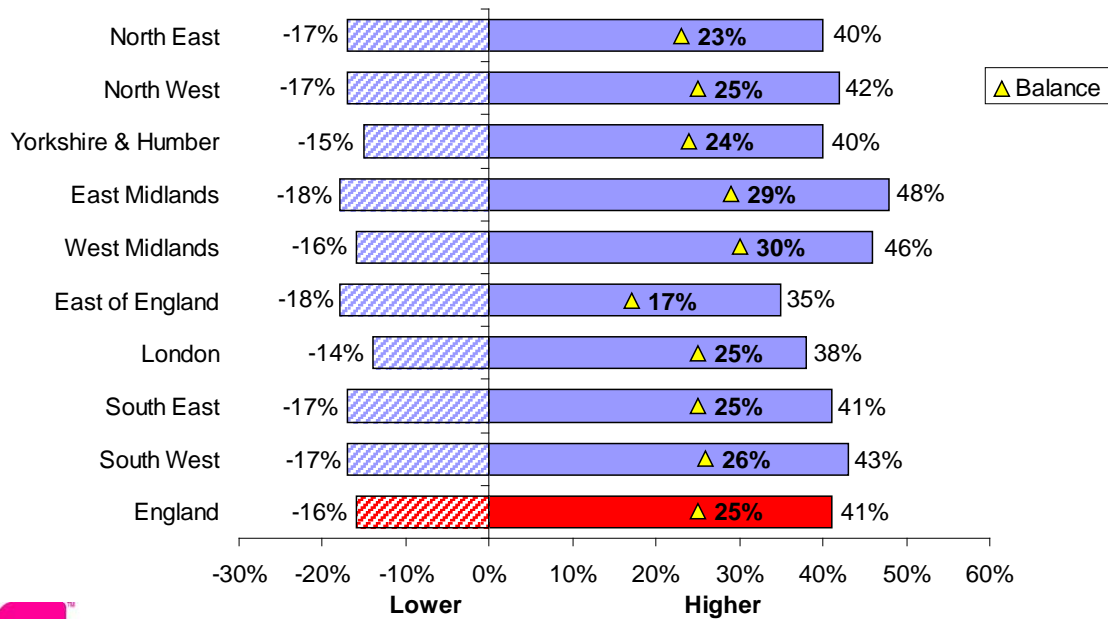
Positive balance statistics were seen across all regions, and ranged from 17% in the East of England to 30% in the West Midlands.

The lowest output balance seen in the East of England was driven mainly by a below-average share of workplaces, weighted by employment, reporting higher output. In contrast, the most positive balance for the West Midlands was driven by a greater share of workplace employment reporting output as being higher, relative to the England average.

² Responses across all categories (i.e. Higher, The same, Lower and Don't Know) sum to 100%. Workplaces accounting for 40% of employment reported that output had not changed in May 2012 compared with February 2012, with only 3% reporting don't know. See data tables at (<http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebsurvey>) for detailed figures.

EXPERIMENTAL OFFICIAL STATISTICS

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



Notes:

1. Workplaces were asked about the level of output in May 2012 compared with February 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 36% of employment in England expect output to be higher in August 2012 than in May 2012. In comparison, 24% expected output to be lower, giving a positive balance of 12%. Workplaces in the East Midlands were relatively optimistic compared with other regions, with a balance of 20%. In contrast, workplaces in both the South West and the East of England were comparatively pessimistic, both reporting a balance statistic of 6%.

Looking back 12 months, workplaces accounting for 46% of employment in England reported output was higher in May 2012 than in May 2011, while 23% reported output was lower, giving a balance of 22%. The balances were positive across all regions, ranging from 14% in the North West to 29% in London.

EXPERIMENTAL OFFICIAL STATISTICS

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

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
Output											
Past (May 12 vs. Feb 12)	Higher	41%	40%	42%	40%	48%	46%	35%	38%	41%	43%
	Lower	16%	17%	17%	15%	18%	16%	18%	14%	17%	17%
	Balance (Higher-Lower)	25%	23%	25%	24%	29%	30%	17%	25%	25%	26%
Future (Aug 12 vs. May 12)	Higher	36%	39%	34%	39%	42%	40%	28%	35%	34%	34%
	Lower	24%	24%	18%	23%	23%	20%	22%	28%	25%	28%
	Balance (Higher-Lower)	12%	15%	16%	16%	20%	19%	6%	7%	10%	6%
Past annual (May 12 vs. May 11)	Higher	46%	43%	40%	50%	46%	46%	42%	48%	46%	48%
	Lower	23%	26%	27%	22%	26%	23%	26%	19%	24%	21%
	Balance (Higher-Lower)	22%	17%	14%	28%	19%	23%	17%	29%	22%	27%

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 (May 12 vs. Feb 12) indicates that workplaces were asked how conditions in May 2012 compared with February 2012.

Stocks

Only those sectors that typically have stocks are asked questions about stock levels³. Within this group, workplaces accounting for 19% of employment in England currently report having no stocks, though there are some statistically significant regional differences (from almost half this level in the East Midlands, at 10%, to twice that level in London, at 38%). Such variations are likely to reflect differences in industrial composition, with a greater representation of certain sectors in London that do not have stocks (e.g. financial & insurance; public administration & defence; arts, entertainment & recreation).⁴

Workplaces accounting for 41% of employment in England reported that stocks were the same in May 2012 compared with February 2012. For England as a whole, workplaces accounting for 23% of employment reported higher stocks, while 14% reported lower stocks, giving a balance of 9% (Table 2, below).

³ This comprises Agriculture, Production, Wholesale and Retail, Real Estate and Professional, Scientific and Technical Activities

⁴ See data tables (<http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebsurvey>) for detailed figures

EXPERIMENTAL OFFICIAL STATISTICS

The balance statistic for stocks was positive across all regions, though only marginally so in the case of the West Midlands (2%). The highest figure was 13% in the South West, due to a greater share of workplaces, weighted by employment, reporting higher stocks than the England average.

Looking ahead to August 2012, workplaces across England (when weighted by employment) expect stocks to be higher, on balance. Workplaces accounting for 19% of employment in England expect stocks to be higher in August 2012 than in May 2012, while 16% expect stocks to be lower, giving a balance of 3%. The balance statistic for stocks was positive across all regions, with the exception of the East Midlands (-6%), though many other regions posted balance statistics that were either zero or only marginally positive (West Midlands, East of England, London, South East). The negative balance statistic for East Midlands was driven by a higher-than-average proportion of workplaces expecting lower stocks in August 2012, compared with May 2012. This may reflect differential impacts of trends specific to that region, or could be linked to that region's positive output performance and future expectations outlined above. The balance is highest in the North East, at 14%.

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

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
Stocks⁵											
Past (May 12 vs. Feb 12)	Higher	23%	27%	26%	27%	25%	22%	18%	14%	23%	27%
	Lower	14%	16%	14%	18%	17%	20%	9%	9%	12%	14%
	Balance (Higher-Lower)	9%	10%	12%	10%	8%	2%	9%	5%	10%	13%
Future (Aug 12 vs. May 12)	Higher	19%	23%	21%	23%	19%	15%	17%	15%	19%	23%
	Lower	16%	9%	16%	13%	25%	15%	15%	14%	18%	13%
	Balance (Higher-Lower)	3%	14%	5%	10%	-6%	0%	2%	0%	1%	10%

Notes:

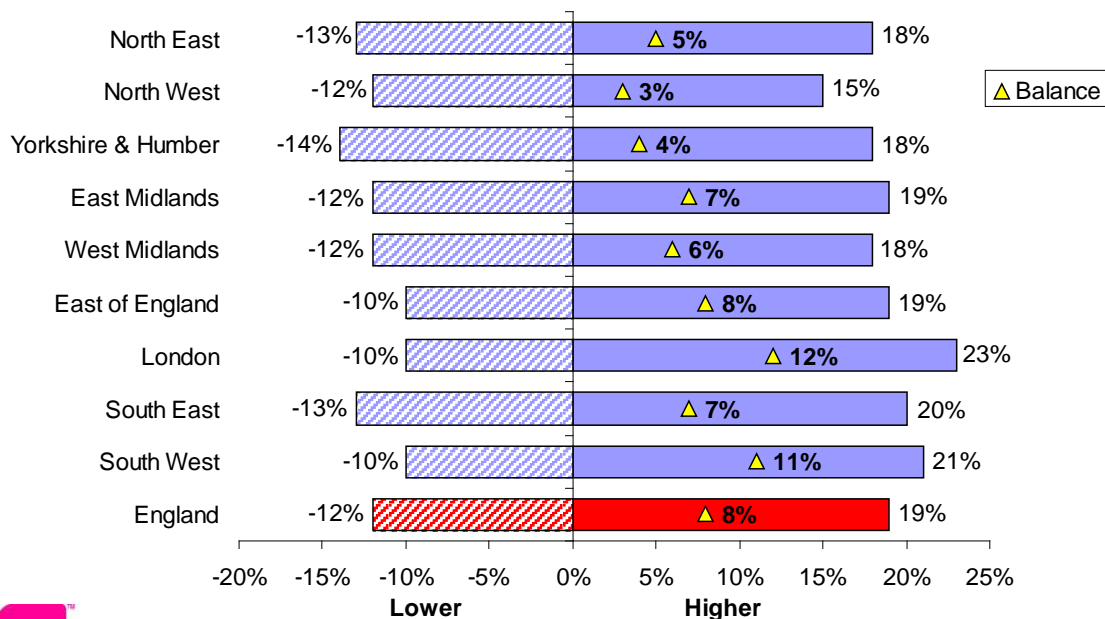
1. See note 1 of Table 1.
2. See note 2 of Table 1.
3. See note 3 of Table 1.
4. See note 4 of Table 1.
5. The questions on stocks are only asked of workplaces in the following sectors Agriculture, Production, Wholesale and Retail, Real Estate and Professional, Scientific and Technical Activities (SIC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

Labour market

Just over two-thirds of workplaces in England (69%), weighted by employment, reported no change in employment in May 2012 compared with February 2012. Of those reporting a change, workplaces accounting for 19% of employment in England reported higher employment, while 12% reported lower employment, giving a balance of 8% (Chart 2 and Table 3).

The employment balances were positive in all regions and were broadly similar, with most in the range of 3% to 8%; only two regions recorded balance statistics above the England average – London (12%) and the South West (11%).

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



Notes:

1. Workplaces were asked about the level of employment in May 2012 compared with February 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 68% of workplace employment) expect employment to be the same in August 2012 compared with May 2012. Of those expecting a change, workplaces accounting for 19% of employment in England expect levels of employment to be higher in August 2012 than in May 2012, while 13% expect employment to be lower, giving a balance of 6%.

In all regions the majority of respondents expected no change in future employment levels. Looking at balance statistics, the East of England was the notable outlier, recording a balance statistic of 15%, which was substantially higher than the England average (6%). This is surprising, given that the region also recorded the lowest balance statistic for both backward-looking and forward-looking output. The North West was the least optimistic (with a balance statistic of 2%).

On workforce use, the majority (65%) of workplaces in England, weighted by employment, reported that their workforce was used at a satisfactory level during May 2012. Workplaces accounting for 25% of employment reported their workforce to be overstretched, while 8% reported their workforce was underutilised, giving a balance of 17%.

EXPERIMENTAL OFFICIAL STATISTICS

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 South West reported the highest balance statistic (24%, compared with an England average of 17%), in spite of the region recording the second-highest balance statistic for employment levels, relative to 3 months ago (February 2012). The lowest workforce use balance statistic was reported in the North East and East of England (13%), which was driven by a lower share of workplace employment relative to the England average reporting that the workforce was overstretched (22%, compared with 25%).

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

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
Employment											
Past (May 12 vs. Feb 12)	Higher	19%	18%	15%	18%	19%	18%	19%	23%	20%	21%
	Lower	12%	13%	12%	14%	12%	12%	10%	10%	13%	10%
	Balance (Higher-Lower)	8%	5%	3%	4%	7%	6%	8%	12%	7%	11%
Future (Aug 12 vs. May 12)	Higher	19%	18%	17%	20%	16%	19%	23%	20%	19%	18%
	Lower	13%	12%	15%	10%	11%	13%	8%	14%	14%	11%
	Balance (Higher-Lower)	6%	6%	2%	9%	4%	5%	15%	5%	5%	7%
Workforce Use⁵											
May 2012	Overstretched	25%	22%	24%	24%	27%	25%	22%	25%	28%	29%
	Underutilised	8%	9%	8%	10%	8%	7%	9%	7%	12%	5%
	Balance (Over-Under)	17%	13%	16%	14%	18%	18%	13%	17%	16%	24%

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 decrease employment. 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 – i.e. past increases in output resulting in increased workforce utilisation, which could lead to increased labour demand. However, although some workplaces intend to hire workers in the future, this is by no means certain.

Investment

EXPERIMENTAL OFFICIAL STATISTICS

Workplaces accounting for 30% of employment in England made new capital investment⁵ in the 3 months from March to May 2012. Looking ahead, a similar percentage (29%) expects to make new capital investment in the 3 months from June to August 2012 (Table 4).

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

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
Capital Investment⁵											
Past (Mar-May 12)	Have invested	30%	29%	28%	36%	26%	26%	33%	27%	30%	36%
Future (Jun-Aug 12)	Plan to invest	29%	27%	25%	29%	25%	29%	32%	30%	30%	32%
Capital Use⁶											
May 2012	Overstretched	9%	5%	8%	7%	10%	10%	5%	11%	13%	10%
	Underutilised	10%	5%	9%	12%	9%	8%	8%	7%	11%	8%
	Balance (Over-Under)	-1%	1%	-1%	-5%	1%	3%	-3%	4%	3%	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. 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 March to May 2012 the proportion of workplaces, weighted by employment, undertaking new capital investment varied between the regions. Yorkshire & the Humber and the South West both had above-average proportions that reported making a new investment (36%), while the percentage reporting investment was lowest in the East & West Midlands (26%). Looking forward, the North West and East Midlands had a relatively weak outlook, with 25% of workplaces, weighted by employment, expecting to invest in the period June to August 2012. East of England and the South West had the strongest outlook, with 32% planning to invest.

Workplaces were also asked about their use of capital in the most recent month (May 2012). Workplaces accounting for 79% of employment reported that capital was used at a satisfactory level though this also varied widely, being statistically significantly higher in the North East (87%) and East of England (85%), but statistically significantly lower in the South East (73%). Nevertheless, this did not lead to substantial regional differences in the balance statistic for this measure.⁶

⁵ Defined as including buildings, plant and machinery, equipment, vehicles and computer hardware

⁶ See data tables (<http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebsurvey>) for detailed figures

Overall for England, 9% of workplaces, weighted by employment, reported their capital use as overstretched and 10% underutilised, giving a balance of -1%. There was little variation across the regions, with London having the most positive balance statistic (4%) and Yorkshire & the Humber having the most negative (-5%).

The message on capital utilisation – suggesting on balance utilisation is neither under nor over-utilised (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 almost three-quarters of employment in England (72%) reported that labour costs per person remained the same in May 2012 compared with February 2012. Of those reporting a change, workplaces accounting for 20% of employment in England reported such costs to be higher, compared with 4% reporting lower, giving a balance of 16% (Table 5). A positive balance was seen in every region, with the highest in the South East and South West (19%) and the lowest in Yorkshire & the Humber (9%).

Looking ahead, workplaces accounting for 69% of employment in England expect average labour costs to be the same in August 2012 as in May 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 in August 2012 relative to May 2012, while 6% expect such costs to be lower, giving a balance of 15%. A broadly similar positive balance was seen across all regions, varying from 12% (in the South West) to 18% (in the North West).

Output prices

Workplaces accounting for 71% of employment in England reported that the prices charged (output prices) in May 2012 compared with February 2012 had not changed; a pattern that displayed little regional variation.

Of those reporting changes, workplaces accounting for 17% of employment in England reported higher output prices in May 2012 than in February 2012, while 8% reported lower output prices; giving a balance of 8%. The output prices balance was positive across all regions, though substantially higher in the East Midlands (at 18%) and lowest in the West Midlands and South West (at 5%).

Looking ahead, workplaces accounting for 14% of employment in England expect higher output prices in August 2012 compared with May 2012, while 6% expect lower output prices; giving a balance of 8%. All regions reported

EXPERIMENTAL OFFICIAL STATISTICS

positive balances, though only slightly so in the case of Yorkshire & the Humber (at 2%). 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^{1 2 3 4}, by region, May 2012

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
Labour costs											
Past (May 12 vs. Feb 12)	Higher	20%	18%	18%	15%	24%	16%	20%	20%	22%	22%
	Lower	4%	5%	4%	4%	6%	2%	3%	3%	4%	3%
	Balance (Higher-Lower)	16%	14%	14%	9%	17%	14%	18%	17%	19%	19%
Future (Aug 12 vs. May 12)	Higher	22%	18%	24%	21%	19%	20%	19%	25%	23%	21%
	Lower	6%	3%	6%	4%	7%	4%	6%	8%	6%	9%
	Balance (Higher-Lower)	15%	15%	18%	17%	13%	16%	13%	16%	17%	12%
Output prices											
Past (May 12 vs. Feb 12)	Higher	17%	21%	16%	14%	22%	17%	18%	14%	17%	15%
	Lower	8%	10%	6%	8%	5%	12%	10%	7%	8%	10%
	Balance (Higher-Lower)	8%	12%	10%	6%	18%	5%	9%	7%	8%	5%
Future (Aug 12 vs. May 12)	Higher	14%	17%	15%	9%	18%	14%	14%	16%	12%	16%
	Lower	6%	6%	5%	7%	8%	9%	6%	5%	5%	7%
	Balance (Higher-Lower)	8%	11%	9%	2%	10%	6%	7%	10%	8%	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.

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 May 2012 EBS most backward-looking questions compare May 2012 with February 2012 and forward-looking questions compare August 2012 with May 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.

EXPERIMENTAL OFFICIAL STATISTICS

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 April 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-March 2012

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

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 businesses⁷) although they account for a smaller share of employment and turnover.

Timeliness

23. This publication is the sixth 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 May 2012 data will be released in July 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:

⁷ Source: BIS National Statistics publication Business Population Estimates for the UK and Regions 2011.

EXPERIMENTAL OFFICIAL STATISTICS

- other central government departments to inform policy development;
- 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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