



English Business Survey – October 2013

This release provides timely intelligence on business conditions in England, presenting key messages from the English Business Survey (EBS). The EBS interviews around 3,000 workplaces each month providing an assessment of past, current and future business and economic conditions. The data refers to business conditions in October 2013, which is the reference month for the survey. The release focuses on changes in business activity and employment levels, with statistics on a range of variables contained in the fifteen supplementary tables that accompany the release.

Key Points

- In England and its regions the latest EBS results are positive with businesses reporting increases in output and employment when compared to July 2013, with balance estimates of +27% and +10%, respectively. This was true for all sectors in England, apart from Construction where more businesses reported employment levels in October 2013 were lower than in July, resulting in a balance score of -7%¹.
- All regions had positive balance score estimates for output and employment in October 2013. Balance scores for output ranged from +34% in London to +21% in the South West, whilst balance scores for employment ranged from +18% in the West Midlands to +2% in the East of England.
- When asked to compare output levels in October 2013 to October 2012, more businesses reported higher levels resulting in a balance score of +34% in England, equivalent to estimates in September 2013². Across all regions, balance scores were positive, ranging from +42% in East of England to +27% in Yorkshire and The Humber.
- Business expectations about future output and employment levels in January 2014 compared to October 2013 were positive in England. Across the regions, the results were mixed with 4 of the 9 regions reporting negative balance score estimates for both output and employment levels, respectively; North East (-9%, -2%), North West (-12%, -7%), East Midlands (-5%, -3%) and South West (-2%, -2%).

¹ Estimates are not seasonally adjusted

² Estimates are not seasonally adjusted

Economic Context

This section provides contextual information on the economic performance over the survey period (October 2013) and in the preceding months to help the user to interpret the statistics.

- Gross Domestic Product (GDP) increased by 0.8% in Quarter 3 2013 compared with Quarter 2 2013³. Compared with the same quarter a year ago, Quarter 3 2012, GDP was 1.5% higher in Quarter 3 2013.
- The employment rate in the working age population (16-64) for August to October 2013 was 72.0%, up 0.4 percentage points from May to July 2013. There were 30.09 million people in employment, up 250,000 from May to July 2013.
- The unemployment rate for August to October 2013 was 7.4%, down 0.3 percentage points from May to July 2013. The unemployment rate has become a more prominent economic indicator since the Bank of England announced, as part of its forward guidance that it does not intend to raise interest rates while the unemployment rate remains above 7%⁴.
- Annual inflation was estimated to have grown by 2.2% in the year to October 2013, down from 2.7% in September⁵. This remains above the Bank of England target rate of 2.0%.
- Retail Sales estimates for October 2013 compared to the same period the previous year showed that retail sales increased by 1.8%. Compared to the previous month retail sales declined by 0.7% in October 2013⁶.
- Construction output grew 2.2% in October 2013 when compared with September 2013. Comparing October 2013 with October 2012, the output of construction increased by 5.3%.⁷

³ <http://www.ons.gov.uk/ons/rel/naa2/second-estimate-of-gdp/q3-2013/index.html>

⁴ <http://www.bankofengland.co.uk/publications/Pages/news/2013/096.aspx>

⁵ <http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/october-2013/index.html>

⁶ <http://www.ons.gov.uk/ons/rel/rsi/retail-sales/october-2013/index.html>

⁷ <http://www.ons.gov.uk/ons/rel/construction/output-in-the-construction-industry/october-2013/index.html>

Terminology

What these statistics mean:

- The EBS is a survey of workplaces. A workplace can be a single business, or a workplace that is part of a larger enterprise, for example the local store of a large supermarket chain. Ninety-seven per cent of enterprises consist of a single workplace.⁸ The term business will be used throughout this release.
- In order to reflect the relative importance or contribution of different sized workplaces to the local economy, the survey uses the number of people employed at each workplace as the measure of its contribution to the economy. Where the size of business is reported in the release, this refers to the number of people employed at each workplace.
- Where 'Balances' are presented, they are the difference between the 'higher' responses and the 'lower' responses. Balances provide a summary of the scores for businesses that report, or expect a variable to change. More detailed information on the terminology used is included in the Background Notes to the release.

Background Notes

Quality and use

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 are likely to include seasonal patterns, which have not been removed through seasonal adjustment⁹.

Methodology

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*¹⁰, which provides information about how to interpret results, and a *Technical Guide*¹¹, which contains detailed information about the methodology.

⁸ Source: UK Business: Activity, Size and Location, 2013

⁹ The recommended approach for removing seasonality in UK Official Statistics requires 3 years of monthly data or 5 years of quarterly data.

¹⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/210768/12-598-english-business-survey-user-guide.pdf

¹¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/227025/bis-13-1075-english-business-survey-technical-guide.pdf

Interpreting the results

Accuracy

1. 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 Guide*.

Timeliness

2. Future publication dates will be added to the National Statistics Publication Hub¹².

Revisions

3. 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

Sub-regional data

4. The English Business Survey Reporting Tool¹³ allows users to access detailed EBS statistics for individual periods (months and quarters) as well as cumulative periods, starting in October 2011 for monthly statistics and Quarter 4 2011 for Quarterly statistics. The reporting tool includes a more extensive range of statistics than presented in the Statistical Release and the supporting tables.
5. The English Business Survey Interactive Map¹⁴ allows users to determine how NUTS 2 areas are performing, relative to England, over time for Output, Employment and levels of Stock. The Map uses quarterly statistics and is updated shortly after each quarterly release.

Micro data

6. EBS Micro data are available to 'approved researchers' via ONS' Virtual Micro Laboratory¹⁵ and an aggregated version of the dataset is available to academics from the UK Data Archive¹⁶.

¹² http://www.statistics.gov.uk/hub/release-calendar/index.html?newquery=*&lday=0&lmonth=0&lyear=0&title=English+Business+Survey&pagetype=calendar-entry&uday=&umonth=&uyear

¹³ <http://dservuk.tns-global.com/English-Business-Survey-Reporting-Tool/>

¹⁴ <http://aalookup.bis.gov.uk/ebs/map/>

¹⁵ <http://www.ons.gov.uk/ons/about-ons/who-we-are/services/vml/index.html>

¹⁶ <http://www.data-archive.ac.uk/>

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