



English Business Survey – April 2013

This release presents the key messages from the English Business Survey (EBS) for April 2013. The EBS interviews 3,000 workplaces each month and provides timely intelligence on business conditions in England. The Survey provides an assessment of past, current and future conditions. The data refers to business conditions in April 2013, which is the reference month for the survey.

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.¹ 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.

¹ Source: UK Business: Activity, Size and Location, 2012

Key Points

- In April 2013, output performance was positive with a balance score of +32% for England, the highest in the series since October 2011. This is an improvement on last month's (+14%) and last year's (+24%) balance scores.
- Employment performance in April was positive in England with a balance score of +9% in April. This is the first positive balance since December 2012 and is two percentage points higher than April 2012. All regions reported a positive result, improving on last month's balances.
- Regionally, the East Midlands reported the strongest output balance while the South West was strongest in terms of employment. The East Midlands also had a strong employment result.
- Expectations of business output in July were positive for England and the English regions, but for England this continued a downward trend since January 2013. For England a positive balance score of +25% was recorded.
- Expectations for employment in July are positive for both England and the regions with a balance of +12% for England overall, slightly higher when compared to March's results (+9%) and similar to a year earlier (+11%).

Economic Context

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

Official statistics showed the value of the UK economy – Gross Domestic Product (GDP) – was estimated to have expanded in Quarter 1 2013 by 0.3% when compared with Quarter 4 2012.² According to Eurostat, GDP declined by 0.2% in the Euro area and by 0.1% in the EU27 during the first quarter of 2013 compared to the previous quarter. Compared with the same quarter of the previous year GDP in the Euro area contracted by 1%, and the EU27 by 0.7% while the UK expanded by 0.6%.³

Official business statistics paint a mixed picture of the economy: in the three months to April, retail sales increased,⁴ production output fell as did manufacturing output,⁵ and the volume of construction.⁶ Annual inflation was

² <http://www.ons.gov.uk/ons/rel/gva/gross-domestic-product--preliminary-estimate/q1-2013/index.html>

³ http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-15052013-AP/EN/2-15052013-AP-EN.PDF

⁴ <http://www.ons.gov.uk/ons/rel/rsi/retail-sales/index.html>

⁵ <http://www.ons.gov.uk/ons/rel/iop/index-of-production/index.html>

estimated to have fallen to 2.4% in the year to April down from 2.8% in March.⁷ This remains above the Bank of England target rate of 2.0%.

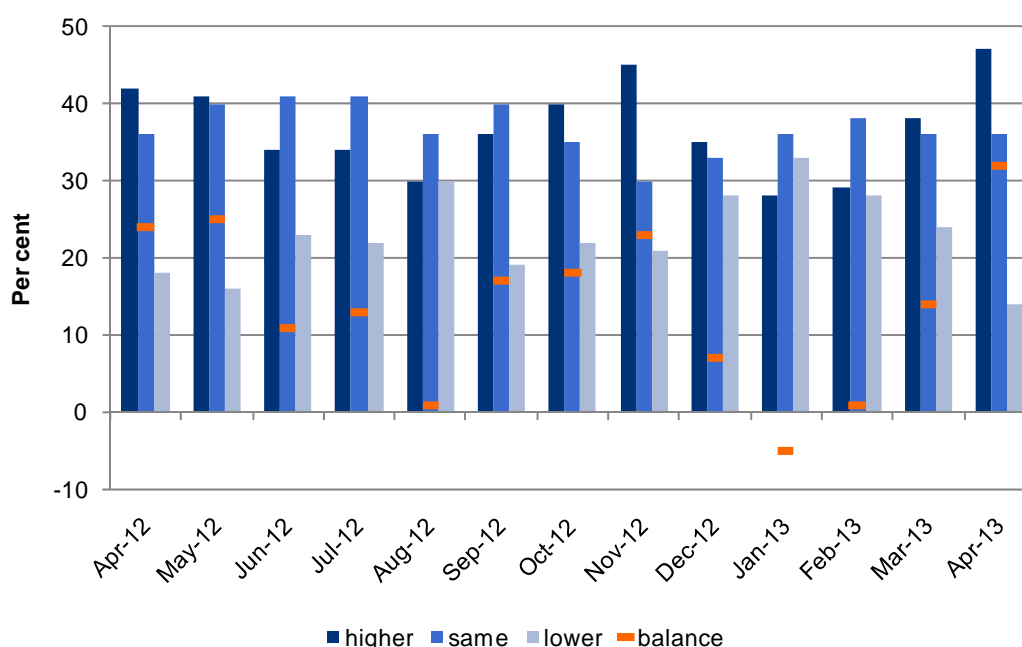
The labour market showed some improvement; although the employment rate was down by 0.1 percentage points to 71.5% the number employed increased by 24,000 in the three months to April compared to the three months to January. The unemployment rate was unchanged at 7.8% with a small fall in the number unemployed of 5000.⁸

Latest EBS Results

Output

Output⁹ results were positive in April for England overall reaching their highest level since the survey began in October 2011. Regional results were also positive.

Chart 1: Level of output in England, April 2012 to April 2013



Notes:

1. Workplaces were asked about the level of output in a month three months earlier when compared to the reporting month, for example April 2013 results compare April with January 2013.
2. Estimates are not seasonally adjusted.
3. Survey results sum to 100%=(% Higher)+(% The same)+(% Lower)+(% Don't know). Estimates for 'Don't know' have been excluded from this chart, but are available in the tables that accompany the release.

Source: BIS - English Business Survey, April 2013

⁶ <http://www.ons.gov.uk/ons/rel/construction/output-in-the-construction-industry/april-2013/index.html>

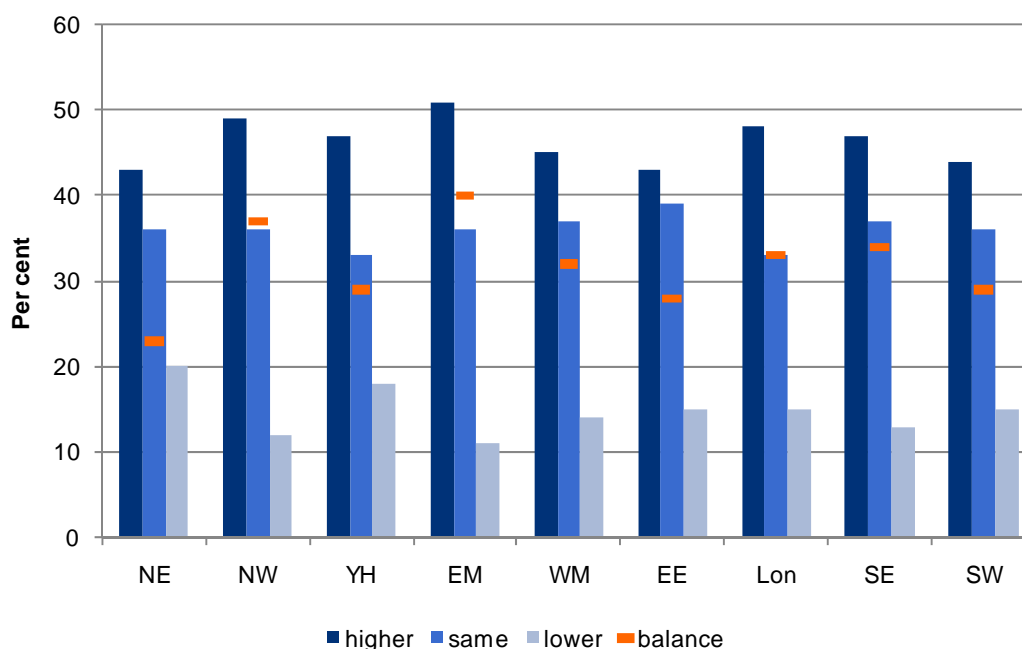
⁷ <http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/index.html>

⁸ <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/june-2013/index.html>

⁹ Output can be thought of as the quantity of goods or services produced by a business

In April 2013, output performance was positive with a balance score of +32%.¹⁰ The proportion of businesses that reported output was higher in April than three months ago (47%) was the highest since the Survey began; 14% reported output was lower. This is a sharp improvement on last month's EBS balance (+14%) and that of the same period a year earlier (+24%).

Chart 2: Level of output in England, by region, April 2013



Notes:

1. Workplaces were asked about the level of output in a month three months earlier when compared to the reporting month, for example April 2013 results compare April with January 2013.
2. Survey results sum to 100%=(% Higher)+(% The same)+(% Lower)+(% Don't know). Estimates for 'Don't know' have been excluded from this chart, but are available in the tables that accompany the release.

Source: BIS - English Business Survey, April 2013

All regions reported positive output balance scores. The strongest output performance was in the East Midlands with a balance score of +40% and an estimated 51% of businesses reporting higher output.

When examining the survey results by the size of the business,¹¹ small businesses of 10 to 49 employees were most likely to report that output had increased when compared to January (49%) with a balance score of +34%. Medium sized businesses of 50 to 249 employees recorded the highest balance score (+40%) with the lowest proportion of businesses reporting lower output (8%) when compared to January. Micro businesses of 1 to 9 employees continue to show the weakest performance with an estimated 41% reporting higher output compared to 23% reporting lower output, giving a balance score of +18%.

¹⁰ Businesses are asked whether they believe their level of business activity or volume of output at a workplace is the same, higher or lower.

¹¹ Business size is measured in terms of the number of employees at the workplace.

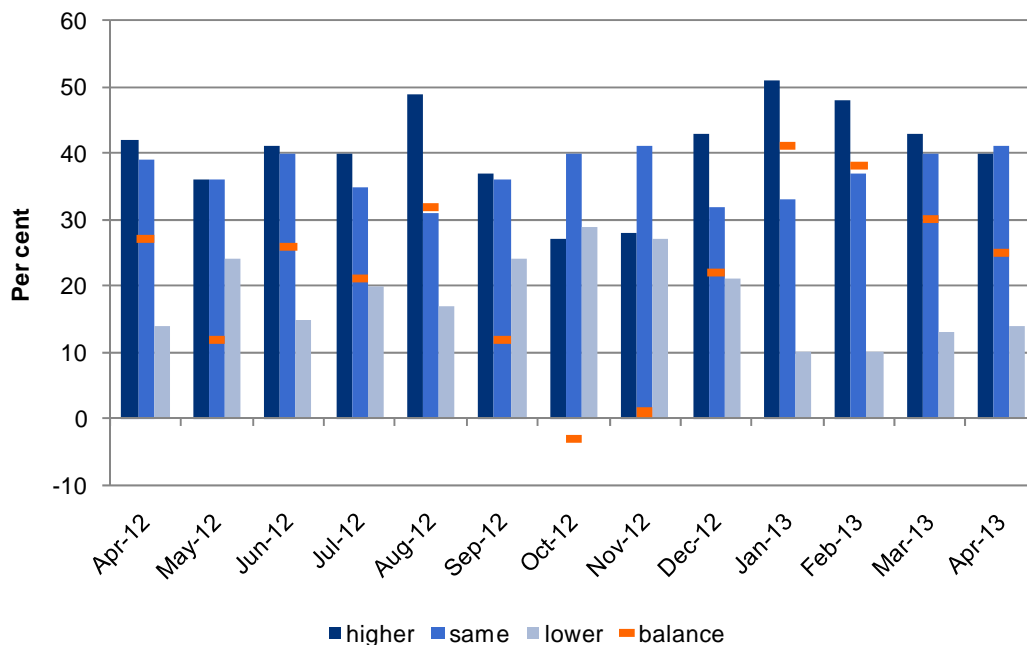
Expected output performance

Expectations of business output were positive for England and its regions, but for England this continued a downward trend since January 2013.

A positive balance of +25% was recorded for expectations of future output; 40% of businesses expect output to be higher with 14% expecting lower output in July compared with April 2013. This was lower than the output expectation balance recorded in March (+30%) and continues a seasonal downward trend since January.¹²

All regions reported a positive balance score on expectations of future output with some variation. The South West (+30%) and North East (+29%) having the strongest results; while Yorkshire and The Humber had the lowest score (+16%).

Chart 3: Expected level of output in England, April 2012 to April 2013



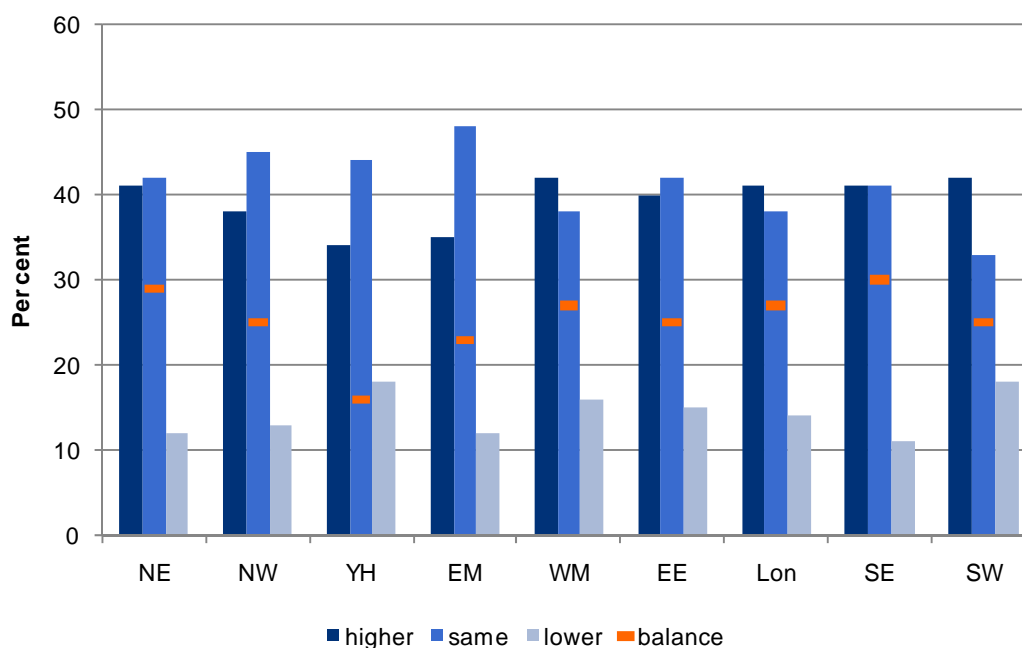
Notes:

1. Workplaces were asked about their expectations for the level of output in a month three months into the future, when compared to the reporting month, for example April 2013 results compare April with July 2013.
2. Estimates are not seasonally adjusted.
3. Survey results sum to 100%=(% Higher)+(% The same)+(% Lower)+(% Don't know). Estimates for 'Don't know' have been excluded from this chart, but are available in the tables that accompany the release.

Source: BIS - English Business Survey, April 2013

¹² Seasonal variation is a component of a time series which is defined as the repetitive and predictable movement around the trend line in one year or less. For example retail sales tend to peak for the Christmas season and then decline after the holidays.

Chart 4: Expected level of output in England, by region, April 2013



Notes:

1. Workplaces were asked about their expectations for the level of output in a month three months into the future, when compared to the reporting month, for example April 2013 results compare April with July 2013.
2. Survey results sum to 100%=(% Higher)+(% The same)+(% Lower)+(% Don't know). Estimates for 'Don't know' have been excluded from this chart, but are available in the tables that accompany the release.

Source: BIS - English Business Survey, April 2013

Positive output balance scores were reported for all sizes of business in April. Small businesses had the largest balance score (+30%); made up of the highest proportion of businesses expecting higher output in July (45%), and 15% of businesses expecting lower output. Micro businesses had the weakest balance score (+20%) with the highest proportion of businesses anticipating lower output (18%).

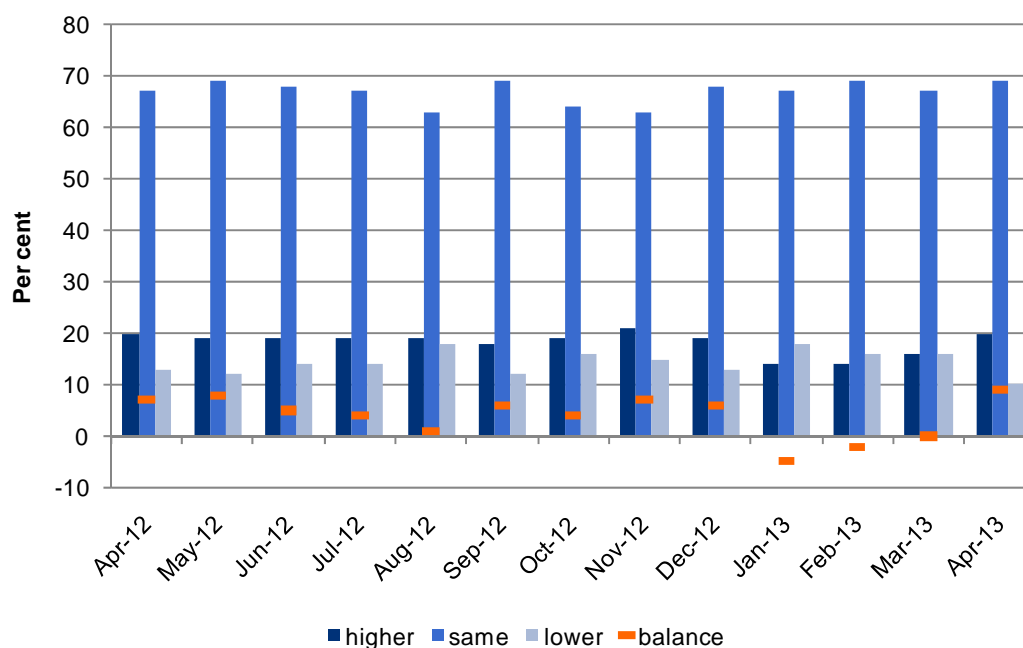
Employment

For England, results were positive for levels of employment with the first positive balance score since December's results.¹³ All regions reported a positive result, improving on last month's balances.

In England, when comparing the employment level in April to January 2013, more businesses reported a increase in employment than those reporting a decrease giving a balance score of +9%. This was an increase on last months neutral results (0%) and two percentage points higher than in April 2012.

¹³ Employment level is used to describe the average number of people working at a workplace.

Chart 5: Level of employment in England, April 2012 to April 2013



Notes:

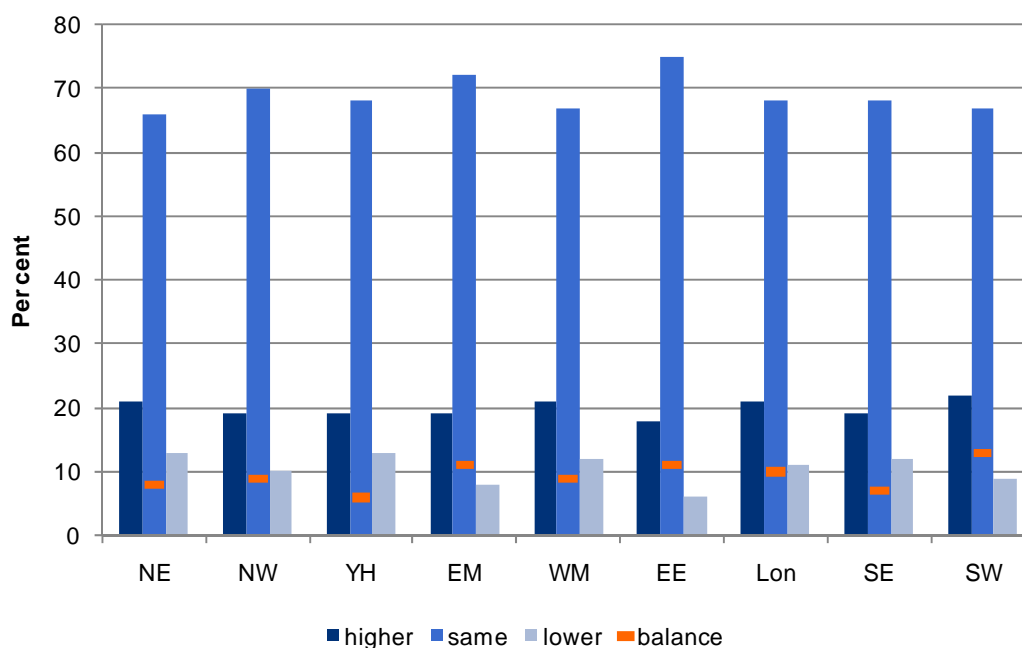
1. Workplaces were asked about the level of employment in a month three months earlier when compared to the reporting month, for example April 2013 results compare April with January 2013.
2. Estimates are not seasonally adjusted.
3. Survey results sum to 100%=(% Higher)+(% The same)+(% Lower)+(% Don't know). Estimates for 'Don't know' have been excluded from this chart, but are available in the tables that accompany the release.

Source: BIS - English Business Survey, April 2013

All regions reported positive balance scores with the South West having the highest +13%, followed by the East Midlands and East of England, each with a balance of +11%. The lowest balance was reported by Yorkshire and The Humber (+6%).

Medium sized businesses reported the highest employment balance in April (+14%) followed by small businesses and large businesses (+12% and +7% respectively). Micro businesses had the lowest balance (+1%) and were less likely to report a change in employment than any other size band.

Chart 6: Level of employment in England, by region, April 2013



Notes:

1. Workplaces were asked about the level of employment in a month three months earlier when compared to the reporting month, for example April 2013 results compare April 2013 with January 2013.
2. Survey results sum to 100%=(% Higher)+(% The same)+(% Lower)+(% Don't know). Estimates for 'Don't know' have been excluded from this chart, but are available in the tables that accompany the release.

Source: BIS - English Business Survey, April 2013

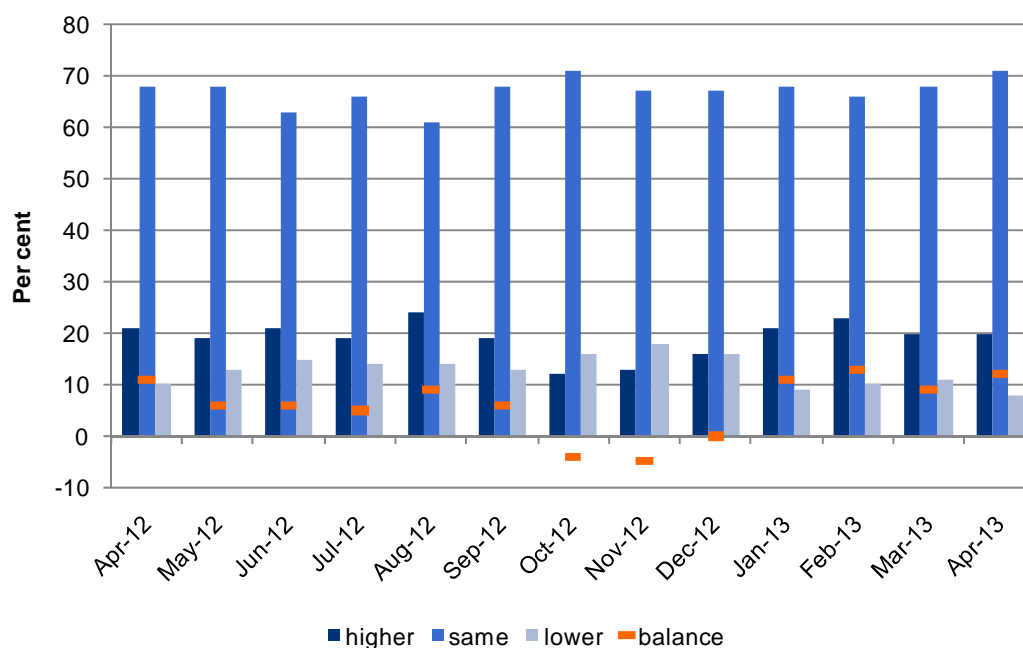
Expected employment performance

Expectations of future employment continue the trend of being more positive than the backward looking measure for both England and its regions.

A positive balance score of +12% was recorded as more businesses (20%) are anticipating higher employment than lower (8%). This month's balance score was higher than in March (+9%) and one percentage point higher than April 2012.

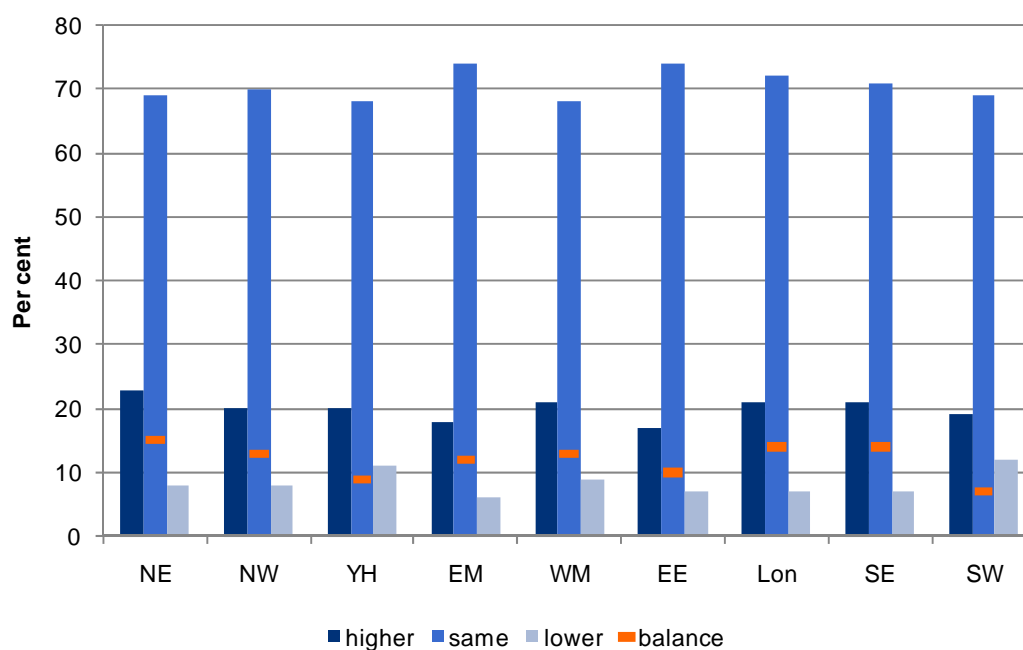
A positive balance was recorded in all regions for anticipated employment levels with the most optimistic being the North East (+15%). The South West on the other hand had the lowest balance (+7%).

Chart 7: Expected level of employment in England, April 2012 to April 2013



Source: BIS - English Business Survey, April 2013

Chart 8: Expected level of employment in England, by region, April 2012



Notes for charts 7 and 8:

1. Workplaces were asked about their expectations for the level of employment in a month three months into the future, when compared to the reporting month, for example April 2013 results compare April with July 2013.
2. Estimates are not seasonally adjusted
3. Survey results sum to 100%=(% Higher)+(% The same)+(% Lower)+(% Don't know). Estimates for 'Don't know' have been excluded from this chart, but are available in the tables that accompany the release.

Source: BIS - English Business Survey, April 2013

Capital Investment

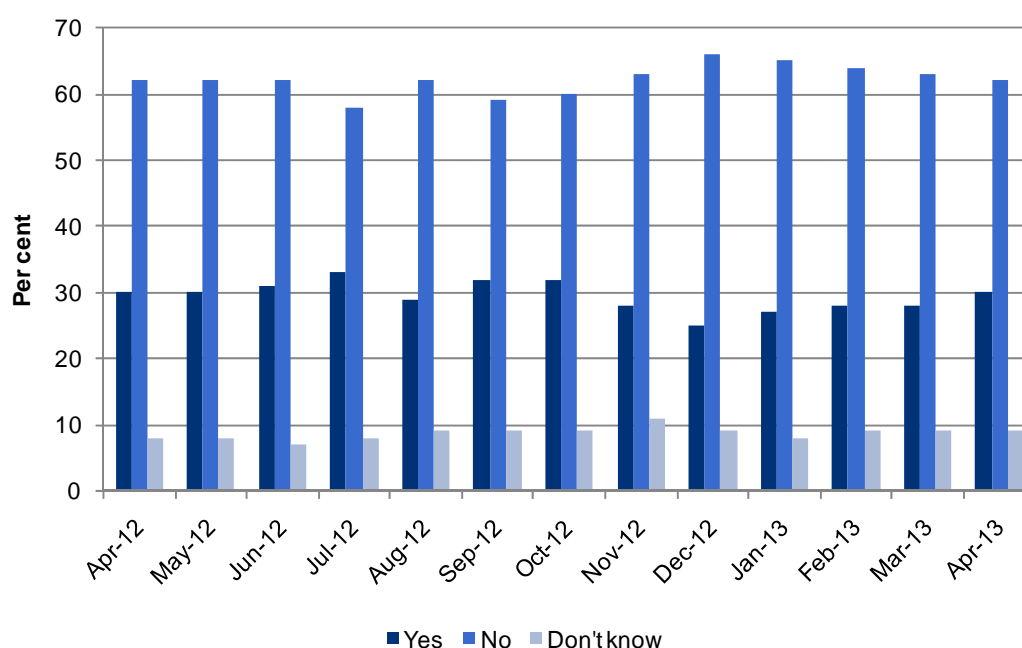
In both England and its regions, the proportion of businesses making capital investments¹⁴ has remained fairly stable since January 2013.

In England 30% of businesses reported they had undertaken capital investment in the three months to April. This is up slightly from March's result (28%).

The East of England continued the strong performance in April reporting the highest proportion of businesses making capital investments, 37%, a figure significantly higher from England overall. London and the West Midlands both reported the smallest proportion (25%) of businesses investing in capital.

Medium sized businesses were the most likely to invest in capital with 37% stating they made new investments in the three months to April, this replicates the survey findings in March. Micros continue to be the least likely to invest with only 20% of businesses saying they had invested, the same result as March.

Chart 9: Capital investment in England, April 2012 to April 2013



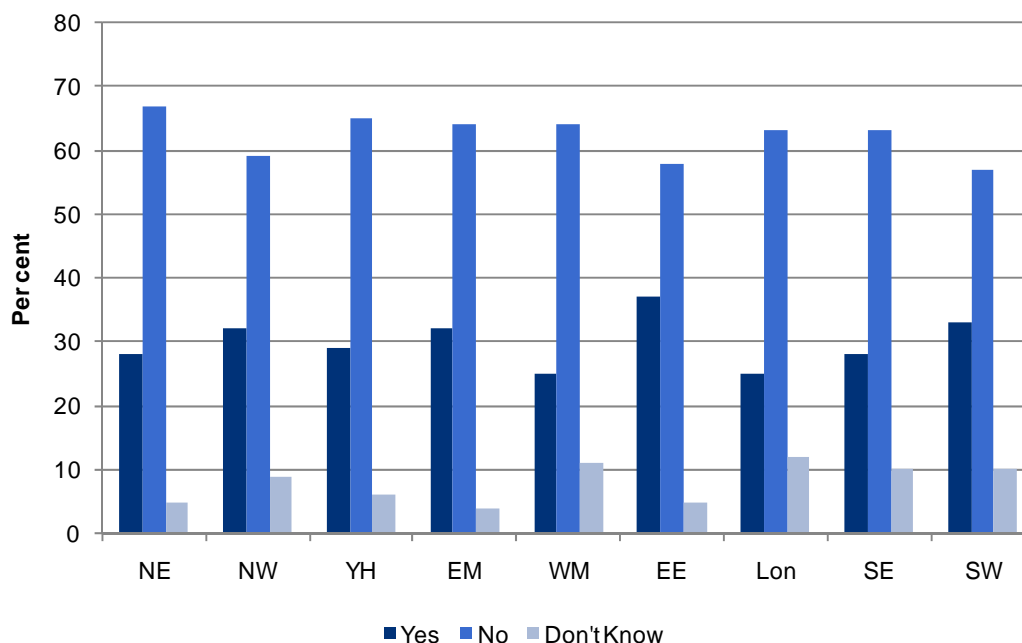
Notes:

1. Workplaces were asked whether they made any new capital investment in the previous three months, for example April 2013 results ask about the period February to April 2013.
2. Estimates are not seasonally adjusted.

Source: BIS - English Business Survey, April 2013

¹⁴ Capital Investment is used to describe buildings, plant and machinery, equipment, vehicles and computer hardware and software that has taken ownership of, or has started to use – these investments can be bought or leased; it does not include items that have been ordered but have not been used.

Chart 10: Capital investment in England, by region, April 2013



Notes:

1. Workplaces were asked whether they made any new capital investment in the previous three months, for example April 2013 results ask about the period February to April 2013.
2. Estimates are not seasonally adjusted.

Source: BIS - English Business Survey, April 2013

Expected capital investment

The proportion of businesses expecting to make capital investment for the next three months has remained fairly stable since January 2013 for both England and the regions.

The expectations for capital investment have been fairly stable since January 2013 with 29% of businesses in England expecting to make capital investment between May and July 2013. This is in line with the results a year ago (27%).¹⁵ Generally, the proportion of businesses expecting to make capital investment was similar across regions. The North East and North West had the highest proportion of businesses, 32%, investing in capital while London had the lowest, 27%.

As with reported investment, Micro businesses were the least likely to anticipate making investments (17%). The proportion of businesses expecting to invest increases with size with 42% of large businesses stating they will invest in the next three 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

¹⁵ Results are not adjusted for seasonality.

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. The Confederation of British Industry's (CBI) *Industrial trend survey*¹⁶ reported an expansion in output volumes in the three months to April, with the strongest performance in the South West and West Midlands. Expectations were much more positive with the North West anticipating the best performance. This is similar to the EBS which finds the East Midlands with the strongest output performance, and looking forward, the South West and North East are the strongest.

The monthly *Purchasing Manager's Index (PMI)*¹⁷ reports an expansion in business activity in April 2013 stronger than in the previous three months with the EBS showing a similar improvement compared to March. Yorkshire and The Humber recorded the strongest result in April's PMI while the East Midlands had the strongest result in the EBS. The British Chamber of Commerce (BCC)'s *Quarterly Economic Survey*¹⁸ also found an increase in domestic sales over Quarter 1 2013.

The *Quarterly Economic Survey* indicated that employment increased in Quarter 1 2013 and predicts employment will continue to increase in Quarter 2 2013. This month's EBS results may show the beginning of this increase with a positive balance score, the first since December 2012. The *Industrial trends survey* similarly recorded a positive balance of +10% for employment for the three months to April. Official statistics seem to support the latest EBS results of an increase in employment somewhat with ONS figures showing an increase in the employment level between February and April compared to November to January.¹⁹

¹⁶ <http://www.cbi.org.uk/business-issues/economy/business-surveys/industrial-trends-survey/>

¹⁷ <http://www.markiteconomics.com/Survey/Page.mvc/AboutPMIData>

¹⁸ <http://www.britishchambers.org.uk/policy-maker/policy-reports-and-publications/quarterly-economic-survey-q4-2012.html>

¹⁹ ONS employment

Background Notes

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 Questionnaire²⁰ 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.²¹

EBS methods and questionnaire 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.

Quality and use

The English Business Survey provides timely and robust information on a regular and geographically detailed basis, the survey enhances understanding of business perceptions and economic conditions throughout England and ultimately improves policy making through this understanding. The statistics are also useful to businesses, providing 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 are likely to include seasonal patterns, which have not been removed through seasonal adjustment²². 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 February compared to November due to seasonal patterns. It is recommended that until the statistics are assessed for seasonality that time series results are interpreted with caution.

Methodology

The English Business Survey is a monthly telephone survey that asks managers at sampled workplaces about their expectations and experiences on a range of measures such as output or sales. The data are weighted so that the weighted sample matches the population with respect to sub-region and employment²³. This is designed to capture the importance of the

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

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

²² The recommended approach for removing seasonality in UK Official Statistics requires three years of monthly data or 5 years of quarterly data.

²³ The characteristics used for weighting include: location (NUTS2 Region) and employment size (0-49, 50-249 and 250+).

workplace to the economy; employment is used as a proxy for economic importance as a robust measure of turnover is not available for all workplaces. The use of employment means that the results effectively estimate: the proportion of employees whose manager believes a particular measure is positive/negative/the same.

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 Guide²⁴, which provides information about how to interpret results, and a Technical Annex²⁵, which contains detailed information about the methodology.

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:

- 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 Inter-Departmental Business Register – the EBS does not cover non-registered²⁶ businesses. This is potentially important as such businesses make up a significant proportion of the overall business population (55% of businesses) although

²⁴ <http://www.bis.gov.uk/assets/biscore/statistics/docs/e/12-598-english-business-survey-user-guide.pdf>

²⁵ <http://www.bis.gov.uk/assets/biscore/statistics/docs/e/12-602x-english-business-survey-technical-annex.pdf>

²⁶ Non-registered businesses are not registered for either PAYE or VAT, which means they are generally, the very smallest non-employing businesses.

they account for a smaller share of employment (12%) and turnover (3%)²⁷.

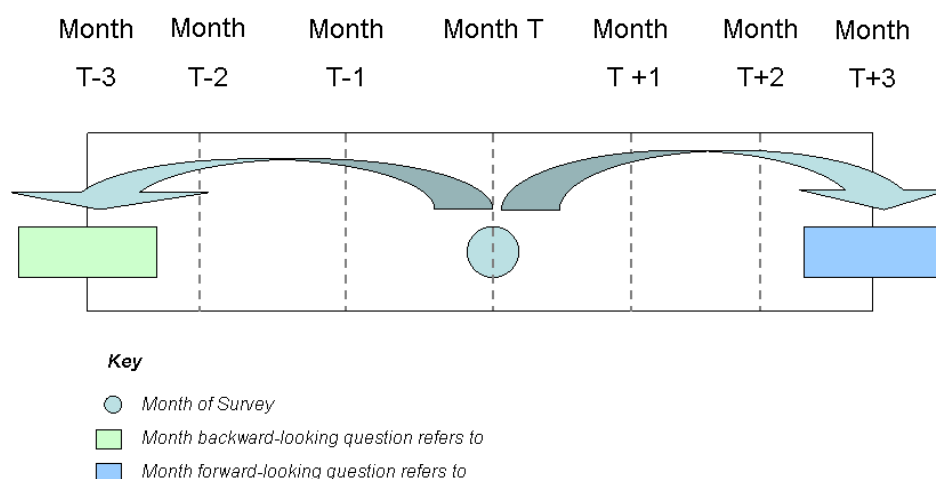
Interpreting the results

Workplace based survey

1. The main purpose of the EBS is to provide sub-national information. For this reason the EBS is a survey of workplaces and the region, employment size and industry all relate to that of the workplace.

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 April 2013 EBS, most backward-looking questions compare April 2013 with January 2013 and forward-looking questions compare April 2013 with July 2013.



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.

Balance Statistics

4. 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.
5. 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

²⁷ Statistics on the non-registered businesses are taken from Business Population Estimates for the UK and Regions 2012

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 businesses accounting for a larger proportion of the economy, reported that output was higher.

Time Series Comparisons

6. Data from the EBS is still in its infancy and therefore it is not yet possible to seasonally adjust the data. The results presented in this release are not seasonally adjusted and users should be aware of this when interpreting the results, as 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.

Accuracy

7. 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*.
8. Like all statistics, the estimates in the EBS are subject to potential non-sampling errors – for example biases; measurement errors; and calculation errors. However, attempts have been made to minimise these by, for example, rigorous testing of the questionnaires, monitoring the work of interviewers and response rates to the survey.
9. 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

10. 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
11. 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

12. 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 Hub²⁸.

Revisions

13. 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

14. The English Business Survey Reporting Tool²⁹ allows users to access detailed EBS statistics for individual periods (months and quarters) as well as cumulative periods, starting in November 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.

15. The English Business Survey Interactive Map³⁰ allows users to determine how NUTS 2 areas are performing, relative to England, over time for a Output, Employment and levels of Stock.

Micro data

16. EBS Micro data are available to 'approved researchers' via ONS' Virtual Micro Laboratory³¹ and an aggregated version of the dataset is available to academics from the UK Data Archive³².

Contact details

For enquiries, or to give feedback on this publication, please use the details below:

Statistician: Gary Wainman

²⁸ <http://www.statistics.gov.uk/hub/index.html>

²⁹ <http://dservuk.tns-global.com/English-Business-Survey-Reporting-Tool/>

³⁰ <http://aalookup.bis.gov.uk/ebs/map/>

³¹ <http://www.ons.gov.uk/ons/about-ons/who-we-are/services/vml/index.html>

³² <http://www.data-archive.ac.uk/>

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