

**ENGLISH BUSINESS SURVEY – DECEMBER 2011**28<sup>th</sup> February 2012**Period:***December 2011***Coverage:***England; Regions***Frequency:***Monthly***Status:***Experimental Official  
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URN 12/P139A

**Introduction**

This statistical release is the first in a series of monthly publications based on data from the English Business Survey (EBS). The publication includes data from the first three months of the survey referring to conditions in October, November and December 2011, but this statistical release focuses on conditions in December 2011. Until the data series is fuller and can be better understood it is advised that results are not compared across months; each month of data should be taken as a snapshot in time (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.<sup>1</sup>

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 will be pre-announced. Results should be interpreted with this in mind.

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<sup>1</sup> A business can be a single workplace, or a workplace that belongs to a larger enterprise, for example a local store of a larger retail chain.

## Summary

- There was a fairly even balance of workplaces, weighted by employment, associated with increases and decreases in **output** between September 2011 and December 2011, although this hides a more mixed regional picture.
- More workplaces, weighted by employment, reported that **output** was higher in December 2011 than in December 2010 and this was consistently seen across all regions.
- Looking forward, the balance of **expectations for output** in March 2012 compared with December 2011 is positive across all regions.
- There was a fairly even balance of workplaces, weighted by employment, associated with increases and decreases in **employment** between September 2011 and December 2011 for England as a whole but regional differences exist.
- **Expectations for employment** in March 2012 compared with December 2011 are negative in all but one region (South East); the balance in the North East is lower than that seen in other regions.
- Workplaces accounting for 30% of employment in England made new **capital investment** in Quarter 4 2011 and looking forward the same percentage expect to make new capital investment in 2012 Quarter 1. Differences across the regions appear small.
- A higher percentage of workplaces, weighted by employment, were associated with increased **labour costs** between September 2011 and December 2011 and expectations for March 2012 are also balanced towards being higher.
- Across all regions, the majority of workplaces weighted by employment reported that output prices were unchanged between December 2011 and September 2011. Looking forward, a higher percentage of workplaces, by employment, expect output prices to be higher in March 2012 compared with December 2011.

## Output/business activity and Stocks

### Output/business activity

Workplaces accounting for 33% of employment in England reported that output was higher in December 2011 than in September 2011, compared with 29% which reported that output was lower (Chart 1 and Table 1).<sup>2</sup> On balance a larger share of workplaces, as according to employment, reported that output was higher rather than lower; giving a balance of 4%.

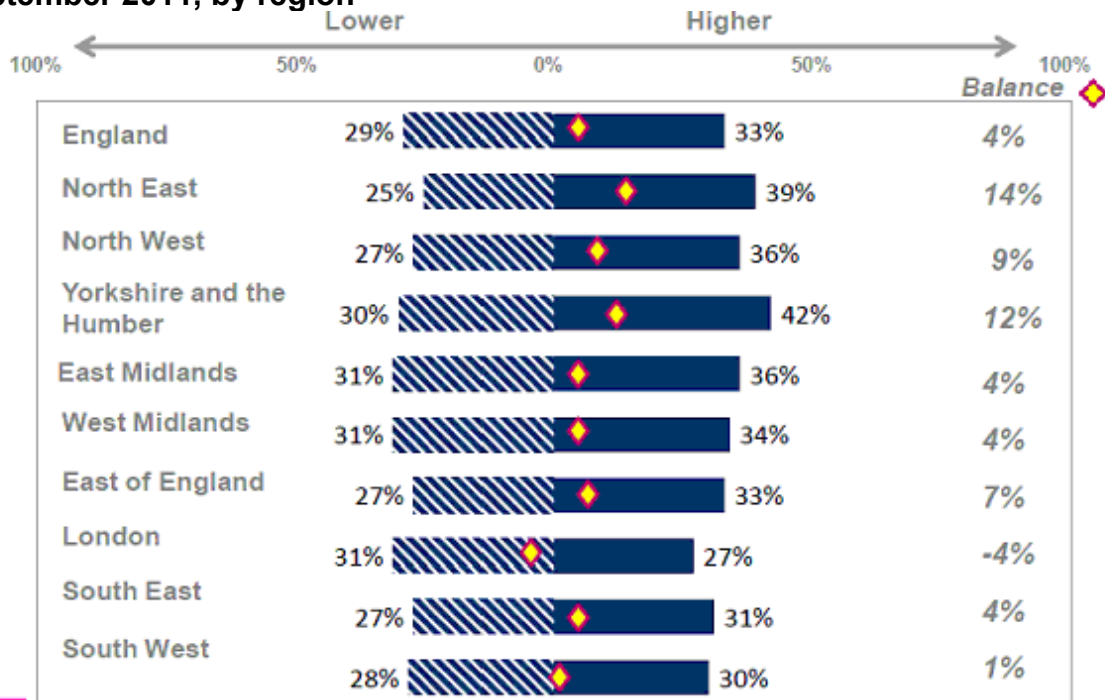
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<sup>2</sup> Responses across all categories (i.e. Higher, The same, Lower and Don't Know) sum to 100%. Workplaces accounting for 34% of employment reported that output had not changed between December 2011 and September 2011, with only 4% reporting don't know.

Over the same period, a significantly higher share of workplace employment in Yorkshire and the Humber reported that output was higher than the England average. Workplaces accounting for 42% of employment in Yorkshire and the Humber reported they had increased activity, compared with 33% in England. This difference led to a higher balance in Yorkshire and the Humber compared with England (12% compared with 4%).

The output balance was strongest in the North East at 14% and weakest in London. In London, workplaces accounting for 27% of employment reported that activity had increased in December 2011 compared with September 2011 (although the difference was not found to be significantly different from the England share), while 31% reported that output was lower; a balance of -4%.

**Chart 1: Level of output/business activity in December 2011 compared with September 2011, by region<sup>1 2 3</sup>**



Notes:

1. Workplaces were asked about the level of output in December 2011 compared with September 2011.
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% (only a small share of total).

Looking forward to three months time, workplaces accounting for 39% of employment in England expect output to be higher in March 2012 than in December 2011, compared with 24% which expect output to be lower, giving a positive balance of 15% (Table 1). Workplaces in the South West seem slightly more optimistic on balance. Workplaces accounting for 18% of employment in the South West expect output to be lower in March 2012 than in December 2011, which is significantly lower than the 24% for England as a whole. This results in a balance for the South West of 22%; above the 15% balance for England. The North West also has a relatively strong positive balance of 21%.

Workplaces were also asked how output in December 2011 compared with that in December 2010. Workplaces accounting for 44% of employment in England reported that output was higher, compared with 24% reporting that it was lower giving a positive balance of 19% (Table 1). Positive balances were seen across all regions.

**Table 1: Output percentages and balances<sup>1 2 3 4</sup>, by region, December 2011**

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
<b>Output</b>											
<b>Past (Dec11 vs. Sept11)</b>	<b>Higher</b>	<b>33%</b>	39%	36%	42%	36%	34%	33%	27%	31%	30%
	<b>Lower</b>	<b>29%</b>	25%	27%	30%	31%	31%	27%	31%	27%	28%
	<b>Balance (Higher-Lower)</b>	<b>4%</b>	14%	9%	12%	4%	4%	7%	-4%	4%	1%
<b>Future (Mar12 vs. Dec11)</b>	<b>Higher</b>	<b>39%</b>	41%	44%	39%	35%	41%	39%	35%	40%	40%
	<b>Lower</b>	<b>24%</b>	25%	23%	27%	28%	26%	26%	27%	21%	18%
	<b>Balance (Higher-Lower)</b>	<b>15%</b>	16%	21%	12%	7%	15%	13%	7%	19%	22%
<b>Past annual (Dec11 vs. Dec10)</b>	<b>Higher</b>	<b>44%</b>	47%	47%	46%	46%	46%	44%	40%	43%	42%
	<b>Lower</b>	<b>24%</b>	20%	25%	20%	24%	26%	21%	25%	27%	28%
	<b>Balance (Higher-Lower)</b>	<b>19%</b>	27%	21%	26%	21%	20%	23%	15%	16%	15%

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 e.g. Past (Dec 11 vs. Sept 11) indicates that workplaces were asked how conditions in December 2011 compared with September 2011.

## Stocks

Only those sectors that typically have stocks are asked about stocks.<sup>3</sup> Of these sectors in England, some workplaces (accounting for 19% of employment in these sectors) report currently not having any stocks.

Workplaces accounting for 27% of employment in the sectors surveyed in England had higher stocks in December 2011 than in September 2011, compared with 19% which had lower stocks (Table 2). The balance of 8% means overall, more workplaces as accounted by employment, had higher stocks. Higher stocks along with higher output indicate that some businesses may be increasing output for stocks as well as sales.

In London a significantly higher share of workplaces, by employment, in the sectors surveyed reported that they currently did not hold any stocks, compared with England as a whole (34% compared with 19%). A significantly higher share of workplaces in London, by employment, also reported stocks remaining unchanged compared with England (22% compared with 32%). Of the remaining workplaces, by employment, a slightly larger percentage said higher than for England and a slightly smaller

<sup>3</sup> This includes Agriculture, Production, Wholesale & Retail, Real Estate & Professional and Scientific & Technical Activities.

percentage said lower, leading to a balance for London of 14%, compared with the 8% for England as a whole.

Across the regions, there was a mix of positive and negative balances. The highest were seen in London and Yorkshire and Humber (14% for each) and the lowest was seen in the East of England at -5%.

Looking forward three months, it seems that on balance workplaces expect to reduce stocks going forward. Workplaces accounting for 17% of employment in England expect stocks to be higher in March 2012 than December 2011, while 27% expect it to be lower; giving a balance of -10%. A similar amount expect to have no stocks as in the past stocks question (workplaces accounting for 19% of employment). Balances are negative across all regions.

**Table 2: Stocks percentages and balances<sup>1 2 3 4 5</sup>, by region, December 2011**

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
<b>Stocks<sup>4</sup></b>											
<b>Past (Dec11 vs. Sept11)</b>	<b>Higher</b>	<b>27%</b>	29%	27%	35%	34%	24%	24%	29%	24%	20%
	<b>Lower</b>	<b>19%</b>	21%	18%	21%	20%	25%	29%	15%	12%	17%
	<b>Balance (Higher-Lower)</b>	<b>8%</b>	9%	9%	14%	13%	-1%	-5%	14%	12%	3%
<b>Future (Mar12 vs. Dec11)</b>	<b>Higher</b>	<b>17%</b>	18%	13%	19%	18%	20%	22%	13%	13%	18%
	<b>Lower</b>	<b>27%</b>	33%	26%	31%	29%	28%	30%	24%	25%	20%
	<b>Balance (Higher-Lower)</b>	<b>-10%</b>	-15%	-13%	-13%	-11%	-8%	-8%	-11%	-11%	-2%

Notes:

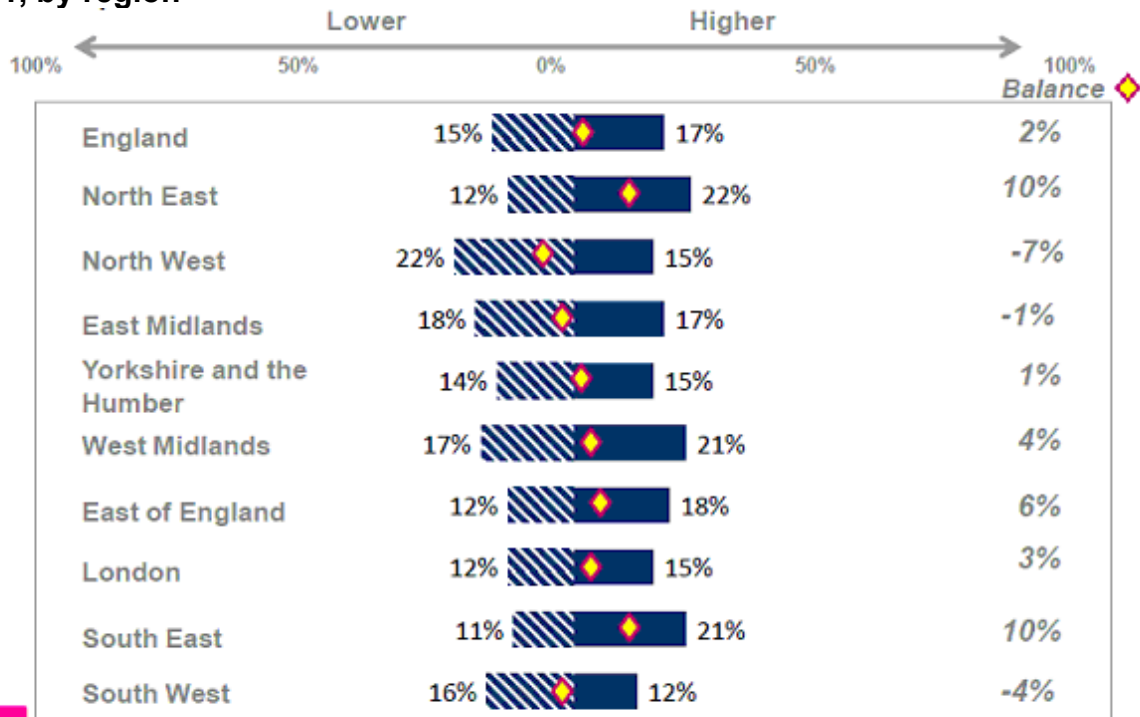
1. See note 1 of Table 1.
2. See note 2 of Table 1.
3. See note 3 of Table 1.
4. See note 4 of Table 1.
5. The questions on stocks are only asked of workplaces in the following sectors Agriculture, Production, Wholesale & Retail, Real Estate & Professional and Scientific & Technical Activities (SIC 2007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

## Labour market

Overall, there was a fairly even balance for workplace employment. Workplaces accounting for the majority of employment in England (68%) reported that employment levels were unchanged between September and December 2011. Workplaces accounting for 17% of employment in England reported that employment was higher in December 2011 than in September 2011, compared with 15% that reported that employment was lower; giving a balance of 2% (Chart 2 and Table 3).

There was a relatively large spread of balances across the regions. The balance was relatively strong in the North East and South East compared with the England average (10% compared with 2%). This was due to the higher share being above the England share and the lower share being below the England share (although these are not significantly different to that for England). The balance was lowest in the North West at -7% indicating that on balance in the North West a larger share of workplaces (weighted by employment) have decreased employment.

**Chart 2: Level of employment in December 2011 compared with September 2011, by region<sup>1 2 3</sup>**



Notes:

1. Workplaces were asked about the level of employment in December 2011 compared with September 2011.
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% (only a small share of total).

Looking forward, workplaces accounting for 16% of employment in England expect employment to be higher in March 2012 than in December 2011, compared with 19% that expect employment levels to be lower. The balance of -3% suggests that on balance sentiment on future employment is that it will be lower than currently for more workplaces. The employment balance was lowest in the North East. Workplaces accounting for 12% of employment in the North East expect employment to be higher in March 2012 compared with December 2011 while 25% expect it to be lower, giving a negative balance of 13%.

At the England level the slight negative balance in employment intentions looking forward is seen despite the balance of workplace employment indicating resource is overstretched. Workplaces accounting for 25% of employment reported that the workforce was overstretched in December 2011 with 11% reporting the workforce being underutilised, giving a positive balance of 15%.

The message of the workforce being overstretched was seen consistently across the regions. The balance was particularly strong in London (21%) contrasting with the North East, where the index was lowest (8%).

**Table 3: Employment and Workforce Use percentages and balances<sup>1 2 3 4</sup>, by region, December 2011**

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
<b>Employment</b>											
<b>Past (Dec11 vs. Sept11)</b>	<b>Higher</b>	<b>17%</b>	22%	15%	17%	15%	21%	18%	15%	21%	12%
	<b>Lower</b>	<b>15%</b>	12%	22%	18%	14%	17%	12%	12%	11%	16%
	<b>Balance (Higher-Lower)</b>	<b>2%</b>	10%	-7%	-1%	1%	4%	6%	3%	10%	-4%
<b>Future (Mar12 vs. Dec11)</b>	<b>Higher</b>	<b>16%</b>	12%	18%	16%	13%	16%	18%	13%	19%	14%
	<b>Lower</b>	<b>19%</b>	25%	20%	17%	19%	20%	21%	20%	17%	15%
	<b>Balance (Higher-Lower)</b>	<b>-3%</b>	-13%	-3%	-1%	-6%	-4%	-3%	-7%	2%	-1%
<b>Workforce Use<sup>5</sup></b>											
<b>December 2011</b>	<b>Overstretched</b>	<b>25%</b>	20%	25%	25%	26%	23%	21%	29%	27%	27%
	<b>Underutilised</b>	<b>11%</b>	12%	13%	12%	12%	9%	12%	8%	10%	13%
	<b>Balance (Over-Under)</b>	<b>15%</b>	8%	12%	13%	14%	14%	9%	21%	17%	14%

## 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>)

## Investment

Workplaces accounting for 30% of employment in England made new capital investment in the 3 months from October to December 2011 and looking forward the same percentage expect to make new capital investment in the 3 months from January to March 2012 (Table 4).

There was not a great amount of variation between regions. Between October and December 2011 new capital investment in the North West was slightly above the England average, with workplaces accounting for 34% of employment in this region reporting they had made new investment. New investment seemed slightly weaker in the East Midlands during this period with workplaces accounting for only 24% of employment reporting new investment. Looking forward the outlook for investment between January and March 2012 is fairly similar across the regions, with intentions in the North West and East Midlands being more in line with the England average.

Workplaces were asked about their use of capital which included buildings, plant and machinery, equipment, vehicles and computer hardware. Workplaces accounting for the majority of employment (75%) reported that capital was used at a satisfactory level in December 2011 and this was consistent across the regions. The balance was slightly negative at the England level (-3%) and for the majority of the regions (Table 3). This indicates that workplaces weighted by employment reporting underutilised capital slightly exceeded those reporting overutilised capital across all regions. This differs from workforce use (Table 3) which indicated on balance that the workforce was generally overstretched.

**Table 4: Capital Investment percentages and Capital Use percentages and balances<sup>1 2 3 4</sup>, by region, December 2011**

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
<b>Capital Investment<sup>4</sup></b>											
<b>Past</b> (Oct11-Dec11)	<b>Have invested</b>	<b>30%</b>	27%	34%	32%	24%	26%	32%	33%	29%	27%
<b>Future</b> (Jan12-Mar12)	<b>Plan to invest</b>	<b>30%</b>	31%	28%	27%	30%	28%	32%	33%	32%	26%
<b>Capital Use<sup>5</sup></b>											
<b>December 2011</b>	<b>Overstretched</b>	<b>9%</b>	8%	9%	8%	12%	9%	11%	8%	9%	11%
	<b>Underutilised</b>	<b>12%</b>	13%	12%	12%	17%	14%	12%	9%	10%	15%
	<b>Balance (Over-Under)</b>	<b>-3%</b>	-5%	-3%	-4%	-6%	-5%	-1%	-1%	1%	-4%

Notes:

1. See note 1 of Table 1.
2. See note 3 of Table 1.
3. See note 4 of Table 1.
4. Workplaces accounting for x% of employment report making or planning to make capital investments.
5. 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>)

## Prices

### Labour costs

Workplaces accounting for almost three quarters of employment in England reported that labour costs were unchanged in December 2011 compared with September 2011. Of those reporting a change, workplaces accounting for 18% of employment reported that average labour costs were higher (per person) in December 2011 than in September 2011, compared with 5% which reported lower; a balance of 13% (Table 5). The positive balance in every region indicates that more workplaces weighted by employment reported that labour costs were higher, rather than lower between these time periods. This balance was highest in the North East at 19% and lowest in the South West at 8%.

Looking forward, the general view is that labour costs are expected to be higher going forward. Workplaces accounting for 21% of employment in England reported expecting higher average labour costs (per person) in March 2012 compared with December 2011, compared with 10% which reported lower; a balance of 11%. Again, the positive balance across all regions indicates that more workplaces weighted by employment expect labour costs to be higher rather than lower by March 2012. The region with the highest balance is London at 19% and is lowest in the South East and North West at 6%.

### Output prices

As with labour costs workplaces accounting for the majority of employment in England reported that prices charged (output prices) were unchanged in December 2011 compared with September 2011. This was true across all regions.

Further, for the small share that did report changes the changes appeared evenly balanced. Workplaces accounting for 10% of employment in England reported that output prices were higher in December 2011 than in September 2011, compared with



11% that reported that they were lower; giving a balance close to zero. However, there was a mixed outlook for the balances across the regions. The North West had the largest negative balance of -7%, while the South West had a positive balance of 8% indicating that on balance output prices were expected to increase (Table 5).

Looking forward, workplaces accounting for 22% of employment in England expect higher output prices in March 2012 compared with December 2011, with 8% reporting lower output prices; giving a balance of 14%. All regions saw positive balances showing that on balance workplaces expect prices to be higher rather than lower over this time period. The balance is strongly positive in the South West at 22% indicating that not only have more workplaces (weighted by employment) reported increases in output prices between September 2011 and December 2011 but that on balance the expectation is for increases between December 2011 and March 2012.

**Table 5: Labour cost and output price percentages and balances<sup>1 2 3 4</sup>, by region, December 2011**

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
<b>Labour costs</b>											
<b>Past (Dec11 vs. Sept11)</b>	<b>Higher</b>	<b>18%</b>	23%	23%	19%	16%	16%	17%	19%	19%	14%
	<b>Lower</b>	<b>5%</b>	4%	8%	5%	6%	4%	3%	4%	7%	6%
	<b>Balance (Higher-Lower)</b>	<b>13%</b>	19%	15%	14%	10%	12%	14%	15%	11%	8%
<b>Future (Mar12 vs. Dec11)</b>	<b>Higher</b>	<b>21%</b>	20%	21%	19%	24%	21%	20%	26%	18%	18%
	<b>Lower</b>	<b>10%</b>	12%	15%	9%	9%	8%	9%	7%	13%	8%
	<b>Balance (Higher-Lower)</b>	<b>11%</b>	8%	6%	10%	15%	13%	11%	19%	6%	10%
<b>Output prices</b>											
<b>Past (Dec11 vs. Sept11)</b>	<b>Higher</b>	<b>10%</b>	9%	9%	11%	12%	13%	9%	9%	8%	15%
	<b>Lower</b>	<b>11%</b>	10%	16%	14%	9%	9%	12%	11%	8%	7%
	<b>Balance (Higher-Lower)</b>	<b>0%</b>	-1%	-7%	-3%	3%	4%	-2%	-2%	0%	8%
<b>Future (Mar12 vs. Dec11)</b>	<b>Higher</b>	<b>22%</b>	23%	24%	23%	22%	24%	18%	22%	16%	27%
	<b>Lower</b>	<b>8%</b>	13%	7%	6%	7%	12%	8%	8%	6%	5%
	<b>Balance (Higher-Lower)</b>	<b>14%</b>	11%	17%	17%	16%	12%	10%	14%	10%	22%

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. 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. 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.

### Period covered

2. EBS Releases are labelled by the period which workplaces are asked about (i.e. 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 December 2011 EBS most backward-looking questions compare December 2011 with September 2011 and forward looking questions compare with March 2012 with December 2011. However, care should be taken as the reference month for questions on capital investment, capacity constraints and annual output differs slightly. 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 rates 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. 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.

### Accessibility

8. 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

9. 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>.
10. 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.
11. 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.
12. 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.
13. Although some of the information collected is available elsewhere, the EBS brings some topics together on one survey and 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.

14. 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 are not seasonally adjusted.
15. The questionnaire was cognitively and pilot tested prior to its launch. The questionnaire development report summarising this work can be found here (<http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebsurvey>).
16. 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 December 2011 EBS is not known. As an indication, the final response rate for the October 2011 EBS was 43% of the launched sample.

### Accuracy

17. 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*.
18. Provisional testing has been carried out to determine 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 provisional testing means and how it should be interpreted is in the *User Guide*.

### Presentation

19. 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
20. 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

21. 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 businesses<sup>4</sup>) although they account for a smaller share of employment and turnover.

## Timeliness

22. This publication is the first in a series of monthly publications based on data from the English Business Survey (EBS). In future, each release will include one additional month of data, so EBS January 2012 data will be released in March 2012 and so on, meaning results are published within two months of the period to which they refer.

23. The date of publication will be announced four weeks in advance. The aim is to develop 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

24. 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.

25. Over time it is likely that users will include:

- other central government departments to inform policy development;
- a range of public bodies including local government to inform decision making;

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<sup>4</sup> Source: BIS National Statistics publication Business Population Estimates for the UK and Regions 2011.

- private sector businesses; and
- academics to inform research into business at national and local level.

### Contact details

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