

ENGLISH BUSINESS SURVEY – FEBRUARY 2012

26th April 2012

Introduction
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This statistical release is the third in a series of monthly publications based on data from the English Business Survey (EBS). The data in the publication refers to conditions in February 2012. 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. 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

- In England more workplaces, weighted by employment, reported higher rather than lower **output** in February 2012 compared with November 2011. The majority (six out of nine) of regions saw positive balances but there was considerable variation across the regions. Further, the annual comparison shows a higher share of workplaces, weighted by employment, reporting that output was higher rather than lower in February 2012 compared with February 2011. All regions saw positive balances but again there was substantial variation across the regions.
- Looking forwards, the balance of **expectations for output** in May 2012 compared with February 2012 is positive across all regions, with the majority of workplaces, weighted by employment, expecting higher output. Although all regions saw positive balances there was considerable variation across the regions.
- The majority of workplaces, weighted by employment did not report changes in employment in February 2012 compared to November 2011. Of those that reported a change, slightly more workplaces, weighted by employment, reported that **employment** was lower rather than higher. Negative balances were seen across all regions except London and the North East, with the South West seeing the largest negative balance.
- Looking forwards the majority of workplaces, weighted by employment, do not expect to change **employment**. Of those expecting a change more workplaces, weighted by employment, expect higher employment in May 2012 compared to February 2012, with positive balances across all regions.
- Workplaces accounting for 29% of employment in England made new **capital investment** in the period December 2011 to February 2012 and looking forward investment intentions for the period March 2012 to May 2012 remain at the same level. There is little variation across the regions.
- The majority of workplaces, weighted by employment, reported that **labour costs** were unchanged in February 2012 compared with November 2011. This 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 May 2012 compared to February 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 February 2012

compared with November 2011. Looking forwards, again the majority of workplaces, weighted by employment, expect output prices to be the same in May 2012 as in February 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

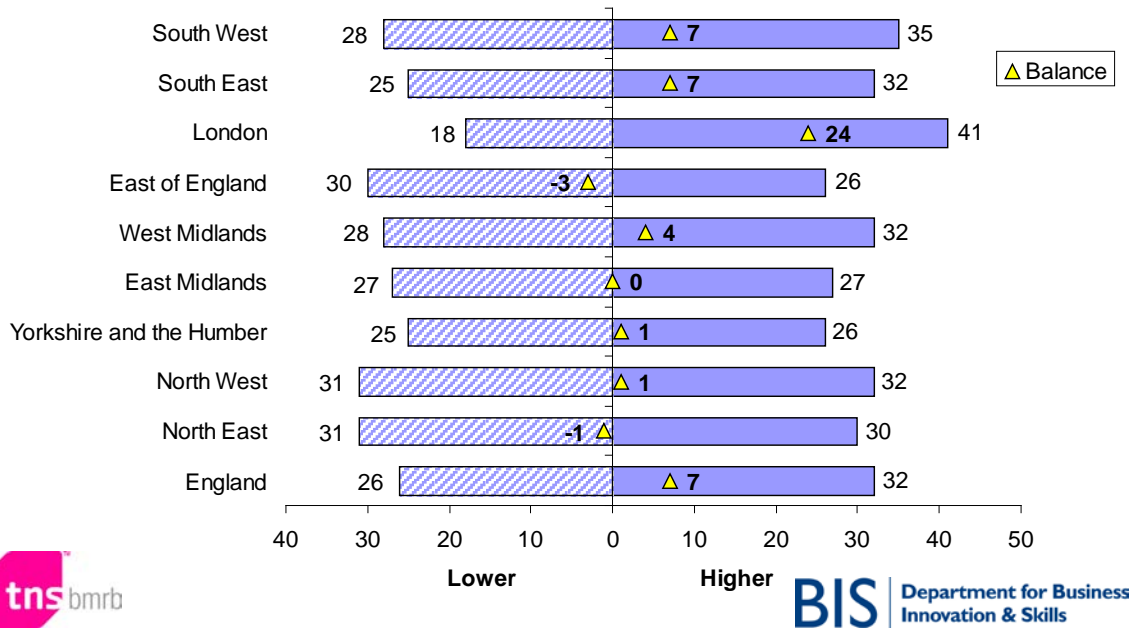
Workplaces accounting for 39% of employment in England reported that output was the same in February 2012 as in November 2011. Of those that reported a change, workplaces accounting for 32% of employment in England reported higher output in February 2012 compared with November 2011, while 26% reported lower output (Chart 1 and Table 1)²; giving a positive balance of 7%.

Across all regions except London the most common response from workplaces, weighted by employment, was that output was the same in February 2012 as in November 2011. There were two negative balance statistics, for the East of England and North East (-3% and -1% respectively), with East Midlands reporting a balance statistic of 0%.

The stronger output balance seen in London was driven both by an above-average share of workplaces, weighted by employment, reporting increased output and a below-average share of workplaces reporting decreased output. The negative output balances for the East of England and North East were driven by a higher share of workplace employment reporting lower output, compared with the England average.

² Responses across all categories (i.e. Higher, The same, Lower and Don't Know) sum to 100%. Workplaces accounting for 39% of employment reported that output had not changed in February 2012 compared with November 2011, with only 3% reporting don't know.

Chart 1: Level of output/business activity in February 2012 compared with November 2011, by region



Notes:

1. Workplaces were asked about the level of output in February 2012 compared with November 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).
4. The Lower and Higher scores range from 0% to 100%.

Looking forward to three months' time, workplaces accounting for 48% of employment in England expect output to be higher in May 2012 than in February 2012, compared with 10% which expect output to be lower, giving a positive balance of 38%. Workplaces in Yorkshire and the Humber and the South West seem more optimistic than other regions, with balances of 46% and 45% respectively. In both these regions this result is driven by a higher than average share of workplaces, weighted by employment, expecting output to be higher in May 2012 than in February 2012. In Yorkshire and the Humber 53% of workplace employment expected output to be higher and in the South West 54% of workplace employment expected output to be higher compared to 48% in England.

Looking backwards by 12 months, workplaces accounting for 46% of employment in England reported output was higher in February 2012 than in February 2011 while 23% reported output was lower, giving a balance of 23%. The balances were positive across all regions but ranged from 14% in the North West and West Midlands to 36% in London.

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

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
Output											
Past (Feb 12 vs. Nov 11)	Higher	32%	30%	32%	26%	27%	32%	26%	41%	32%	35%
	Lower	26%	31%	31%	25%	27%	28%	30%	18%	25%	28%
	Balance (Higher-Lower)	7%	-1%	1%	1%	0%	4%	-3%	24%	7%	7%
Future (May 12 vs. Feb 12)	Higher	48%	50%	45%	53%	45%	47%	51%	46%	48%	54%
	Lower	10%	10%	16%	6%	10%	12%	9%	10%	8%	9%
	Balance (Higher-Lower)	38%	40%	29%	46%	36%	35%	41%	37%	40%	45%
Past annual (Feb 12 vs. Feb 11)	Higher	46%	46%	42%	45%	45%	39%	43%	52%	47%	46%
	Lower	23%	27%	28%	23%	25%	25%	24%	17%	21%	24%
	Balance (Higher-Lower)	23%	19%	14%	21%	21%	14%	20%	36%	26%	22%

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 (Feb 12 vs. Nov 11) indicates that workplaces were asked how conditions in February 2012 compared with November 2011.

Stocks

Only those sectors that typically have stocks are asked about stocks³. Of this group, workplaces accounting for 19% of employment in England report currently having no stocks. A significantly higher share of workplaces in London, weighted by employment, do not hold stocks compared to the England average (38% compared to 19%).

Workplaces accounting for 33% of employment in England reported that stocks were the same in February 2012 compared with November 2011. Workplaces accounting for 15% of employment in England reported higher stocks, while 29% reported lower stocks, giving a balance of -15%. This indicates that more workplaces weighted by employment saw lower stocks in February 2012 compared with November 2011.

The stocks balance was negative across all regions. The stocks balance was lowest in the North East at -24%, mainly due to a higher share of workplaces, weighted by employment, reporting stocks were lower in February 2012 than in November 2011 compared to the England average (36% compared with

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

29%). Yorkshire and the Humber and the East Midlands saw the least negative stocks balance at -10% each.

Looking forwards, overall workplaces expect stocks to increase. Workplaces accounting for 24% of employment in England expect stocks to be higher in May 2012 than in February 2012, while 14% expect stocks to be lower, giving a balance of 10%. The forward-looking stocks balance is positive across all regions except two – Yorkshire and the Humber and the East of England, where the balance is -1% in each. The balance is highest in the South West at 21%.

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

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
Stocks⁵											
Past (Feb 12 vs. Nov 11)	Higher	15%	12%	10%	14%	21%	17%	15%	12%	13%	18%
	Lower	29%	36%	32%	24%	31%	33%	28%	24%	30%	32%
	Balance (Higher-Lower)	-15%	-24%	-22%	-10%	-10%	-15%	-13%	-11%	-17%	-14%
Future (May 12 vs. Feb 12)	Higher	24%	28%	21%	20%	23%	26%	16%	25%	25%	33%
	Lower	14%	14%	17%	21%	19%	14%	17%	8%	10%	12%
	Balance (Higher-Lower)	10%	14%	5%	-1%	5%	12%	-1%	17%	15%	21%

Notes:

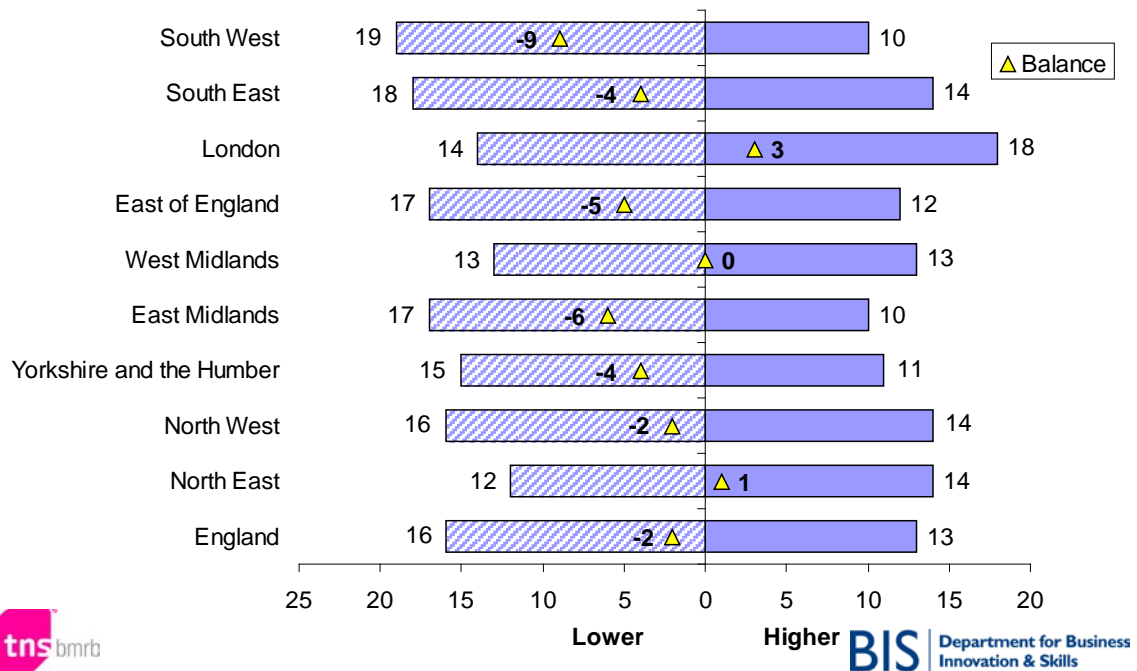
1. See note 1 of Table 1.
2. See note 2 of Table 1.
3. See note 3 of Table 1.
4. See note 4 of Table 1.
5. The questions on stocks are only asked of workplaces in the following sectors Agriculture, Production, Wholesale and Retail, Real Estate and Professional, Scientific and Technical Activities (SIC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

Labour Market

The majority of workplaces (70%) in England, weighted by employment, reported no change in employment in February 2012 compared with November 2011. Of those reporting a change, workplaces accounting for 13% of employment in England reported higher employment in February 2012 than in November 2011, while 16% reported lower employment, giving a balance of -2% (Chart 2 and Table 3).

The employment balances were negative in the majority of regions (six out of nine) and ranged from -9% in the South West to 3% in London. The positive balance in London was driven by an above-average share of workplace employment reporting higher employment compared to the England average (18% compared to 13%).

Chart 2: Level of employment in February 2012 compared with November 2011, by region



Notes:

1. Workplaces were asked about the level of employment in February 2012 compared to November 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).
4. The Lower and Higher scores range from 0% to 100%.

Looking forwards, the majority of workplaces (representing 70% of workplace employment) expect employment to be the same in May 2012 compared with February 2012. Of those expecting employment to change, workplaces accounting for 20% of employment in England expect employment to be higher in May 2012 than in February 2012, while 9% expect employment to be lower, giving a balance of 11%. The North East and East of England seem more optimistic regarding employment, with balances of 15% each. In the North East this higher balance was driven by an above-average share of workplaces, weighted by employment, expecting employment to be higher compared to England (24% compared to 20%). In the East of England the higher balance was driven by a significantly lower share of workplaces, weighted by employment, expecting employment to be lower (5% compared to 9%).

On workforce use, the majority (65%) of workplaces in England, weighted by employment, reported that their workforce was used at a satisfactory level. Of those not reporting that the workforce was used satisfactorily, workplaces accounting for 22% of employment reported that the workforce was overstretched in February 2012, while 11% reported the workforce was underutilised, giving a balance of 12%.

There was a consistent message of workforces generally being overstretched across all regions, as shown by positive workforce utilisation balances, although there was a degree of variation. In London a significantly lower share of workplace employment reported that the workforce was underutilised compared to the England average (6% compared to 11%) leading to the highest balance of 19%, while in Yorkshire and the Humber a significantly higher share of workplace employment reported that the workforce was underutilised compared to the England average (17% compared to 11%) leading to the lowest balance of 1%.

The message of an overstretched workforce was consistent with the positive future employment balance. The high workforce utilisation balance seen in London is consistent with London seeing an above-average future employment balance, while the low workforce utilisation balance seen in Yorkshire and the Humber is consistent with the lower than average future employment balance.

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

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
Employment											
Past (Feb 12 vs. Nov 11)	Higher	13%	14%	14%	11%	10%	13%	12%	18%	14%	10%
	Lower	16%	12%	16%	15%	17%	13%	17%	14%	18%	19%
	Balance (Higher-Lower)	-2%	1%	-2%	-4%	-6%	0%	-5%	3%	-4%	-9%
Future (May 12 vs. Feb 12)	Higher	20%	24%	21%	19%	17%	18%	20%	20%	18%	22%
	Lower	9%	9%	10%	12%	9%	9%	5%	7%	9%	10%
	Balance (Higher-Lower)	11%	15%	11%	7%	7%	9%	15%	13%	8%	12%
Workforce Use⁵											
February 2012	Overstretched	22%	20%	20%	17%	25%	20%	20%	25%	26%	24%
	Underutilised	11%	9%	13%	17%	10%	12%	13%	6%	9%	11%
	Balance (Over-Under)	12%	10%	6%	1%	14%	7%	7%	19%	18%	13%

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 29% of employment in England made new capital investment in the 3 months from December 2011 to February 2012 and looking forwards the same percentage expect to make new capital investment in the 3 months from March 2012 to May 2012 (Table 4).

In the period December 2011 to February 2012 the proportion of workplaces, weighted by employment, undertaking new capital investment varied little between the regions, with the share reporting undertaking new investment being only marginally lower than the England average in the North West and South West (29%, compared with 27% for the North West and South West). In London, workplaces accounting for 32% of employment reported they had made new investment, which was marginally higher than the England average.

Looking forwards the outlook for investment in the period March 2012 to May 2012 is again fairly similar across the regions. In Yorkshire and the Humber investment intentions are above the England average, with workplaces representing 35% of employment planning to invest.

Workplaces were also asked about their use of capital which included buildings, plant and machinery, equipment, vehicles and computer hardware. Workplaces accounting for the majority of employment (77%) reported that capital was used at a satisfactory level in February 2012 and this was consistent across the regions.

In England, 9% of workplaces, weighted by employment, reported their capital use as being overstretched and 11% underutilised, giving a balance of -3%. The capital utilisation balances varied across the regions, with the most negative balance at -12% seen in Yorkshire and the Humber. This was due to a significantly higher share of workplaces, weighted by employment, reporting capital was underutilised compared to the England average (19% compared to 11%). The most positive balance (at 6%), was seen in London. This was due to a significantly lower share reporting capital was underutilised compared to the England average (6% compared to 11%).

The message that on balance capital was underutilised (Table 4) contrasts with the message that on balance the workforce was generally overstretched (Table 3). However, this is consistent with investment levels remaining broadly unchanged from the backward-looking to forward-looking measures.

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

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
Capital Investment⁵											
Past (Dec 11-Feb 12)	Have invested	29%	28%	27%	31%	28%	30%	30%	32%	28%	27%
Future (March 12-May 12)	Plan to invest	29%	27%	29%	35%	34%	28%	29%	27%	28%	30%
Capital Use⁶											
February 2012	Overstretched	9%	9%	7%	6%	5%	11%	8%	12%	9%	8%
	Underutilised	11%	11%	17%	19%	13%	11%	11%	6%	8%	13%
	Balance (Over-Under)	-3%	-2%	-10%	-12%	-8%	1%	-3%	6%	1%	-5%

Notes:

1. See note 1 of Table 1.
2. See note 2 of Table 1.
3. See note 3 of Table 1.
4. See note 4 of Table 1.
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>)

Prices

Labour costs

Workplaces accounting for 75% of employment in England reported that labour costs per person remained the same in February 2012 compared with November 2011. Workplaces accounting for 15% of employment in England reported higher average labour costs (per person), compared with 6% which reported lower, giving a balance of 9% (Table 5). A positive balance was seen in every region. The balance was highest in Yorkshire and the Humber at 12% and lowest in the South West at 5%.

Looking forwards, workplaces accounting for 67% of employment in England expect labour costs per person to be the same in May 2012 as in February 2012. Of those expecting a change, labour costs per person are, on balance, expected to be higher. Workplaces accounting for 28% of employment in England reported expecting higher costs in May 2012 than in February 2012, with 4% reporting lower, giving a balance of 24%. Again, a positive balance was seen across all regions. The balance was highest in the South West at 28% and lowest in the North West at 19%.

Output prices

Workplaces accounting for 69% of employment in England reported that the prices charged (output prices) in February 2012 compared with November 2011 had not changed; a pattern that was repeated across all regions.

Of those reporting changes, workplaces accounting for 17% of employment in England reported higher output prices in February 2012 then in November 2011, while 9% reported lower output prices; giving a balance of 8%. The output prices balance was positive across all regions, being highest in the West Midlands and South East at 11% each and lowest in the North East, Yorkshire and the Humber and South West at 3% each.

Looking forwards, workplaces accounting for 22% of employment in England expect higher output prices in May 2012 compared to February 2012, while 5% expect lower output prices; giving a balance of 17%. All regions saw positive balances but varied from 12% in the North West to 23% in the North East and West Midlands. 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 balance.

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

		Eng	NE	NW	YH	EM	WM	EE	L	SE	SW
Labour costs											
Past (Feb 12 vs. Nov 11)	Higher	15%	17%	15%	16%	16%	16%	15%	13%	16%	13%
	Lower	6%	7%	8%	4%	7%	6%	7%	4%	7%	8%
	Balance (Higher-Lower)	9%	10%	7%	12%	9%	11%	8%	9%	9%	5%
Future (May 12 vs. Feb 12)	Higher	28%	27%	24%	30%	26%	29%	27%	29%	30%	31%
	Lower	4%	4%	5%	4%	5%	5%	4%	4%	6%	3%
	Balance (Higher-Lower)	24%	23%	19%	25%	21%	24%	23%	25%	25%	28%
Output prices											
Past (Feb 12 vs. Nov 11)	Higher	17%	14%	19%	17%	15%	18%	15%	16%	20%	16%
	Lower	9%	10%	11%	13%	10%	7%	8%	7%	9%	12%
	Balance (Higher-Lower)	8%	3%	8%	3%	5%	11%	7%	9%	11%	3%
Future (May 12 vs. Feb 12)	Higher	22%	26%	20%	20%	24%	25%	21%	19%	22%	25%
	Lower	5%	3%	8%	4%	4%	2%	7%	5%	7%	4%
	Balance (Higher-Lower)	17%	23%	12%	16%	20%	23%	14%	14%	15%	21%

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 February 2012 EBS most backward-looking questions compare February 2012 with November 2011 and forward looking questions compare with May 2012 with February 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.
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 February 2012 EBS is not known. As an indication, the final response rate for the October 2011 EBS was 43% of the launched sample, for the November 2011 EBS was 44% and for the December EBS was 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 businesses⁴) although they account for a smaller share of employment and turnover.

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

Timeliness

23. This publication is the third 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 March 2012 data will be released in May 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:
- 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.

Contact details

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