

UK BUSINESS CONFIDENCE MONITOR Q3 2009

Appendices and Tables

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TECHNICAL INFORMATION

This research was conducted by The Institute of Chartered Accountants in England and Wales (ICAEW) with assistance from centre for economic and business research (cebr) and Kudos Research.

During the period 13 May – 3 August 2009, 1000 ICAEW members active in business in the UK were interviewed by telephone. The interviews typically lasted 12–15 minutes and gathered opinions on past performance and future prospects for members’ businesses, as well as investigating perceived changes in impact of factors such as availability of skills, government regulation and the tax regime.

Data has been weighted to ensure the profile of the survey sample accurately represents the UK economy (by value) for company size (no. of employees), regional location and industry sector.

BUSINESS CONFIDENCE INDEX METHODOLOGY

The Business Confidence Index is calculated from the responses to the following:

“Overall, how would you describe your confidence in the economic prospects facing your business over the next 12 months, compared to the previous 12 months?”

A score was applied to each response as shown to the right, and an average score calculated:

Using this method, a Confidence Index of +100 would indicate that all survey respondents were much more confident about future prospects, while -100 would indicate that all survey respondents were much less confident about future prospects.

Further technical details on the design of the survey are available upon request.

Variable	Score
Much more confident	+100
Slightly more confident	+50
As confident	0
Slightly less confident	-50
Much less confident	-100

WEIGHTING APPROACH

Those who completed the survey (both current and historic data) were categorised by regional location, company size (no. of employees) and industry sector.

Rim weighting was applied to ensure the profile of the sample accurately represents the UK Economy. Weighting factors applied to this quarter's data are detailed below. Target weights for sector and region were derived from Office of National Statistics published data on GVA (Gross Value Added) 2006. Weights for company size are based on turnover data for start 2007 published by the Small Business Analytical Unit of the Department for Business, Innovation and Skills. (Previous quarters were weighted to most up to date sources available at the time which were not materially different.)

	Sample number	Profile unweighted sample	Profile weighted sample
	Number	%	%
REGION	total ▶ 1000		
London	150	15	19
South East (excl London)	140	14	16
South West	80	8	8
East England	90	9	10
East Midlands	70	7	7
West Midlands	80	8	8
North West	100	10	10
Northern England	70	7	3
Yorks & Humber	82	8	7
Scotland	67	7	8
Wales	70	7	4
Northern Ireland	1	0	0

CONT'D...

Weighted figures may not sum to 100% due to rounding

	Sample number	Profile unweighted sample	Profile weighted sample
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	Number	%	%
SIZE (EMPLOYEES)	total ▶ 1000		
Micro (<10)	89	9	11
Small (10-49)	187	19	21
Medium (50-249)	201	20	15
Large (250+)	523	52	53

SECTOR	total ▶ 1000		
Total Primary	73	7	3
Manufacturing & Engineering	152	15	16
Construction	81	8	8
Retail & Wholesale	126	13	14
Hotels & Catering	30	3	4
Transport & Storage	53	5	5
Communications	41	4	3
IT	75	8	3
Banking, Finance & Insurance	105	11	9
Property	85	9	12
Business services	73	7	13
Other service activities	54	5	6
Health & Education	52	5	4

Weighted figures may not sum to 100% due to rounding

COVERAGE OF REGIONAL ECONOMIC ACTIVITY

Analysis shows the data which forms the basis of the BCM Business Confidence Index covers a significant proportion of UK economic activity both for the UK as a whole, and for the different UK regions. This assures that our data is accurately capturing the mood of UK business.

The table below shows our estimate of the proportion of economic activity which is represented by the businesses interviewed in BCM each quarter. (Further detail on the technical approach taken is available on request.)

REGION	Coverage of economic activity (Gross Value Add)
	%
London	1.1
South East (excluding London)	1.3
South West	1.5
East England	1.3
East Midlands	1.5
West Midlands	1.5
North West	1.4
Northern England	3.0
Yorks & Humber	1.6
Scotland	1.2
Wales	2.7
UK	1.3

DETAILED RESULTS

TABLE 1 SUMMARY OF BUSINESS CONFIDENCE INDEX BY SECTOR

Base: All respondents

	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q3 2009	
						Change from last quarter	Difference from UK average
IT	-18.2	-32.8	-31.5	-32.5	18.5	51.1	13.7
Banking, Finance & Insurance	-37.6	-35.2	-46.0	-16.0	15.9	32.0	11.1
Property	-41.6	-45.3	-58.1	-20.0	11.7	31.7	6.9
Retail & Wholesale	-38.6	-42.1	-52.2	-21.8	7.9	29.8	3.1
Other service activities	-18.0	-29.5	-50.2	-31.4	7.1	38.5	2.3
UK AVERAGE	-25.7	-36.3	-45.3	-28.2	4.8	33.0	
Construction	-41.8	-54.2	-54.6	-31.7	4.1	35.8	-0.7
Business services	-25.1	-36.8	-36.8	-31.3	0.8	32.1	-4.0
Primary	-7.4	-21.9	-35.4	-26.5	0.1	26.6	-4.7
Manufacturing & Engineering	-16.9	-32.1	-45.0	-31.5	-1.1	30.4	-5.9
Transport & Storage	-24.8	-26.2	-52.6	-36.2	-3.2	33.0	-8.0
Health & Education	-3.5	-30.9	-32.1	-29.8	-12.2	17.5	-17.0

Q. Overall, how would you describe your confidence in the economic prospects facing your organisation over the next 12 months, compared to the previous 12 months?

See Technical Appendix for details of how the BCM Confidence Index is calculated

TABLE 2 SUMMARY OF BUSINESS CONFIDENCE INDEX BY REGION

Base: All respondents

						Q3 2009	
	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Change from last quarter	Difference from UK average
Wales	-27.8	-52.2	-50.1	-37.5	16.9	54.4	12.1
Scotland	-30.0	-22.6	-38.5	-7.8	15.9	23.7	11.1
South West	-29.6	-58.1	-42.6	-26.2	13.1	39.3	8.3
Northern England	-17.7	-31.3	-42.0	-38.8	11.6	50.3	6.8
East England	-20.1	-46.4	-38.4	-31.9	7.6	39.5	2.8
North West	-24.0	-32.9	-41.6	-23.4	7.1	30.5	2.3
UK AVERAGE	-25.7	-36.3	-45.3	-28.2	4.8	33.0	
East Midlands	-25.4	-27.2	-56.6	-24.1	3.5	27.6	-1.3
Yorks & Humber	-18.5	-31.5	-42.9	-34.1	-0.1	34.0	-4.9
West Midlands	-38.2	-32.8	-57.0	-19.7	-0.5	19.2	-5.3
South East (excl London)	-21.1	-31.3	-38.7	-30.0	-0.6	29.5	-5.4
London	-29.7	-38.0	-52.5	-36.2	-1.1	35.0	-5.9

TABLE 3 SUMMARY OF BUSINESS CONFIDENCE INDEX BY COMPANY SIZE

Base: All respondents

Micro (<10)	-18.4	-33.4	-36.1	-22.3	-3.7	18.5	-8.5
Small (10-49)	-16.6	-37.1	-37.4	-30.9	12.8	43.7	8.0
Medium (50-249)	-26.9	-30.1	-45.2	-24.2	9.0	33.3	4.2
Large (250+)	-30.3	-38.5	-50.3	-29.9	2.1	32.0	-2.7
SME (up to 249)	-20.6	-33.7	-39.7	-26.2	7.8	34.1	3.0
Micro & Small (up to 49)	-17.4	-35.6	-36.9	-27.3	7.3	34.5	2.5
Very large (1000+)	-31.3	-38.8	-51.6	-30.7	3.1	33.9	-1.7
UK AVERAGE	-25.7	-36.3	-45.3	-28.2	4.8	33.0	

Q. Overall, how would you describe your confidence in the economic prospects facing your organisation over the next 12 months, compared to the previous 12 months?

See Technical Appendix for details of how the BCM Confidence Index is calculated

TABLE 4 FINANCIAL PERFORMANCE INDICATORS

Base: All respondents

Base: All respondents

Average % Change	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	TRACTION *	
						Q2 2009	Q3 2009
Turnover							
Versus last 12 months	5.4	3.7	1.4	-0.5	-2.4		
Expected next 12 months	4.2	2.3	-0.3	-0.3	2.5	0.2	4.9
Gross profits							
Versus last 12 months	3.9	2.3	-0.1	-2.2	-3.2		
Expected next 12 months	3.5	1.6	-0.7	0.3	2.3	2.5	5.5
Sales (Volumes)							
Versus last 12 months	5.0	3.1	1.3	-0.9	-2.6		
Expected next 12 months	3.9	2.2	-0.3	-0.2	2.3	0.7	4.9
Prices							
Versus last 12 months	2.0	1.7	1.1	0.5	-0.2		
Expected next 12 months	1.8	1.4	0.3	0.0	0.2	-0.5	0.4
Input Prices							
Versus last 12 months	3.8	4.2	3.3	2.2	1.2		
Expected next 12 months	3.5	2.9	1.2	0.3	0.4	-1.9	-0.8
Average Basic Salary							
Versus last 12 months	3.0	2.9	2.4	1.7	0.7		
Expected next 12 months	2.7	2.5	1.5	0.8	0.8	-0.9	0.1
Average Total Salary							
Versus last 12 months	2.7	2.3	1.6	0.3	-0.8		
Expected next 12 months	2.5	2.3	1.0	0.3	0.6	0.0	1.4
Exports							
Versus last 12 months	4.5	5.1	3.4	1.4	1.1		
Expected next 12 months	4.5	4.2	2.4	1.6	2.8	0.2	1.7
Inputs from Abroad							
Versus last 12 months	3.6	3.3	1.5	1.6	0.4		
Expected next 12 months	2.9	2.2	0.6	0.3	1.2	-1.3	0.8

KEY:
 HIGH

 LOW

TABLE 4 FINANCIAL PERFORMANCE INDICATORS (Cont'd)

Base: All respondents

Case: All respondents						TRACTION *	
Average % Change	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q2 2009	Q3 2009
Capital Investments							
Versus last 12 months	2.4	2.0	0.3	-0.5	-1.4		
Expected next 12 months	0.8	0.3	-1.2	-0.9	0.4	-0.4	1.8
Number of Employees							
Versus last 12 months	1.7	0.7	-0.1	-1.8	-2.9		
Expected next 12 months	0.9	0.3	-0.8	-0.8	0.0	1.0	2.9
Staff Development Budget							
Versus last 12 months	1.5	0.8	0.0	-0.9	-1.5		
Expected next 12 months	1.2	0.4	-0.6	-0.3	0.4	0.6	1.9
Research and Development Budget							
Versus last 12 months	2.4	2.0	1.6	1.1	0.3		
Expected next 12 months	1.2	0.9	-0.4	0.5	0.7	-0.6	0.4
Domestic Sales							
Versus last 12 months	4.5	3.2	1.3	-0.3	-1.7		
Expected next 12 months	4.0	2.0	-0.3	0.2	2.4	0.5	4.1

Q Thinking about the last 12 months, how have each of the following changed for your organisation:

Q. Thinking about the coming 12 months, what will be the probable change for your organisation for each of the following:

* Traction = expected change next 12 months less reported change last 12 months. Positive score indicates expected positive change in growth. Negative score indicates expected negative change in growth.

KEY:



HIGH



LOW

TABLE 5 FACTORS AFFECTING BUSINESS PERFORMANCE

Base: All respondents

	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009
% Greater Challenge	%	%	%	%	%
Customer demand	40	46	54	55	51
Late payment from customers	22	28	37	43	41
Competition in the marketplace	34	33	35	32	38
Your access to capital	23	30	35	34	37
Regulatory requirements	42	36	33	32	30
Bank charges	13	20	18	21	22
Your ability to expand into new areas	15	20	23	26	21
Tax burden	19	15	13	13	19
Staff turnover	14	13	9	6	9
Transport problems	20	22	12	7	8
Government support for business	5	5	6	6	6
Availability of management skills	12	10	6	5	5
Availability of nonmanagement skills	13	9	6	4	3
Non-transport infrastructure problems*	9	6	4	4	3

* e.g. postal services, communication services, etc

Q Has the impact of _____ - [FACTOR] on your organisation's performance changed, compared to 12 months ago?

Q Has _____ [FACTOR] become a greater or lesser challenge to your organisation's performance?

KEY:



FURTHER INFORMATION

For more results and historical reports, please visit

www.icaew.com/bcm

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