

Acknowledgements

The Small Business Research Trust thanks all responding firms for their time and effort in completing the questionnaire for this survey. In addition to the regular members of the SBRT Volunteer database, this includes members of the Federation of Small Businesses and Open University Small Business Customers. **The SBRT would welcome additions to the sample from other businesses and organisations.**

It should be noted that the SBRT survey is not a panel, nor is it fully random among the total membership of the bodies listed above.

The Small Business Research Trust acknowledges the help provided by Bannock Consulting in designing the survey, processing data and analysing the results. The SBRT is also particularly pleased to acknowledge the generous support provided by NatWest in sponsoring the research, analysis and publication of this report. However, it is important to note that any opinions expressed in this publication are not necessarily those of NatWest.

Highlights

Fewer of Britain's small firms report an increase in turnover than in the last survey. They are also less optimistic than they were about their prospects for the current quarter. Government regulations and paperwork remains the second most common business problem (after low turnover) and the burden still falls most heavily on the smallest employers. However, new regulations have caused most problems for the relatively larger firms. Most small firms feel that the burden of red tape has increased over the past year, though the hours actually spent on compliance do not seem to have increased significantly.

- The overall balance of Britain's small firms reporting an **increase in sales** over the past year has fallen, though it remains positive.
- In this survey the balance has fallen from +9.4 per cent to only +2.5 per cent.
- The divide between the **smallest** firms and the relatively **larger** firms has narrowed, though the smallest still, on balance, report falling sales.
- More small firms increased **employment** over the year than cut it, but those which cut **investment** outnumber those which raised it.
- The balance of small firms increasing their average selling **prices** remains high, though more small **retailers** have cut prices than increased them.
- Small firms in every sector except **construction** are less optimistic about their **sales prospects** than they were three months ago.
- **Employment** expectations are also down and a regional divide is apparent. Firms north and west of the West Midlands and Yorkshire & Humberside expect, on balance, to cut employment, while those to the south and east expect an increase.
- Relatively **larger** firms remain more optimistic than the smallest, which expect sales and employment to be down.
- **Low turnover** remains the most important problem for small businesses. In second place is **government regulations and paperwork**, though this is almost matched by a **shortage of skills**.
- Small firms spend an average of 3.9 hours per month per person working in the business on dealing with **red tape**.
- Efficiencies of scale mean that **larger** employers spend less time per person than **smaller** employers on compliance.
- Firms without any employees avoid much regulation and so spend less time on compliance than small employers.
- The **construction** firms taking part in the survey spend, on average, most time on red tape.
- Most small firms, especially the larger employers, feel that the time spent on red tape has **increased** over the past year.
- However, comparison of the **hours** spent with those spent a year ago suggests that the time may actually have fallen for the smallest firms.
- Larger employers most often blame **major new regulations** for the increased burden of red tape. The smallest firms most often complain about changes to existing regulations, particularly **taxation**.



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Survey Details

Respondents were asked to indicate whether their sales turnover, average employment, investment and selling prices were up, down or the same in the quarter most recently ended (April, May, June 2000) compared with the same quarter a year earlier, and also to indicate what they expect for the current quarter (July, August, September 2000) compared with the second quarter of 2000. The first of the responses to the two sets of questions is shown in Table 1.1 as the “Actual Change on Year” and the second as “Expected Change on Previous Quarter”.

Following the well-established practice of the CBI in its **Industrial Trends Survey**, a summary statistic, the **balance**, is used to monitor these changes, although the full results are also shown in the tables. The balance is the percentage of respondents replying ‘up’ minus the percentage replying ‘down’ (we ignore, for this purpose, the percentage replying ‘same’). Appendix Table A.1 on page 25 gives the percentage balances for both actual and expected changes since this survey began in the third quarter of 1984.

From 1989 the results of questions on performance, expectations and problems were split by industrial sector and re-weighted according to the sectoral distribution of all VAT registered businesses. Figures from 1995 onwards have been weighted using DTI estimates of total employment by firms with fewer than 50 employees. In this survey newly available weights for 1999 onwards are used and so figures may differ slightly from those published in earlier issues. The aim of the weighting is to ensure that the results are as representative as possible of the business population in Britain. Please note, however, that other breakdowns by industrial sector, region and firm size and the tables in the special topic section use unweighted data and are not seasonally adjusted.

This survey (the 64th in the series) was mailed out on 17th July 2000 to 1,778 small firms who are members of the SBRT Volunteer database. By the cut-off date of 18th August, a total of 758 completed questionnaires had been received.

All questionnaires were completed before the September fuel crisis.

Survey Details



Actual Performance

The headline balance of Britain's small firms reporting an increase in turnover over the past year has fallen, but remains positive. Those small firms increasing employment now outnumber those cutting it, except in manufacturing and retailing. Retailing is also the only sector where prices have, on balance, been cut over the past year.

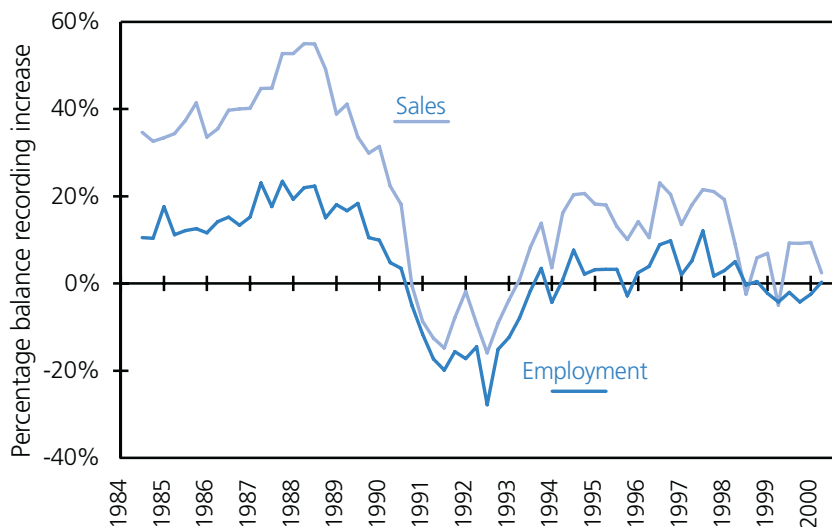
Sales turnover experience

Fewer of Britain's small firms than in recent surveys have seen a year-on-year increase in their sales. Only 37.6 per cent say that their sales in the second quarter of 2000 were higher than in the second quarter of 1999, compared with 41.7 per cent in the previous survey who said that their sales were up. The proportion reporting a fall in sales has risen from 32.3 per cent to 35.1 per cent. The balance of firms reporting an increase in sales has therefore fallen from +9.4 per cent to only +2.5 per cent (see Table 1.1 on page 7 and Chart 1.1 below). However, those firms reporting an increase in sales still outnumber those reporting a fall, unlike at this time last year. The nominal growth rate of the economy as a

whole was similarly down slightly in the second quarter, with GDP growth of 0.9 per cent, compared with 1.0 per cent in the year to the first quarter.

The hotels and restaurants which report a fall in sales compared with last year outnumber those reporting an increase by 31.6 percentage points. Although the relatively small number of these firms taking part in the survey may not be fully representative of all in the sector, this is a striking turnaround from the previous survey, when the balance stood at +26.8 per cent. The balance now is the worst for this sector since the end of 1992. The poor result is likely to be related to the poor weather in the second quarter of this year.

Chart 1.1: Percentage balance for the actual change in sales and employment on year



Those business service firms reporting a fall in turnover continue to outnumber those reporting an increase (this time by 1.9 percentage points). Again, this is the lowest balance since the end of 1992. Manufacturers, construction firms and those in other services report, on balance, that sales have risen over the past year.

The last survey noted that the difference in fortunes between the smallest and largest firms taking part in the survey was the largest for five years. Chart 1.2 shows that this time the gap has narrowed somewhat, as the balance for the small firms (those with a turnover of under £50,000) has improved a little, while that for the medium-sized firms (those with a turnover of £750,000 or more) has fallen. Nevertheless, a considerable division still remains, as the medium-sized firms have, on balance, seen their sales increase over the past year, while the smallest have seen their sales fall.

Employment experience

Although the sales balance has fallen, the employment balance has risen. Those small firms which have increased employment over the past year now

outnumber, by just 0.3 percentage points, those which have cut their workforces. Official figures show that the working age employment rate (74.6 per cent) is now the highest since 1990. Manufacturing and retailing were the only sectors where those small firms cutting employment outnumbered those recruiting new employees.

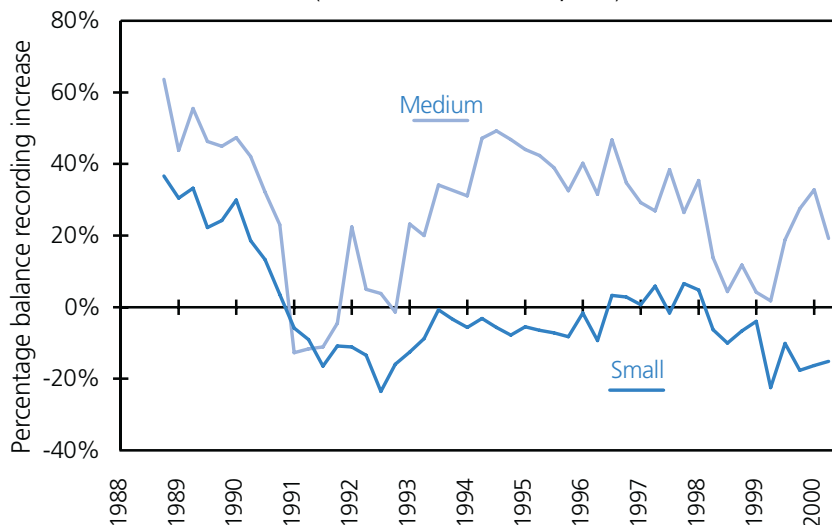
Investment experience

The proportion of small firms which have increased investment over the past year is unchanged, at 21.3 per cent, but these are now outnumbered by the 22.4 per cent which cut investment over the year. Investment levels are also depressed throughout the rest of the economy. Official figures show that investment in the whole economy was only 0.8 per cent higher in the second quarter of 2000 than one year earlier - the lowest increase since the third quarter of 1993.

Actual selling prices

The balance of Britain's small firms which raised their selling prices over the year is practically unchanged, at +16.4 per cent. More small retailers, however, cut prices

Chart 1.2: Percentage balance for the actual change in sales on year - for medium-sized firms (turnover greater than £750,000) and small firms (turnover below £50,000)





than raised them (a balance of -4.6 per cent). This was the only sector where this was the case, suggesting that small retailers' profits are being squeezed. Official figures have also shown an acceleration of producer prices over the past year, levelling off at 2.9 per cent per

year in the latest few months. Underlying retail prices inflation (excluding mortgage payments) meanwhile has remained relatively subdued, standing at 2.2 per cent in July, the same as in June.

Table 1.1: Change and expected change in sales, employment and investment

	Actual Change on Year				Expected Change on Previous Quarter			
	1999/3	1999/4	2000/1	2000/2	1999/4	2000/1	2000/2	2000/3
	on 1998/3	on 1998/4	on 1999/1	on 1999/2				
Survey No	61	62	63	64	61	62	63	64
	SALES				SALES			
Up	43.6%	43.4%	41.7%	37.6%	37.9%	36.8%	44.4%	36.7%
Down	34.3%	34.2%	32.3%	35.1%	26.5%	30.6%	21.8%	24.5%
Same	20.9%	21.1%	24.3%	26.3%	33.8%	30.7%	31.9%	37.3%
No Response	1.2%	1.3%	1.6%	0.9%	1.8%	1.9%	1.9%	1.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	+9.2%	+9.2%	+9.4%	+2.5%	+11.4%	+6.3%	+22.7%	+12.2%
	EMPLOYMENT				EMPLOYMENT			
Up	18.4%	15.7%	15.6%	17.2%	13.2%	11.1%	14.3%	12.9%
Down	20.4%	19.9%	18.1%	16.9%	13.9%	13.6%	8.8%	10.4%
Same	58.2%	62.1%	62.7%	63.8%	68.9%	72.4%	72.4%	74.1%
No Response	3.1%	2.3%	3.6%	2.1%	4.0%	2.8%	4.5%	2.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	-2.0%	-4.2%	-2.5%	+0.3%	-0.7%	-2.5%	+5.5%	+2.5%
	INVESTMENT				INVESTMENT			
Up	21.6%	20.8%	21.3%	21.3%	16.8%	20.8%	19.5%	16.3%
Down	19.1%	18.7%	19.1%	22.4%	16.7%	18.6%	16.4%	17.6%
Same	55.0%	57.2%	55.0%	53.7%	60.9%	57.5%	58.3%	62.6%
No Response	4.2%	3.3%	4.6%	2.6%	5.6%	3.2%	5.7%	3.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	+2.5%	+2.1%	+2.2%	-1.0%	+0.1%	+2.2%	+3.1%	-1.2%
	SELLING PRICES				SELLING PRICES			
Up	29.2%	30.1%	30.4%	30.2%	18.7%	24.8%	23.1%	19.3%
Down	15.5%	14.2%	13.8%	13.7%	12.9%	9.6%	9.0%	10.7%
Same	51.2%	53.0%	52.1%	53.9%	63.6%	62.4%	62.9%	66.6%
No Response	4.1%	2.7%	3.7%	2.3%	4.8%	3.2%	5.0%	3.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	+13.7%	+16.0%	+16.5%	+16.4%	+5.8%	+15.2%	+14.1%	+8.6%
Base	1,121	812	866	758	1,121	812	866	758

Expectations

Britain's small firms in every sector except construction are less optimistic about their sales prospects for third quarter of 2000 than they were about the second. There is a regional divide in small firm employment prospects - positive in the south and east, but negative in the north and west.

Sales expectations

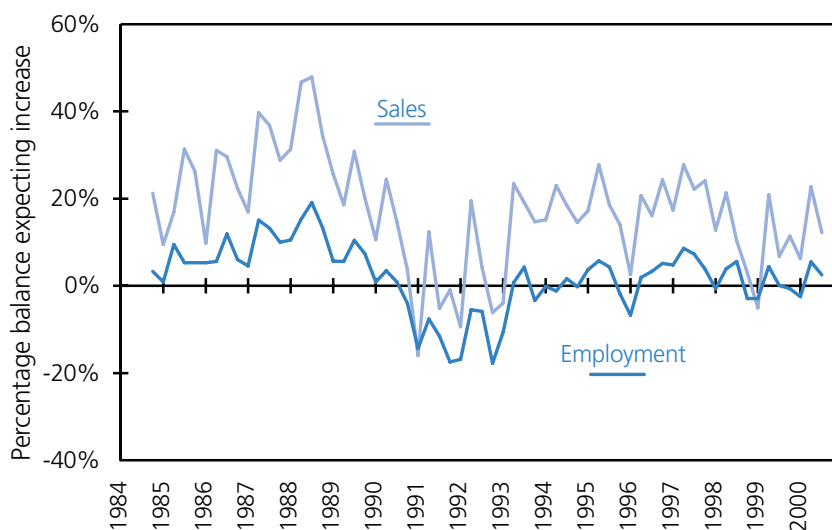
Britain's small firms are less optimistic about their prospects for the third quarter of 2000 than they were about the second quarter. Only 36.7 per cent now expect an increase in their sales during the current quarter, compared with 44.4 per cent in the previous survey (Table 1.1 on page 7). Those firms expecting an increase in sales still comfortably outnumber those expecting a fall, but the balance of firms expecting an increase has fallen more than 10 percentage points,

from +22.7 per cent to +12.2 per cent (Chart 2.1 below).

Seasonally adjusted sales

Sales are usually a little more buoyant in the second quarter than in the third and so when seasonally adjusted, the fall in the balance is less severe, down from +15.2 per cent to +9.5 per cent. Chart 2.2 shows that this is higher than at this time last year, although well below the level held in the last three surveys.

Chart 2.1: Percentage balance for the expected change in sales and employment over previous quarter (not seasonally adjusted)

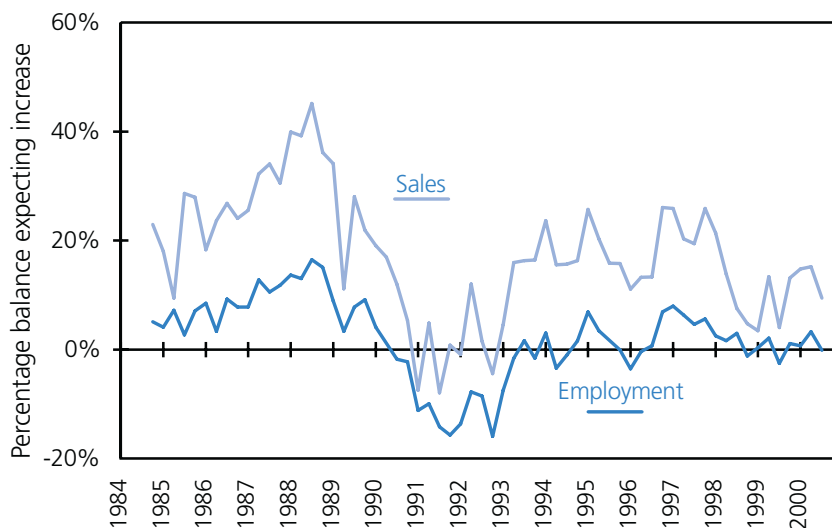


Employment expectations

On an unadjusted basis, those small firms expecting to increase employment during the current quarter still outnumber those expecting to cut employment. However, the balance of +2.5 per cent is lower than the +5.5 per cent in the previous survey (Table 1.1 on page

7 and Chart 2.1 on page 8). Employment prospects are usually better at this time of year and so the seasonally adjusted balance has fallen from +3.2 per cent to -0.2 per cent (Chart 2.2). Appendix Table A.1 on page 25 shows the seasonally adjusted balances since this survey began.

Chart 2.2: Percentage balance for the expected change in sales and employment over previous quarter (seasonally adjusted)



Investment expectations

An increased proportion of Britain's small firms expect to invest less in the current quarter and these now outnumber those expecting to invest more, giving a balance of -1.2 per cent (Table 1.1). However, this is better than the -5.0 per cent at this time last year.

Price expectations

The balance of firms expecting to increase their average selling prices in the third quarter of 2000 is down from

+14.1 per cent in the previous survey to only +8.6 per cent now. Two-thirds of small firms expect to leave prices unchanged.

Price competition remains particularly strong within retailing and those small retailers expecting to increase prices during the current quarter outnumber those expecting to cut prices by the very small margin of only +0.8 per cent.

Expectations: Comparison Across Size Bands

Table 2.1: Expected change in sales and employment by turnover size band (current survey compared with previous surveys, percentage balances)

Turnover Size Band	EXPECTED SALES BALANCE				EXPECTED EMPLOYMENT BALANCE				Sample Size (this survey)
	Survey Number				Survey Number				
	61	62	63	64	61	62	63	64	
Less than £20,000	-5.6%	-6.6%	-8.6%	-10.7%	-4.2%	-6.6%	-3.4%	-3.6%	56
£20,000 - 49,999	+6.3%	+8.1%	+14.0%	+14.6%	-4.0%	+0.0%	+2.6%	+1.1%	89
£50,000 - 149,999	+8.3%	+7.9%	+13.9%	+5.2%	-5.2%	-2.8%	-1.5%	-4.1%	172
£150,000 - 349,999	+8.9%	+7.1%	+21.6%	+8.3%	-4.9%	+1.2%	+2.5%	+2.1%	145
£350,000 - 749,999	+20.8%	+9.6%	+39.5%	+18.7%	+7.9%	+1.7%	+13.7%	+0.9%	107
£750,000 - 1,499,999	+19.1%	+8.3%	+29.2%	+13.3%	+4.6%	-4.6%	+10.6%	+5.6%	90
£1,500,000 and over	+30.5%	+13.6%	+39.0%	+31.0%	+13.6%	-2.3%	+19.5%	+9.2%	87
Total	+12.6%	+7.8%	+22.1%	+11.5%	+0.1%	-1.6%	+5.7%	+1.2%	758

Firms in almost all size bands are, on balance, less optimistic than they were in the previous survey. Chart 2.3 shows that, in terms of turnover size bands, the very smallest firms remain the most pessimistic. Those with a turnover of less than £20,000 are again the only group of firms which expect their turnovers to fall further.

In contrast, a balance of +31.0 per cent of firms with a turnover of £1.5m or more expect their turnover to continue to increase. In the middle size bands the picture is less clear-cut. Those with a turnover of between £50,000 and £149,999 are not very optimistic about their sales prospects and expect, on balance, to cut employment during the third quarter.

Chart 2.3: Percentage balance for the expected change in sales - by firm size (turnover size band)

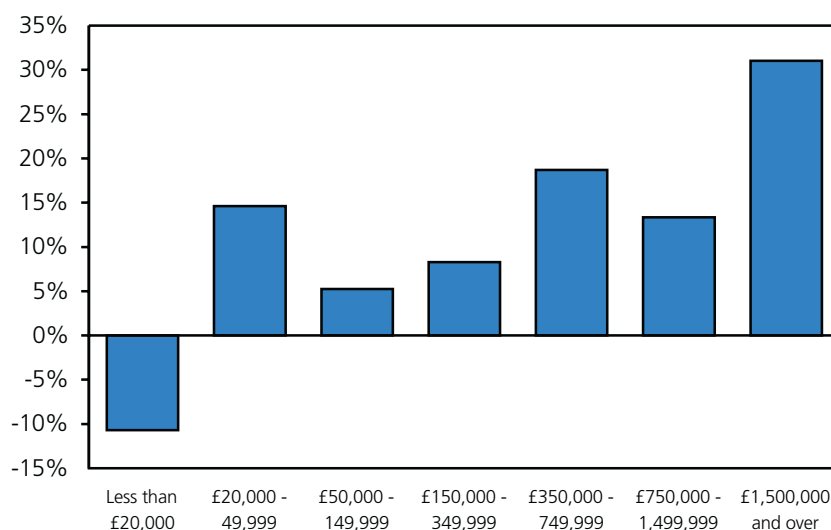




Chart 2.4: Percentage balance for the expected change in sales
- by firm size (number of people who work in the business)

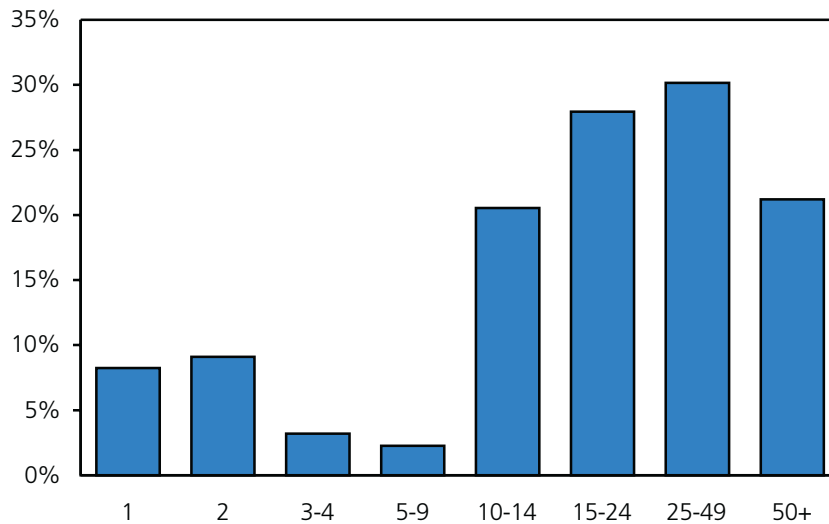


Chart 2.4 above and Table 2.2 below show a similar picture when the balances are analysed by employment size band. The *micro-firms* (fewer than 10 employees) are markedly less optimistic about both sales and employment than the *small firms* (10-49 employees).

The *medium-sized* firms taking part in our survey (those with over 50 employees) are less optimistic about sales

than the small firms and those medium-sized firms which expect to cut employment during the third quarter actually outnumber those which expect to increase employment. However, this is a small firm survey and the small number of firms with 50 or more employees taking part may not be representative of medium-sized firms in Britain as a whole.

Table 2.2: Expected change in sales and employment by employment size band
(current survey compared with previous surveys, percentage balances)

Employment Size Band	EXPECTED SALES BALANCE				EXPECTED EMPLOYMENT BALANCE				Sample Size (this survey)
	Survey Number				Survey Number				
	61	62	63	64	61	62	63	64	
1	-5.3%	-4.8%	+5.2%	+8.2%	-11.4%	-6.7%	-3.4%	-3.1%	97
2	+9.3%	+2.0%	+3.8%	+9.1%	-5.7%	-4.9%	+0.0%	+2.5%	121
3-4	+10.7%	+8.0%	+12.6%	+3.2%	+0.0%	-2.0%	+2.1%	+0.0%	125
5-9	+6.0%	+11.4%	+32.0%	+2.3%	-1.2%	+7.1%	+6.2%	-3.4%	177
10-14	+16.4%	+17.6%	+34.6%	+20.5%	-1.4%	+0.0%	+6.4%	+9.6%	73
15-24	+23.4%	+13.4%	+41.1%	+27.9%	+7.8%	-6.1%	+16.8%	+11.8%	68
25-49	+31.7%	+6.7%	+31.9%	+30.2%	+7.9%	-1.3%	+15.9%	+4.8%	63
50+	+33.3%	+7.7%	+40.7%	+21.2%	+23.8%	-19.2%	+18.5%	-9.1%	33
Total	+12.6%	+7.8%	+22.1%	+11.5%	+0.1%	-1.6%	+5.7%	+1.2%	758

Expectations: Comparison Across Business Sectors

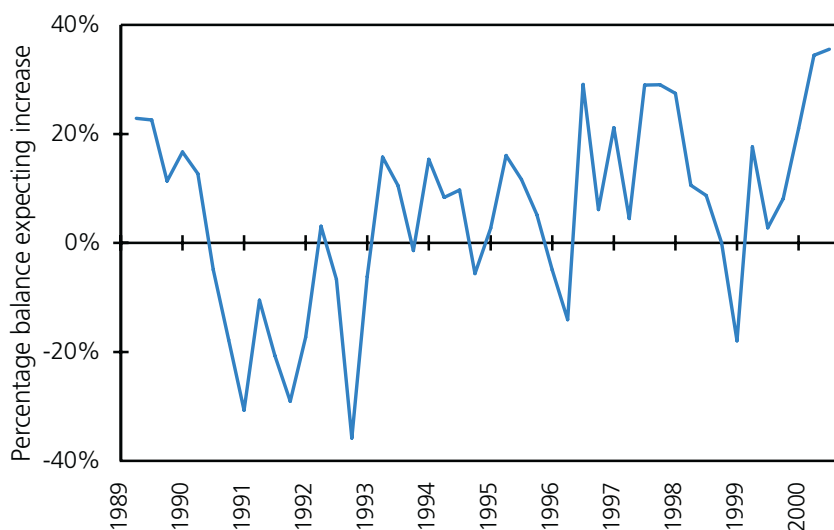
Table 2.3: Expected change in sales and employment by business sector
(current survey compared with previous surveys, percentage balances)

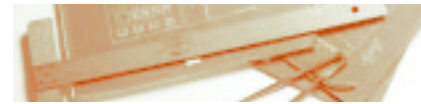
Business Sector	EXPECTED SALES BALANCE				EXPECTED EMPLOYMENT BALANCE				Sample Size (this survey)
	Survey Number				Survey Number				
	61	62	63	64	61	62	63	64	
Agriculture, Forestry, Fisheries	-14.8%	-30.0%	+5.3%	-18.8%	-7.4%	-5.0%	+5.3%	+6.3%	16
Manufacturing, Mining, Processing	+21.9%	+7.4%	+15.1%	+7.3%	+3.4%	-5.4%	+3.9%	-4.6%	151
Transport	+36.8%	+10.5%	+16.7%	-23.1%	+23.7%	-5.3%	-4.2%	+30.8%	13
Construction	+8.1%	+21.0%	+34.4%	+35.6%	+0.6%	+8.1%	+9.7%	+8.9%	45
Wholesale	+15.5%	+8.8%	+26.9%	+8.2%	+5.6%	+1.5%	+6.0%	+3.3%	61
Retail Trade	+16.8%	-0.7%	+19.8%	+13.8%	-5.6%	+2.2%	+1.6%	-2.3%	130
Hotels & Restaurants	+7.2%	-26.8%	+46.4%	+23.7%	-4.3%	-31.7%	+12.5%	+7.9%	38
Business Services	+12.2%	+16.6%	+17.2%	+11.7%	+2.0%	+1.7%	+7.9%	+3.7%	214
Other Services	+2.7%	+11.4%	+22.5%	+10.0%	-7.2%	-3.4%	+2.9%	-3.3%	90
Total	+12.6%	+7.8%	+22.1%	+11.5%	+0.1%	-1.6%	+5.7%	+1.2%	758

Table 2.3 shows the expected sales and employment balances by business sector. However, it should be noted that the sample sizes for several sectors, especially in earlier surveys, are too small for comparisons to be necessarily statistically significant.

In every sector except construction, firms are less optimistic about their prospects for the current quarter than they were in the previous survey. Chart 2.5 shows that although the increase in the balance for construction firms is slight, the balance is the highest since they were first broken down in this way, in 1989.

Chart 2.5: Percentage balance for the expected change in sales - construction





Expectations: Comparison Across Regions

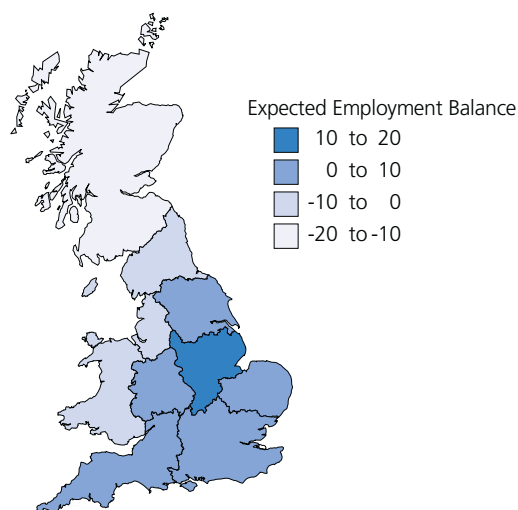
Table 2.4 shows that small firms in Scotland are most pessimistic about their sales prospects, as they have been for the past year. Firms in the neighbouring region of the North also expect, on balance, that their sales will fall. Wales remains one of the most optimistic regions in terms of sales, though in this survey the balance in the North West is marginally higher. In both

of these regions, however, the optimism on sales is not carried over to employment. Table 2.4 and Chart 2.6 show a marked regional divide in that in both Wales and the North West (as well as in Scotland and the North), the responding firms which expect to cut employment outnumber those expecting to recruit extra employees.

Table 2.4: Expected change in sales and employment by UK standard region (current survey compared with previous surveys, percentage balances)

Region	EXPECTED SALES BALANCE				EXPECTED EMPLOYMENT BALANCE				Sample Size (this survey)
	Survey Number				Survey Number				
	61	62	63	64	61	62	63	64	
North	+6.5%	-3.7%	+27.0%	-4.3%	+4.3%	+0.0%	+13.5%	-8.7%	23
Yorkshire & Humberside	+4.3%	-3.6%	+27.6%	+14.3%	-2.9%	+0.0%	+13.8%	+0.0%	49
North West	+13.6%	+17.1%	+26.9%	+26.9%	-4.5%	+4.3%	+11.5%	-1.5%	67
East Midlands	+16.3%	+14.5%	+18.6%	+23.0%	+8.2%	+2.9%	+1.4%	+11.5%	61
West Midlands	+20.5%	+6.1%	+16.1%	+0.0%	-12.8%	-7.6%	-1.6%	+0.0%	70
East Anglia	+19.3%	+12.5%	+28.1%	+19.0%	+2.4%	+5.4%	+12.3%	+9.5%	42
South East	+18.0%	+10.8%	+20.2%	+13.4%	+0.3%	-1.0%	+4.7%	+2.4%	290
South West	+7.6%	+3.9%	+15.5%	+6.4%	+5.7%	-2.6%	-2.4%	+2.6%	78
Wales	+1.7%	+24.0%	+42.4%	+25.0%	+0.0%	-16.0%	+21.2%	-3.6%	28
Scotland	+0.8%	-22.0%	+15.2%	-20.9%	-2.4%	-14.0%	-3.0%	-11.6%	43
Total	+12.6%	+7.8%	+22.1%	+11.5%	+0.1%	-1.6%	+5.7%	+1.2%	758

Chart 2.6: Percentage balance for the expected change in employment - by region



Problems

Low turnover remains the most important problem for the greatest number of small firms. Government regulations and paperwork is in second place, though is selected by fewer than last time. Close behind is a skills shortage. Cashflow is a particular problem for small construction firms, while small retailers are suffering from competition.

Table 3.1: Most important problem
(current survey compared with previous surveys)

Problem	Survey Number			
	61	62	63	64
Low Turnover/Lack of Business	26.3% (1)	26.8% (1)	26.3% (1)	26.8% (1)
Gov't Regulations & Paperwork	14.2% (2)	18.5% (2)	18.9% (2)	12.5% (2)
Lack of Skilled/Trained Employees	11.4% (3)	9.4% (3)	8.6% (3)	12.0% (3)
Cashflow/Payments/Debtors	9.6% (4)	8.6% (5)	7.0% (4)	9.4% (4)
Total Tax Burden	6.1% (6)	6.4% (6)	6.6% (5)	7.4% (5)
Competition from Big Business	7.3% (5)	8.8% (4)	6.3% (6)	6.4% (6)
Premises/Rent/Rates	3.9% (7)	3.7% (7)	3.3% (7)	2.8% (7)
Internal Management Difficulties	2.0% (9)	2.2% (8)	1.9% (8)	2.4% (8)
Access to Finance	2.9% (8)	1.6% (9)	1.3% (11)	2.1% (9)
High Rates of Pay	1.1% (10)	1.4% (10)	1.4% (10)	1.5% (10)
Shortages of Materials, Supplies, etc.	0.5% (12)	0.3% (12)	1.1% (12)	1.0% (11)
Interest Rates	0.8% (11)	1.0% (11)	1.6% (9)	0.9% (12)
Inflation	0.4% (13)	0.3% (13)	0.2% (13)	0.3% (13)
Other	12.6%	10.5%	15.0%	12.5%
No response	0.9%	0.7%	0.6%	1.9%
Base	1,121	812	866	758

Notes: All figures shown in this table are weighted to the sectoral distribution of small firm employment.
Number in brackets refers to the problem's ranking each quarter.

Respondents were asked to select, from a list of thirteen, the most important problem facing their business on that day. Every firm faces many problems, but we focus in this question on the single most important problem at the time.

Low turnover/lack of business remains the problem indicated as most important by the greatest number of firms. In this survey, the proportion saying this is the most important problem facing their business is up fractionally, from 26.3 per cent in the previous survey to 26.8 per cent, exactly the same level as six months ago.

As Chart 3.1 shows, the proportion has been relatively unchanged for the past year.

Table 3.2 (on page 16) shows that, in line with actual sales turnover experience, **low turnover/lack of business** remains a far more important problem for the smallest firms taking part in the survey. The proportion indicating that this is their most important problem is over 40 per cent for one-person firms and lower for the relatively larger firms. Small **manufacturers** are the businesses most likely to complain of low turnover in this survey. **Construction** firms, already noted to be

particularly optimistic about their sales prospects, are one of the sectors where firms are least likely to say that low turnover is their most important problem. The other is **agriculture**, where more firms indicate that the related issue of low prices for their produce (not one of the offered options) is their most important problem.

Government regulations & paperwork remains in second place in the list of most important problems, indicated by 12.5 per cent of respondents. This is quite a drop from the record high of 18.9 per cent reported in the previous survey, but Chart 3.1 shows that it remains at a historically relatively high level. In the 36 surveys carried out between 1990 and 1998 the proportion was higher than it is now on only two occasions (a complete list of proportions selecting each problem since this survey began can be found in Table A.2 on page 27). The special topic section of this report which follows examines the issue of government regulations and paperwork in more depth.

The proportion of Britain's small firms which say that the single most important problem facing their business is **lack of skilled/trained employees** has risen quite sharply, from 8.6 per cent to 12.0 per cent, almost putting it in second place in the rankings. The proportion was just fractionally higher (12.1 per cent) at the end of 1997, but this is otherwise the highest proportion since 1989. The skills shortage is, as usual, more of a problem for the larger firms taking part in the survey. **Hotels and Restaurants** in particular complain of a shortage of skilled staff (28.9 per cent of them do so, making this the top-ranked problem in that sector).

Cashflow/payments/debtors remains in fourth place in the ranking of most important problems, selected by 9.4 per cent of respondents, up from 7.0 per cent last time. Over one-quarter (26.7 per cent) of **construction** firms say that cashflow is their most important problem, highlighting the dangers which can emerge when sales prospects pick up sharply, as they have for small firms in this sector over the past year.

Chart 3.1: Selected most important business problems

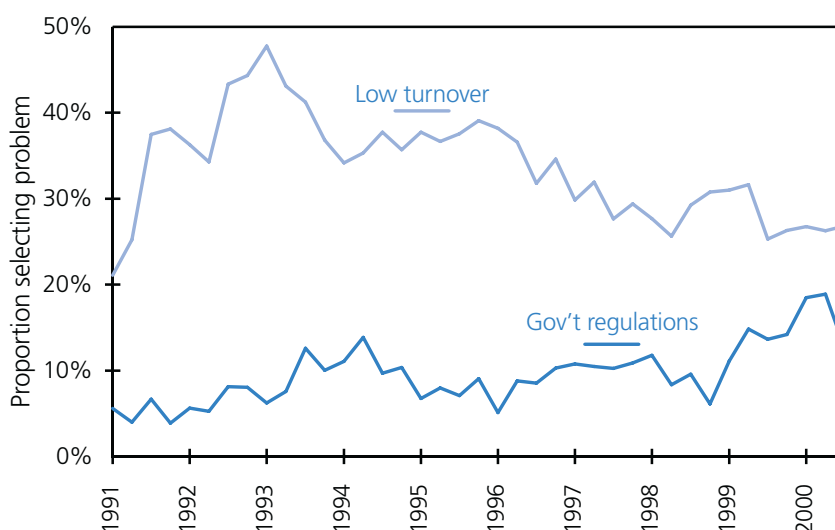


Table 3.2: Most important problem by employment size band

Employment Size Band	1	2	3 - 4	5 - 9	10 - 14	15 - 24	25 - 49	50+	All
Inflation	1.0%	0.0%	0.0%	0.6%	0.0%	0.0%	0.0%	0.0%	0.3%
Interest Rates	1.0%	2.5%	0.8%	0.6%	0.0%	1.5%	0.0%	0.0%	0.9%
Access to Finance	3.1%	2.5%	3.2%	1.1%	2.7%	2.9%	1.6%	0.0%	2.2%
Lack of Skilled/Trained Employees	2.1%	8.3%	8.8%	7.9%	12.3%	22.1%	17.5%	18.2%	10.3%
Total Tax Burden	8.2%	4.1%	7.2%	6.2%	13.7%	8.8%	3.2%	3.0%	6.9%
Low Turnover/Lack of Business	43.3%	37.2%	32.0%	23.7%	20.5%	23.5%	30.2%	18.2%	29.7%
Competition from Big Business	10.3%	5.8%	6.4%	9.6%	4.1%	4.4%	4.8%	6.1%	7.0%
Gov't Regulations & Paperwork	6.2%	9.9%	15.2%	13.6%	17.8%	8.8%	20.6%	15.2%	13.1%
High Rates of Pay	0.0%	0.0%	0.8%	2.3%	0.0%	1.5%	1.6%	3.0%	1.1%
Shortages of Materials, Supplies, etc.	0.0%	0.8%	0.8%	1.7%	1.4%	1.5%	0.0%	0.0%	0.9%
Internal Management Difficulties	2.1%	1.7%	1.6%	2.8%	4.1%	1.5%	4.8%	3.0%	2.5%
Cashflow/Payments/Debtors	5.2%	7.4%	7.2%	12.4%	8.2%	11.8%	6.3%	6.1%	8.6%
Premises/Rent/Rates	2.1%	4.1%	4.0%	5.6%	1.4%	1.5%	1.6%	0.0%	3.3%
Other	12.4%	13.2%	11.2%	10.2%	13.7%	10.3%	7.9%	24.2%	11.9%
No Response	3.1%	2.5%	0.8%	1.7%	0.0%	0.0%	0.0%	3.0%	1.5%
Base	97	121	125	177	73	68	63	33	758

Note: Unweighted data

Small **retailers**, which (unlike firms in other sectors) have been unable to raise their prices recently, complain particularly of **competition from big business**. Some 14.6 per cent say that this is the single most important problem facing their business, putting it into second place (below **low turnover**). For small firms as a whole, this is only the sixth-placed problem.

The rankings of the other problems have changed little since the previous survey, with the exception of **interest rates**, which has slipped from ninth to twelve place. This was selected by only 0.9 per cent of small firms as the most important problem facing their business (down from 1.6 per cent in the previous survey). In the

months prior to our last survey base rates were rising. Since then, they have been unchanged at 6.0 per cent.

As usual, a number of respondents did not feel able to single out one particular problem, or listed other problems facing their business. Only 1.6 per cent, compared with 3.1 per cent in the previous survey, said that the **strength of sterling** was the single most important problem facing their business (though it is likely that the proportion selecting this would have been higher if it had been offered as one of the predetermined options in the question). When questionnaires for this survey were mailed out the pound was markedly lower against the US dollar and a little lower against the euro than it had been when the last survey was carried out. However, the euro weakened against the pound while questionnaires were being completed and a number of respondents specifically mentioned that it was the strength of the pound against the euro which was causing them particular problems. In late August the US dollar strengthened against sterling, but this was after questionnaires for this survey were completed.



Government Regulations and Paperwork

The special questions in this survey examine how much time small businesses spend complying with government regulations and paperwork and, from two different angles, how they feel that this has changed over the past year. The relative importance of new and existing regulations and regulatory areas are also considered.

Total hours spent

On average, Britain's small business owners taking part in this survey estimate that they, their staff and their professional advisors spend approximately 3.9 hours per month per person working in the business on dealing with government regulations and paperwork.

Chart 4.1 (below) and Table 4.1 (overleaf) show that the time spent varies markedly with firm size. Larger firms naturally spent a greater number of total hours on compliance than smaller firms. However, the number of hours spent per person working in the business falls sharply as the size of the firm increases, from 6.4 hours per person for firms with only one or two employees to

only 1.4 hours for those employing 20 people or more (Chart 4.1). The only discontinuity is for firms without any employees. These firms do not have to take account of a whole raft of employment and payroll-related regulations and so spend only 4.4 hours per month per proprietor or partner, less than the time spent by those firms with one or two employees. Many of these very smallest firms will also have a sales turnover below the VAT registration threshold and so also be able to avoid this area of compliance. However, employment regulations seem the more significant, as firms below the VAT registration threshold but with employees spend a considerable amount of time on compliance.

Chart 4.1: Person-hours per month per person working in the business spent on dealing with red tape - by size of business

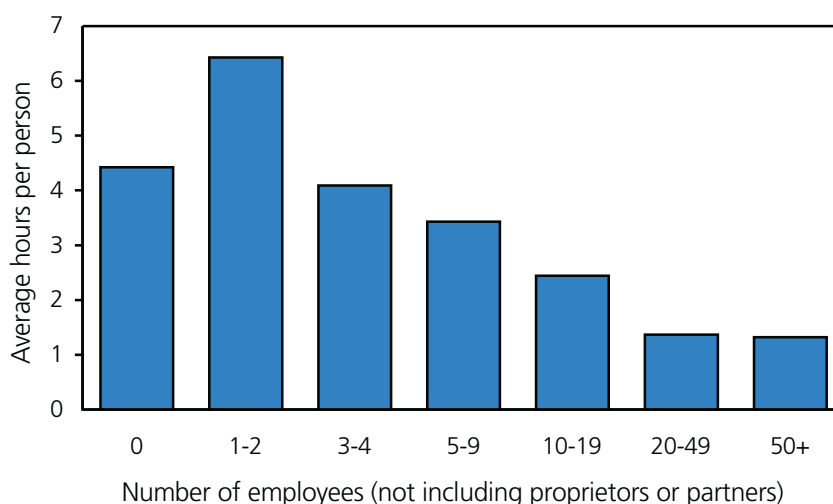


Table 4.1: Time taken per month to deal with government regulations and paperwork
- by size of business (number of people employed, not including proprietors and partners)

Number of Employees	Total hours	Hours per person working in the business	Responses	No response/Unknown
0	6.5	4.4	102	13
1-2	12.8	6.4	153	14
3-4	16.4	4.1	94	14
5-9	23.8	3.4	130	15
10-19	31.8	2.4	88	14
20-49	41.1	1.4	82	7
50+	76.7	1.3	23	9
All	22.6	3.9	672	86

Business sectors

Table 4.2 shows that hotels/restaurants and manufacturing firms spend least time per person on dealing with government regulations and paperwork, mostly due to the fact that they are, on average, the largest firms taking part in the survey.

Construction firms spend most time per person on compliance, despite the fact that they are only slightly smaller than the average firm. These firms have to deal with many health and safety and environmental regulations, as well as the Inland Revenue's Construction Industry Scheme, which a number of respondents said had caused them particular problems.

Perceived changes over the past year

Table 4.3 shows that when asked how they believe the time taken to deal with red tape has changed over the past year, Britain's small firms appear to give a very clear picture. Only 0.3 per cent say that the time taken has decreased significantly and 1.7 per cent that it has decreased a little. In contrast, 31.4 per cent say that the time has increased significantly and 38.0 per cent that it has increased a little. The overall balance of firms reporting an increase (the proportion saying increased significantly or a little, minus the proportion saying decreased significantly or a little) is +67.4 per cent. The larger the firm, the more likely to report an increase in

Table 4.2: Time taken per month to deal with government regulations and paperwork
- by business sector

Business Sector	Total hours	Hours per person working in the business	Average number of employees	Responses	No response/Unknown
Agriculture	17.7	4.6	8.9	15	1
Manufacturing	28.1	2.8	23.2	129	22
Transport	20.3	3.2	12.3	13	0
Construction	35.5	7.5	11.0	41	4
Wholesale	15.2	2.4	12.7	53	8
Retail	17.2	3.5	9.1	112	18
Hotels & Restaurants	27.7	2.1	18.4	33	5
Business Services	16.7	5.1	6.4	193	21
Other Services	32.9	3.1	13.6	83	7
All	22.6	3.9	12.5	672	86



Table 4.3: "How has the time it takes your business to deal with red tape changed over the past year?" - by size of business (number of people employed, not including proprietors and partners)

Number of employees	Increased significantly	Increased a little	No change	Decreased a little	Decreased significantly	No response	Sample	Balance
0	10.4%	28.7%	52.2%	3.5%	0.9%	4.3%	115	+34.8%
1-2	19.2%	37.1%	38.9%	3.6%	0.0%	1.2%	167	+52.7%
3-4	25.9%	46.3%	24.1%	1.9%	0.0%	1.9%	108	+70.4%
5-9	37.2%	43.4%	17.2%	0.7%	0.0%	1.4%	145	+80.0%
10-19	48.0%	36.3%	12.7%	0.0%	1.0%	2.0%	102	+83.3%
20-49	50.6%	36.0%	13.5%	0.0%	0.0%	0.0%	89	+86.5%
50+	56.3%	34.4%	9.4%	0.0%	0.0%	0.0%	32	+90.6%
All	31.4%	38.0%	26.9%	1.7%	0.3%	1.7%	758	+67.4%

the burden of red tape. Table 4.3 and Chart 4.2 show that the balance ranges from +34.8 per cent for those firms with no employees (a majority of these say that the time taken has not changed) to +90.6 per cent of those with 50 or more employees. Even of the very smallest firms, however, very few report a decrease in the time taken to comply with government regulations.

Reported changes in time spent

A very different picture emerges, however, when the

answers to the question on actual time spent on government regulations are compared with the answers given when the same question was asked at this time last year (in Volume 15 Number 3 of this report). Table 4.4 (overleaf) shows that firms with 10 or more employees do now say that they spend longer on red tape than did firms of the same size in 1999. However, there has been a considerable fall in the time estimated to be spent by firms without employees and a smaller

Chart 4.2: Balance saying time to deal with red tape has increased over the past year - by size of business

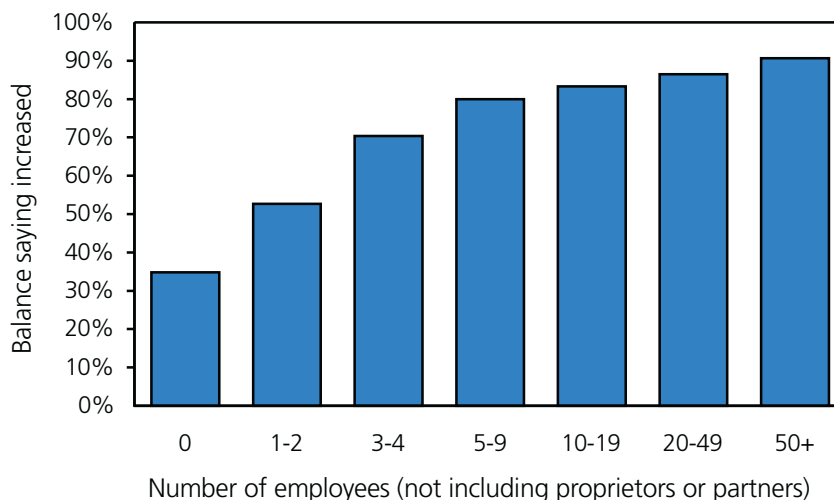


Table 4.4: Average time taken per person per month to deal with red tape, compared with past survey - by size of business (number of people employed, not including proprietors and partners)

Number of Employees	August 1999	August 2000
0	6.6	4.4
1-2	6.4	6.4
3-4	4.3	4.1
5-9	3.5	3.4
10-19	2.3	2.4
20-49	1.2	1.4
50+	0.4	1.3
All	4.2	3.9



fall for those with between 3 and 9 employees (the time spent by those with 1 or 2 employees is unchanged).

Overall, the average time estimated to be spent by small firms on compliance has actually fallen slightly, from 4.2 hours per person per month in 1999 to 3.9 hours now.

Comparing the answers just of those firms taking part in both this survey and the one a year ago, those now estimating less time spent on compliance than one year ago slightly outnumber those reporting an increase.

This contradicts the finding that hardly any of the firms taking part in this survey believe that the time taken to deal with regulations has decreased over the past year.

There are a number of technical reasons why the answers to these two sets of questions might be expected not to be in complete agreement even if they were answered consistently. It should be remembered that our survey is not a panel, so that many respondents are not the same as last time. Business people do not keep records of the time spent on compliance and are making rough estimates¹ (there is quite a large variation between the estimates for similar businesses). However, none of these seem sufficient to fully reconcile the differences. Part of the explanation is likely to be that some firms are taking a longer perspective than the year mentioned in the question and are instead thinking of

an increase over the past few years in the burden of regulations.

This emphasises the value of the regular question on business problems in this survey, which provides a consistent and reliable indicator of how the relative importance of various business problems have changed over time. This shows that red tape is held to be the most important business problem by rather fewer of Britain's small firms than one year ago, though it remains at a historically quite high level.

Reasons for perceived increase

Those small firms which do believe that the burden of red tape has increased were asked whether they thought this was due to a few new major regulations (i.e. Working Time Directive, Minimum Wage, Working Families Tax Credit), to other new regulations, or to an increase in the time taken to deal with existing regulations. The most common response was from the 61.2 per cent which said that the perceived increase was due to a combination of these factors. Despite the considerable media attention given to the major new regulations, only 17.9 per cent blamed these exclusively for the perceived increase in the overall burden of red tape. However, these regulations are all related to

¹ In particular, respondents tend to round the total hours spent on compliance (e.g. 10 was the most common answer, while 9 and 11 were rare) - an increase from 9 hours one year to 11 the next might therefore be recorded as 10 on both occasions. Also, respondents which say that the burden of red tape has increased significantly are more likely than average to have been unable to quantify their hours spent on compliance.



Table 4.5 "If the time it takes your business to deal with red tape has increased, why is this?"
- by size of business (number of people employed, not including proprietors and partners)

	0	1-2	3-4	5-9	10-19	20-49	50+	All
A few major new regulations	6.7%	19.1%	15.4%	10.3%	17.4%	32.5%	31.0%	17.9%
Other new regulations	13.3%	9.6%	5.1%	14.5%	9.3%	5.2%	0.0%	9.1%
Increase in time on existing regulations	15.6%	12.8%	11.5%	7.7%	5.8%	1.3%	3.4%	8.4%
Combination of the above	60.0%	53.2%	61.5%	65.0%	66.3%	58.4%	65.5%	61.2%
No response	4.4%	5.3%	6.4%	2.6%	1.2%	2.6%	0.0%	3.4%
Sample	45	94	78	117	86	77	29	526

employment and the proportion is closely related to the number of employees in the firm. Over thirty per cent of those with 20 or more employees blame the major new regulations for the increase in red tape (Table 4.5).

Those firms without any employees were more likely to blame an increase in the time taken to deal with existing regulations.

Areas of regulation

Britain's small firms were also asked which of a number of broad areas of regulation had caused the biggest increase over the past year in the time taken to comply. Table 4.6 shows that Taxation (including VAT, PAYE, National Insurance contributions and Self-Assessment) was cited as the most important by over half of respondents (52.3 per cent). Taxation is in an even more dominant position for the smallest firms. Over two-thirds of those with fewer than three employees say that

taxation has been the biggest cause of the perceived increase in compliance time over the past year.

Although taxation remains most important, relatively larger firms are more likely than the smallest to say that non-tax employment regulations (including recently introduced measures such as the Working Time Directive and the Minimum Wage) have caused the biggest increase over the past year.

Manufacturing firms and Hotels/Restaurants were those most likely to say that health and safety regulations had caused them the biggest increase over the past year. Over three-quarters of construction firms said that taxation had caused them the biggest increase, seemingly because of the Construction Industry Scheme. Those firms included under 'other' are mostly ones who gave a mixture of areas but include some businesses which mentioned regulations originating from the Financial Services Agency.

Table 4.6 "Which area of red tape has caused the biggest increase over the past year in compliance time?"
- by size of business (number of people employed, not including proprietors and partners)

	0	1-2	3-4	5-9	10-19	20-49	50+	All
Taxation (e.g. VAT, PAYE, NI, Self-Assessment)	66.7%	69.1%	56.4%	48.7%	44.2%	39.0%	37.9%	52.3%
Non-tax Employment Regulations	4.4%	10.6%	12.8%	8.5%	12.8%	13.0%	20.7%	11.2%
Health and Safety Regulations	6.7%	6.4%	6.4%	23.1%	27.9%	24.7%	10.3%	16.5%
Environmental Regulations	8.9%	2.1%	6.4%	3.4%	1.2%	3.9%	3.4%	3.8%
Statistical Inquiries from Government	6.7%	2.1%	1.3%	1.7%	4.7%	9.1%	17.2%	4.6%
Other	4.4%	6.4%	12.8%	12.8%	8.1%	10.4%	6.9%	9.5%
No response	2.2%	3.2%	3.8%	1.7%	1.2%	0.0%	3.4%	2.1%
Sample	45	94	78	117	86	77	29	526

Conclusions

Compliance with government regulations and paperwork was estimated in this report last year (Volume 15 Number 3) to account for in excess of 2 per cent of GDP. Recently the issue has been rising up the rankings of business problems to new record highs and media attention has focused on the burdens of new high-profile regulations. This survey shows that the burden of red tape still falls most heavily on small firms with one or two employees, though new employment regulations mean that the medium-sized firms are most likely to feel that the burden is increasing. A simple question on perceptions in this survey shows that a strong majority, especially of the relatively larger firms in this survey, do feel that the burden of regulation has increased over the past year.

In this survey, however, red tape has fallen a little in the rankings of most important problems and comparison of the hours spent on compliance now compared with a year ago suggest if anything a slight fall, at least for the smallest firms. Although small firms are still clearly smarting from the introduction of new regulations, it may be that some of those introduced within the past few years are becoming assimilated into firms' regular systems and so less of a burden.

Selected comments

"A new agency or whatever is this years 'in' word seems to be invented every week"

"Biggest problem is frequency of changes"

"Burden forever increasing and changing making very difficult to run business"

"Civil servants get paid, we don't."

"Don't want to employ more at present - it's a minefield"

"Employment regs are largely responsible for me not taking on staff - and thus allowing the business to wind down"

"Forms seem to get longer and more detailed"

"Getting more complex and confusing. Obscure language. Frequent changes in detail. New regs every 5 minutes."

"Have deliberately cut employment to lessen involvement with regulations."

"I am acting as unpaid tax inspector and collector"

"Level of red tape is now unsustainable"

"Minimum wage ... trainees no longer cost effective"

"Not any one but creeping growth by many departments in documentation-visits-aftermath of visits"

"Red tape is good indicator of how divorced from reality are both politicians and civil servants. Quite often it appears mindless "

"Red tape is imposition on employers caused by minority of bad employers"

"Red tape must be reduced"

"Self assessment too complicated and takes far too much time"

"Very much an insidious growth problem"

"We have reached the limit at which small company can survive and do all regulatory paper work"

"Why can PM sack who he wants & we have lengthy worn out process?"

"Would help if VAT inspectors understood VAT rules & openly admitted when they are mistaken"

"Any time spent on this is irritating but is not in fact a great burden"

"Apart from tax return no red tape/government regs"

"As a 1 man business they leave me alone. No employees. No VAT so only self assessment. No change in time on self assessment."

"By keeping good accounts no problems"

"I don't think the 'red tape' is excessive or bad. It is necessary as protection"

"I want good regulation eg working time directive so other businesses can't get away with exploiting their staff"

"I would definitely approve of any regs which helped improve environment"

"No problem"

"Only red tape I deal with is tax and that hasn't changed"

"Proper admin systems generate 90% of info anyway. Subject is overhyped as political point scoring exercise"

"Red tape is often here for a good reason - people should complain less and become more efficient"

"Taxation has increased - Other areas have fallen"

Appendix

The survey reports in each issue on changes in sales, employment, investment and priced and on the ranking of most important problems experienced by small firms. The percentage balances for sales, employment, investment and prices are shown in Appendix Table A.1

and the percentage mention of problems are shown in Appendix Table A.2 for each of the surveys carried out to date. In addition, each issue covers one or more special topics, designed to contribute to knowledge about small business in Britain.

The following topics have been examined to date:

(note, the results from two surveys were published in Volume 1 Number 1)

Special Topics

Year	Volume	Number	Survey Number	Topic
1985	Vol. 1	No 1	1 & 2	Some Characteristics of the Respondents
		No 2	3	Changes in Employment, New Business
		No 3	4	Part-time Employees, Computers in Small Firms
		No 4	5	Employment
1986	Vol. 2	No 1	6	Finance, Membership of Representative Bodies
		No 2	7	Exports, The Business Expansion Scheme
		No 3	8	Employment, Skill Shortage
		No 4	9	Incorporated and Unincorporated Business, Expanding Firms, Small Firms in the Service Sectors
1987	Vol. 3	No 1	10	Domestic versus Business Telephone Usage, Employment
		No 2	11	Most Important Problem Facing Declining and Growing Businesses, Characteristics of our Respondents
		No 3	12	Employment, Slow Payment Problems
		No 4	13	Use of Accountants
1988	Vol. 4	No 1	14	Use of Solicitors
		No 2	15	Training background of managers and arrangements for staff training
		No 3	16	Access to external information
		No 4	17	Present and future use of Telecommunications products and services, Characteristics of Respondents
1989	Vol. 5	No 1	18	Employee Turnover, National Chamber of Trade Survey, National Westminster Digest Survey
		No 2	19	The effects of 1992 on small firms
		No 3	20	Intergenerational and previous business background of respondents
		No 4	21	Origins of new employees
1990	Vol. 6	No 1	22	European Community Special Directorate DG23
		No 2	23	Motivation and Objectives of respondents for setting up their own business
		No 3	24	School-leaver Training
		No 4	25	School-leaver Training Problems

Year	Volume	Number	Survey Number	Topic
1991	Vol. 7	No 1	26	Training and Enterprise Councils
		No 2	27	Use of Computers
		No 3	28	Business Growth Objectives, Gender of Owner
		No 4	29	Sources of Small Business Finance
1992	Vol. 8	No 1	30	Co-operatives
		No 2	31	Exports
		No 3	32	Quality Standards (BS 5750)
		No 4	33	Impact of the Recession on Incomes and Prices
1993	Vol. 9	No 1	34	Business Premises and the UBR
		No 2	35	Rented Business Premises
		No 3	36	Delayed Payments
		No 4	37	External Sources of Information
1994	Vol. 10	No 1	38	The Single Market
		No 2	39	Pensions
		No 3	40	The Past Ten Years
		No 4	41	Minimum Wage
1995	Vol. 11	No 1	42	Capacity Utilisation
		No 2	43	Succession and Ownership
		No 3	44	Staff Recruitment
		No 4	45	Employee Turnover and Training
1996	Vol. 12	No 1	46	Compliance Costs
		No 2	47	IT - Communications and Computers
		No 3	48	Business Support Organisations
		No 4	49	Motivations, Objectives and Targets
1997	Vol. 13	No 1	50	50th Survey (employment change, hours worked, satisfaction)
		No 2	51	Incomes and Prices
		No 3	52	Minimum Wage
		No 4	53	Slow Payment
1998	Vol. 14	No 1	54	VAT Compliance Costs
		No 2	55	Low Turnover, Advertising and Promotion
		No 3	56	Lack of Skills, Training and the 'New Deal'
		No 4	57	The euro
1999	Vol. 15	No 1	58	IT, Communications and Year 2000
		No 2	59	Business Finance
		No 3	60	Government Regulations and Paperwork
		No 4	61	Motivations, Objectives and Targets
2000	Vol. 16	No 1	62	Changes
		No 2	63	Slow Payment
		No 3	64	Government Regulations and Paperwork

Performance Tables

Table A.1: Actual and expected changes, percentage balance

Survey	Sample Size	Past Quarter Date	Actual Change, past quarter compared with same quarter last year				Expected Change, next quarter compared to past quarter					
			Sales	Investment	Prices	Prices	Sales		Employment		Investment	Prices
			Employment	Prices			U	S	U	S	U	U
Vol.1 No.1a	3,056	1984/3	+34.7%	+10.5%	-	-	+21.2%	+22.9%	+3.3%	+5.1%	-	-
Vol.1 No.1b	1,795	1984/4	+32.6%	+10.4%	-	-	+9.5%	+18.0%	+0.9%	+4.1%	-	-
Vol.1 No.2	1,181	1985/1	+33.4%	+17.6%	-	-	+16.9%	+9.4%	+9.5%	+7.2%	-	-
Vol.1 No.3	1,090	1985/2	+34.4%	+11.2%	-	-	+31.4%	+28.6%	+5.3%	+2.7%	-	-
Vol.1 No.4	1,072	1985/3	+37.4%	+12.1%	-	-	+26.2%	+27.9%	+5.3%	+7.1%	-	-
Vol.2 No.1	1,326	1985/4	+41.4%	+12.6%	-	-	+9.8%	+18.3%	+5.3%	+8.5%	-	-
Vol.2 No.2	1,052	1986/1	+33.6%	+11.6%	-	-	+31.1%	+23.6%	+5.6%	+3.3%	-	-
Vol.2 No.3	1,285	1986/2	+35.5%	+14.2%	-	-	+29.6%	+26.8%	+11.9%	+9.3%	-	-
Vol.2 No.4	1,435	1986/3	+39.7%	+15.2%	-	-	+22.3%	+24.0%	+6.0%	+7.8%	-	-
Vol.3 No.1	1,116	1986/4	+40.0%	+13.4%	-	-	+17.0%	+25.5%	+4.6%	+7.8%	-	-
Vol.3 No.2	1,746	1987/1	+40.2%	+15.2%	-	-	+39.7%	+32.2%	+15.1%	+12.8%	-	-
Vol.3 No.3	1,113	1987/2	+44.7%	+23.1%	-	-	+36.8%	+34.0%	+13.2%	+10.6%	-	-
Vol.3 No.4	977	1987/3	+44.8%	+17.6%	-	-	+28.8%	+30.5%	+10.0%	+11.8%	-	-
Vol.4 No.1	1,042	1987/4	+52.7%	+23.4%	-	-	+31.4%	+39.9%	+10.5%	+13.7%	-	-
Vol.4 No.2	933	1988/1	+52.7%	+19.3%	-	-	+46.7%	+39.2%	+15.3%	+13.0%	-	-
Vol.4 No.3	983	1988/2	+55.0%	+22.0%	-	-	+47.9%	+45.1%	+19.1%	+16.5%	-	-
Vol.4 No.4	950	1988/3	+54.9%	+22.3%	-	-	+34.4%	+36.1%	+13.3%	+15.1%	-	-
Vol.5 No.1A	1,523	1988/4	+49.2%	+15.1%	-	-	+25.6%	+34.1%	+5.7%	+8.9%	-	-
Vol.5 No.2	947	1989/1	+38.8%	+18.1%	-	-	+18.6%	+11.1%	+5.6%	+3.3%	-	-
Vol.5 No.3	2,274	1989/2	+41.1%	+16.7%	-	-	+30.8%	+28.1%	+10.4%	+7.8%	-	-
Vol.5 No.4	795	1989/3	+33.5%	+18.3%	-	-	+20.2%	+21.9%	+7.4%	+9.2%	-	-
Vol.6 No.1	1,091	1989/4	+29.9%	+10.5%	-	-	+10.6%	+19.1%	+0.9%	+4.1%	-	-
Vol.6 No.2	1,384	1990/1	+31.4%	+9.9%	-	-	+24.4%	+17.0%	+3.5%	+1.2%	-	-
Vol.6 No.3	1,043	1990/2	+22.3%	+4.8%	-	-	+14.7%	+11.9%	+0.9%	-1.8%	-	-
Vol.6 No.4	1,312	1990/3	+18.2%	+3.5%	-	-	+3.6%	+5.3%	-4.1%	-2.3%	-	-
Vol.7 No.1	1,239	1990/4	-0.5%	-5.1%	-	-	-16.0%	-7.5%	-14.4%	-11.2%	-	-
Vol.7 No.2	984	1991/1	-8.6%	-11.6%	-12.7%	-	+12.3%	+4.9%	-7.6%	-9.9%	-15.0%	-
Vol.7 No.3	1,718	1991/2	-12.5%	-17.3%	-20.0%	-	-5.2%	-7.9%	-11.5%	-14.2%	-20.6%	-
Vol.7 No.4	835	1991/3	-14.8%	-19.9%	-15.0%	-	-1.0%	+0.8%	-17.5%	-15.7%	-15.1%	-
Vol.8 No.1	1,684	1991/4	-7.9%	-15.6%	-20.5%	-	-9.4%	-0.9%	-16.9%	-13.7%	-13.3%	-
Vol.8 No.2	1,359	1992/1	-1.8%	-17.2%	-13.9%	-	+19.5%	+12.0%	-5.5%	-7.8%	-6.8%	-
Vol.8 No.3	1,527	1992/2	-9.2%	-14.6%	-18.7%	-	+4.2%	+1.5%	-5.9%	-8.5%	-11.8%	-
Vol.8 No.4	921	1992/3	-15.9%	-27.8%	-32.7%	-	-6.2%	-4.4%	-17.7%	-16.0%	-24.1%	-
Vol.9 No.1	1,339	1992/4	-9.1%	-15.1%	-21.0%	-	-4.0%	+4.6%	-10.7%	-7.5%	-13.1%	-
Vol.9 No.2	1,021	1993/1	-3.8%	-12.4%	-11.3%	-	+23.5%	+16.0%	+0.7%	-1.6%	-0.8%	-
Vol.9 No.3	1,310	1993/2	+0.9%	-7.9%	-7.4%	-	+19.1%	+16.3%	+4.3%	+1.6%	-0.5%	-
Vol.9 No.4	1,076	1993/3	+8.3%	-1.6%	-7.0%	-	+14.7%	+16.4%	-3.4%	-1.6%	-4.5%	-
Vol.10 No.1	1,295	1993/4	+13.8%	+3.5%	-3.3%	-	+15.1%	+23.7%	-0.2%	+3.0%	+3.3%	-
Vol.10 No.2	861	1994/1	+3.6%	-4.3%	-3.8%	-	+23.0%	+15.5%	-1.1%	-3.4%	+3.7%	-
Vol.10 No.3	2,327	1994/2	+16.2%	+0.8%	-3.3%	-	+18.4%	+15.7%	+1.6%	-1.0%	-2.2%	-
Vol.10 No.4	1,046	1994/3	+20.3%	+7.6%	+0.6%	-	+14.6%	+16.3%	-0.2%	+1.6%	+1.9%	-

continued ...

Table A.1: Actual and expected changes, percentage balance (continued)

Survey	Sample Size	Past Quarter Date	Actual Change, past quarter compared with same quarter last year				Expected Change, next quarter compared to past quarter					
			Sales		Investment		Sales		Employment		Investment Prices	
			Employment	Prices	U	S	U	S	U	U		
Vol.11 No.1B	983	1994/4	+20.6%	+2.1%	+4.1%	-	+17.2%	+25.7%	+3.7%	+6.9%	+2.4%	-
Vol.11 No.2	1,295	1995/1	+18.2%	+3.2%	+1.4%	-	+27.8%	+20.3%	+5.7%	+3.4%	+5.0%	-
Vol.11 No.3	669	1995/2	+18.0%	+3.2%	+1.1%	-	+18.6%	+15.8%	+4.3%	+1.7%	-1.5%	-
Vol.11 No.4	1,047	1995/3	+13.1%	+3.3%	+3.1%	-	+14.0%	+15.8%	-1.9%	-0.1%	-2.1%	-
Vol.12 No.1	700	1995/4	+10.0%	-2.9%	+1.9%	-	+2.6%	+11.1%	-6.7%	-3.5%	-5.2%	-
Vol.12 No.2	1,099	1996/1	+14.2%	+2.5%	+1.0%	-	+20.7%	+13.3%	+1.9%	-0.4%	-2.8%	-
Vol.12 No.3	742	1996/2	+10.5%	+3.9%	+5.1%	-	+16.1%	+13.3%	+3.3%	+0.7%	-2.7%	-
Vol.12 No.4	753	1996/3	+23.1%	+8.9%	+7.2%	-	+24.3%	+26.1%	+5.1%	+6.9%	+6.1%	-
Vol.13 No.1	912	1996/4	+20.4%	+9.8%	+10.9%	-	+17.4%	+25.9%	+4.8%	+7.9%	+7.2%	-
Vol.13 No.2	720	1997/1	+13.6%	+2.0%	+9.9%	-	+27.7%	+20.3%	+8.6%	+6.3%	+7.0%	-
Vol.13 No.3	909	1997/2	+18.0%	+5.3%	+5.2%	-	+22.2%	+19.4%	+7.3%	+4.6%	+2.4%	-
Vol.13 No.4	634	1997/3	+21.5%	+12.1%	+10.7%	-	+24.1%	+25.9%	+3.9%	+5.6%	+3.8%	-
Vol.14 No.1	783	1997/4	+21.1%	+1.7%	+10.4%	-	+12.8%	+21.3%	-0.7%	+2.5%	+3.9%	-
Vol.14 No.2	1,273	1998/1	+19.3%	+3.0%	+12.4%	-	+21.3%	+13.8%	+3.9%	+1.6%	+2.2%	-
Vol.14 No.3	682	1998/2	+9.0%	+5.0%	+5.0%	-	+10.3%	+7.5%	+5.6%	+3.0%	+2.0%	-
Vol.14 No.4	654	1998/3	-2.5%	-0.4%	+4.6%	+10.0%	+3.0%	+4.8%	-2.9%	-1.2%	-8.0%	+0.5%
Vol.15 No.1	601	1998/4	+5.9%	+0.5%	+2.8%	+9.3%	-5.0%	+3.5%	-2.9%	+0.3%	-5.7%	+5.6%
Vol.15 No.2	619	1999/1	+6.9%	-2.3%	+3.4%	+15.7%	+20.8%	+13.3%	+4.4%	+2.1%	+1.3%	+14.6%
Vol.15 No.3	507	1999/2	-4.9%	-4.3%	-2.7%	+8.5%	+6.8%	+4.0%	+0.1%	-2.6%	-5.0%	+4.8%
Vol.15 No.4	1,121	1999/3	+9.2%	-2.0%	+2.5%	+13.7%	+11.4%	+13.1%	-0.7%	+1.1%	+0.1%	+5.8%
Vol.16 No.1	812	1999/4	+9.2%	-4.2%	+2.1%	+16.0%	+6.3%	+14.8%	-2.5%	+0.7%	+2.2%	+15.2%
Vol.16 No.2	866	2000/1	+9.4%	-2.5%	+2.2%	+16.5%	+22.7%	+15.2%	+5.5%	+3.2%	+3.1%	+14.1%
Vol.16 No.3	758	2000/2	+2.5%	+0.3%	-1.0%	+16.4%	+12.2%	+9.5%	+2.5%	-0.2%	-1.2%	+8.6%

Notes: Because the balances referring to the expected sales turnover and employment in the next quarter have a pronounced seasonal trend we have also constructed seasonally-adjusted figures for these balances. These are listed in Appendix Table A.1 above. The breakdowns by size, sector and region are not seasonally adjusted, neither are the figures in Table 1.1.

a, b – The results from two surveys were published in Volume 1 Number 1

A – From Volume 5 Number 1, all results were weighted to the sectoral distribution of firms according to VAT statistics.

B – From Volume 11 Number 1, all results have been weighted to the sectoral distribution of employment in firms with under 50 employees according to DTI statistics.

Key: U – Unadjusted, S – Seasonally adjusted

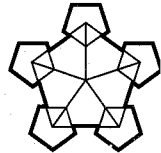
Table A.2: Problems experienced by respondents (from 1989/1 figures are weighted - see notes on previous page)

	Inflation	Interest Rates	Access to Finance	Lack of Skilled Employees	Total Tax Burden	Low Turnover or Lack of Business	Competition from Big Business	Govt. Regs and Paperwork	High Rates of Pay	Shortage of Materials, Supplies etc.	Internal Management Difficulties	Cashflow/ Payments/ Debtors	Premises, Rents, Rates	Other	No Response	Number of Replies Analysed
1984/4	3.5%	17.1%	-	5.4%	15.9%	15.3%	12.0%	12.6%	4.2%	1.1%	-	-	-	10.9%	1.4%	3,056
1985/1	3.8%	19.4%	-	4.4%	15.9%	14.5%	10.0%	15.7%	3.4%	1.3%	-	-	-	9.5%	1.5%	1,795
1985/2	5.0%	22.1%	-	4.3%	16.1%	14.3%	10.8%	12.5%	2.4%	1.3%	-	-	-	9.1%	1.5%	1,181
1985/3	2.0%	23.6%	-	4.9%	12.8%	13.8%	11.2%	13.1%	3.7%	1.9%	-	-	-	8.6%	3.8%	1,090
1985/4	2.2%	24.0%	-	5.6%	16.6%	15.7%	11.0%	10.2%	2.0%	0.9%	-	-	-	9.2%	2.0%	1,072
1986/1	3.0%	21.4%	-	7.2%	17.1%	14.4%	11.7%	9.6%	2.0%	1.8%	-	-	-	9.9%	1.3%	1,326
1986/2	1.7%	29.9%	-	7.3%	16.3%	12.6%	9.1%	9.9%	2.2%	1.2%	-	-	-	9.4%	0.6%	1,052
1986/3	0.9%	21.3%	-	7.3%	16.6%	17.0%	11.5%	7.3%	1.4%	0.9%	-	-	-	13.7%	2.0%	1,285
1986/4	1.1%	25.0%	-	7.2%	17.7%	14.7%	11.8%	6.8%	1.3%	1.3%	-	-	-	10.0%	3.1%	1,435
1987/1	0.9%	26.4%	-	8.0%	16.0%	13.0%	12.0%	7.4%	1.6%	1.3%	-	-	-	9.1%	4.2%	1,166
1987/2	1.0%	23.7%	-	9.6%	17.7%	12.0%	10.7%	7.6%	2.6%	1.5%	-	-	-	10.3%	3.3%	1,746
1987/3	1.1%	20.3%	-	11.8%	17.9%	12.9%	11.5%	6.6%	1.9%	2.2%	-	-	-	10.5%	3.5%	1,113
1987/4	1.1%	18.0%	-	11.1%	21.3%	13.0%	12.5%	6.3%	1.3%	1.3%	-	-	-	9.6%	4.5%	977
1988/1	0.7%	21.6%	-	11.1%	20.1%	9.6%	11.4%	6.1%	2.3%	1.9%	-	-	-	14.9%	0.3%	1,042
1988/2	1.0%	19.4%	-	12.7%	15.5%	10.2%	14.4%	8.0%	1.8%	2.3%	-	-	-	13.7%	1.4%	933
1988/3	0.9%	17.6%	-	17.7%	13.7%	11.3%	11.4%	8.3%	2.4%	2.7%	-	-	-	11.4%	2.4%	983
1988/4	2.8%	25.5%	-	16.9%	12.5%	8.7%	10.4%	6.0%	1.3%	3.3%	-	-	-	10.6%	1.9%	950
1989/1A	5.3%	23.4%	-	16.4%	11.1%	5.7%	5.9%	7.2%	1.4%	0.3%	-	-	-	19.0%	4.3%	1,523
1989/2	6.3%	28.4%	-	14.0%	12.2%	7.1%	5.9%	5.2%	1.0%	0.8%	-	-	-	14.5%	4.7%	947
1989/3	6.1%	32.9%	-	13.3%	7.1%	13.1%	6.0%	5.9%	1.5%	0.5%	-	-	-	12.1%	1.6%	2,274
1989/4	6.9%	39.2%	-	10.4%	5.4%	12.9%	4.7%	5.1%	1.1%	0.6%	-	-	-	12.2%	1.4%	795
1990/1	4.2%	31.3%	3.1%	6.7%	5.3%	13.3%	-	5.5%	2.5%	0.7%	0.6%	11.5%	8.4%	5.3%	1.7%	1,091
1990/2	6.7%	27.9%	3.2%	7.8%	2.9%	14.6%	-	5.6%	1.5%	0.3%	1.6%	11.6%	6.6%	8.2%	1.4%	1,384
1990/3	4.3%	29.9%	3.6%	6.4%	3.7%	14.7%	3.1%	4.3%	1.6%	0.0%	1.9%	13.6%	4.8%	5.5%	2.5%	1,043
1990/4	7.5%	26.6%	2.3%	5.7%	4.4%	18.9%	3.8%	6.3%	0.2%	0.3%	0.8%	8.6%	4.7%	7.9%	1.9%	1,250
1991/1	6.0%	29.4%	2.7%	3.4%	4.2%	21.1%	2.6%	5.6%	0.9%	0.5%	0.8%	11.4%	4.2%	5.5%	1.9%	1,239
1991/2	4.0%	21.2%	4.3%	2.9%	5.1%	25.2%	2.9%	4.0%	0.4%	0.4%	0.6%	14.9%	7.1%	6.0%	1.0%	984
1991/3	3.3%	15.0%	3.0%	2.3%	4.7%	37.5%	2.4%	6.7%	1.2%	0.3%	1.2%	11.0%	3.3%	6.7%	1.5%	1,718
1991/4	1.2%	7.5%	4.6%	4.5%	4.1%	38.1%	3.4%	3.9%	0.7%	0.3%	1.3%	13.2%	5.7%	10.7%	0.8%	835
1992/1	2.0%	9.1%	5.2%	2.1%	5.6%	36.3%	3.2%	5.6%	0.5%	0.4%	1.2%	15.8%	4.0%	7.1%	1.8%	1,684
1992/2	2.2%	11.6%	4.4%	3.4%	5.4%	34.3%	4.5%	5.3%	0.4%	0.3%	1.1%	13.4%	5.0%	7.4%	1.3%	1,359
1992/3	1.6%	7.6%	3.9%	2.9%	5.1%	43.3%	2.1%	8.1%	0.3%	1.0%	0.8%	13.5%	3.0%	5.9%	0.8%	1,527
1992/4	1.0%	8.8%	3.6%	1.6%	6.0%	44.3%	4.0%	8.0%	0.5%	0.3%	0.2%	11.5%	3.0%	5.2%	2.0%	921

continued ...

Table A.2: continued

	Inflation	Interest Rates	Access to Finance	Lack of Skilled Employees	Total Tax Burden	Low Turnover or Lack of Business	Competition from Big Business	Govt Regs and Paperwork	High Rates of Pay	Shortage of Materials, Supplies etc.	Internal Management Difficulties	Cashflow/ Payments/ Debtors	Premises, Rents, Rates	Other	No Response	Number of Replies Analysed
1993/1	0.6%	3.7%	3.2%	3.2%	4.1%	47.7%	3.0%	6.2%	0.3%	1.2%	0.6%	13.1%	2.9%	8.4%	1.8%	1,339
1993/2	0.5%	1.4%	5.4%	3.3%	5.4%	43.1%	4.0%	7.6%	0.5%	0.7%	1.6%	14.3%	2.9%	7.4%	1.8%	1,021
1993/3	0.4%	2.1%	5.5%	4.5%	5.4%	41.2%	4.2%	12.6%	0.3%	0.7%	0.9%	10.9%	3.7%	5.9%	1.6%	1,310
1993/4	1.0%	2.8%	6.9%	3.0%	6.5%	36.8%	4.3%	10.0%	0.3%	0.6%	2.5%	15.5%	3.3%	4.6%	2.0%	1,076
1994/1	0.6%	1.9%	5.5%	4.2%	6.8%	34.1%	6.9%	11.0%	0.1%	0.6%	1.1%	14.4%	4.1%	6.9%	1.7%	1,295
1994/2	1.1%	1.6%	3.8%	5.4%	7.0%	35.3%	5.2%	13.9%	0.1%	0.4%	1.4%	14.0%	3.2%	6.4%	1.3%	861
1994/3	0.9%	1.5%	3.6%	4.9%	5.9%	37.7%	5.9%	9.7%	0.9%	0.8%	2.1%	13.3%	3.1%	7.6%	2.0%	2,327
1994/4	1.1%	1.2%	4.7%	4.8%	6.4%	35.7%	6.3%	10.4%	0.1%	1.1%	1.6%	12.9%	3.8%	7.6%	2.5%	1,046
1995/1B	0.8%	2.7%	4.0%	6.1%	6.2%	37.7%	6.9%	6.7%	0.6%	1.1%	3.0%	12.5%	2.0%	7.4%	2.2%	983
1995/2	1.2%	2.0%	3.4%	5.1%	6.9%	36.7%	6.1%	8.0%	0.6%	0.9%	2.7%	12.2%	3.8%	9.4%	1.0%	1,295
1995/3	1.1%	3.8%	4.2%	4.0%	6.8%	37.6%	8.8%	7.1%	0.5%	0.5%	1.1%	11.4%	5.9%	6.8%	0.4%	669
1995/4	1.1%	0.8%	3.4%	6.0%	6.0%	39.1%	6.3%	9.1%	0.7%	0.3%	2.4%	12.0%	2.8%	9.3%	0.9%	1,047
1996/1	2.2%	0.6%	3.3%	4.5%	6.5%	38.2%	6.7%	5.1%	0.3%	0.7%	1.7%	12.8%	3.7%	11.5%	2.1%	700
1996/2	0.4%	0.7%	2.6%	4.4%	6.5%	36.6%	6.1%	8.8%	0.4%	0.5%	2.6%	13.1%	3.4%	13.1%	1.0%	1,099
1996/3	0.2%	0.7%	3.7%	6.1%	6.3%	31.8%	8.1%	8.6%	0.3%	0.5%	1.4%	12.2%	4.9%	14.3%	1.2%	742
1996/4	0.6%	1.0%	2.5%	7.6%	6.5%	34.6%	7.5%	10.3%	0.4%	0.2%	2.5%	9.5%	4.2%	11.6%	1.0%	753
1997/1	0.3%	1.4%	2.9%	8.2%	6.6%	29.9%	7.4%	10.8%	0.3%	0.5%	2.1%	14.6%	3.9%	10.2%	1.0%	912
1997/2	0.1%	1.2%	2.0%	9.5%	5.1%	31.9%	7.2%	10.5%	1.4%	0.3%	2.5%	11.2%	3.5%	12.6%	1.1%	720
1997/3	0.2%	2.7%	3.4%	8.1%	8.1%	27.6%	9.2%	10.3%	0.5%	0.5%	2.0%	10.5%	5.3%	11.1%	0.5%	909
1997/4	0.7%	1.9%	2.5%	12.1%	5.6%	29.4%	7.0%	10.9%	0.6%	0.6%	2.5%	10.3%	4.9%	9.7%	1.3%	634
1998/1	0.2%	3.4%	1.8%	8.9%	5.8%	27.7%	8.1%	11.8%	0.9%	0.5%	1.6%	12.1%	3.4%	12.6%	1.3%	783
1998/2	0.2%	3.4%	2.9%	10.1%	5.0%	25.6%	8.2%	8.4%	1.1%	0.3%	1.9%	10.7%	3.2%	18.1%	0.9%	1,273
1998/3	1.8%	3.4%	2.2%	7.7%	5.0%	29.3%	6.3%	9.6%	0.8%	0.1%	2.6%	9.7%	4.9%	16.0%	0.7%	682
1998/4	0.8%	6.3%	1.8%	9.7%	7.1%	30.8%	7.6%	6.1%	1.4%	0.7%	1.6%	10.5%	2.0%	13.0%	0.6%	654
1999/1	0.1%	1.7%	1.9%	8.9%	7.2%	31.0%	5.3%	11.1%	1.1%	0.9%	1.9%	8.3%	4.3%	15.2%	1.1%	601
1999/2	0.2%	1.0%	1.2%	8.0%	6.3%	31.6%	7.6%	14.8%	1.1%	0.1%	1.0%	9.2%	3.9%	12.9%	1.0%	619
1999/3	0.1%	0.7%	2.8%	11.2%	7.7%	25.3%	8.0%	13.6%	2.1%	0.9%	3.3%	8.2%	4.4%	10.2%	1.5%	507
1999/4	0.4%	0.8%	2.9%	11.4%	6.1%	26.3%	7.3%	14.2%	1.1%	0.5%	2.0%	9.6%	3.9%	12.6%	0.9%	1,121
2000/1	0.3%	1.0%	1.6%	9.4%	6.4%	26.8%	8.8%	18.5%	1.4%	0.3%	2.2%	8.6%	3.7%	10.5%	0.7%	812
2000/2	0.2%	1.6%	1.3%	8.6%	6.6%	26.3%	6.3%	18.9%	1.4%	1.1%	1.9%	7.0%	3.3%	15.0%	0.6%	866
2000/3	0.3%	0.9%	2.1%	12.0%	7.4%	26.8%	6.4%	12.5%	1.5%	1.0%	2.4%	9.4%	2.8%	12.5%	1.9%	758



Confidential

Please circle the appropriate letters or fill in the blanks. Your answers will remain confidential.

- 1 Please indicate your firm's annual turnover (excluding VAT):
- a. Less than £20,000 c. £50,000-£149,999 e. £350,000-£749,999 g. £1,500,000 and over
 b. £20,000-£49,999 d. £150,000-£349,999 f. £750,000-£1,499,999
- 2a Employment: How many people (including yourself) work in the business? _____
- 2b If your business is not a limited company, how many of these people are self-employed proprietors or partners? _____
- 3 How many years has your present business been trading? _____
- 4a Please classify your business activity by circling one of these categories:
- a. Agriculture, Forestry, Fisheries d. Construction g. Hotels & Restaurants i. Other Services
 b. Manufacturing, Mining, Processing e. Wholesale h. Business Services
 c. Transport f. Retail Trade (Finance, Consultants, Designers, etc.)
- 4b Please also describe in a few words the precise nature of your business: _____

Our recent surveys have indicated that government regulations and paperwork (red tape) has continued to be a growing concern of small business owners. We are interested in this section in whether this has been your experience.

- 5 On average, roughly how many person-hours per month (including your time, that of your staff and of your professional advisors) does it take your business to deal with government regulations and paperwork (red tape)? _____
- 6 How has the time it takes your business to deal with red tape changed over the past year?
- a. Increased significantly b. Increased a little c. No change d. Decreased a little e. Decreased significantly
- 7 If the time it takes your business to deal with red tape has increased, why is this? (Please circle ONE only)
- a. A few new major regulations (i.e. Working Time Directive, Minimum Wage, Working Families Tax Credit)
 b. Other new regulations
 c. Increase in time taken to deal with existing regulations
 d. A combination of the above
- 8 Which area of red tape has caused the biggest increase over the past year in the time taken to comply? (Please circle ONE only)
- a. Taxation (e.g. VAT, PAYE, NI, Self-Assessment) d. Environmental Regulations
 b. Non-tax Employment Regulations (e.g. Working Time Directive, Minimum Wage) e. Statistical Inquiries from Government
 c. Health and Safety Regulations f. Other (please specify) _____
- 9 If you have any comments on your experience of dealing with red tape, please add them here:
- _____

10 How did your sales turnover, average employment, investment (in plant, equipment and premises) and average selling prices in the past quarter compare with the same period in 1999? What do you expect to happen in the current quarter? Please complete the table by ticking 8 boxes only:

	ACTUAL			EXPECTED		
	April, May, June 2000 compared with the same period 1999			July, August, September 2000 compared with April, May, June 2000		
	UP	DOWN	SAME	UP	DOWN	SAME
Sales Turnover						
Average Employment						
Investment						
Selling Prices						

- 11 What is the MOST important problem facing your business today? Please circle ONE ONLY:
- a. Inflation f. Low Turnover/Lack of Business k. Internal Management Difficulties
 b. Interest Rates g. Competition from Big Business l. Cashflow/Payments/Debtors
 c. Access to Finance h. Gov't Regulations and Paperwork m. Premises, Rents, Rates
 d. Lack of Skilled/Trained Employees i. High Rates of Pay n. Other (Please specify)
 e. Total Tax Burden j. Shortage of Materials, Supplies, etc. _____
- 12 Please indicate the sex of the owner(s) of the business:
- a. Male b. Female c. Joint Male/Female ownership