

## UKBB 58 March 2003 Analysis

The March survey asked for views on the upcoming Budget, car tax charges, average hours worked, policy on flexible working, risk of business failure, the most common motivation for starting a business, plus the quarterly trend questions.

### About the respondents

169 respondents were drawn with the following population characteristics:

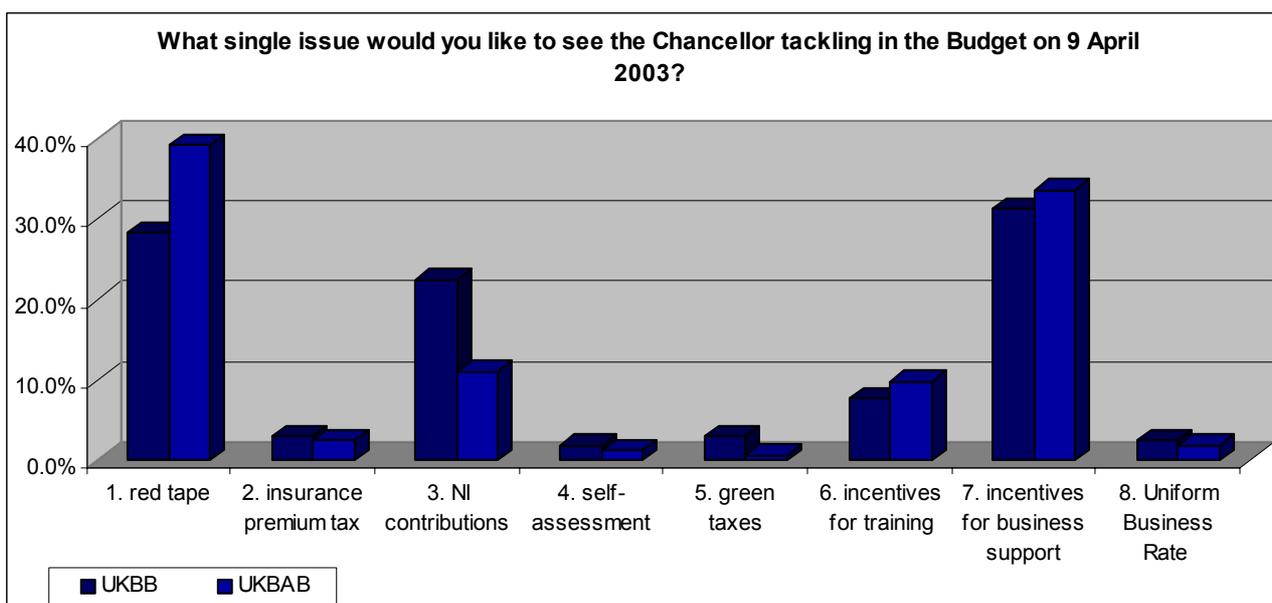
Sector			
Production & Manufacturing	Distribution	Services	Total
29.6%	6.5%	63.9%	100.0%

Turnover (£)			
< 1 M	1M-3M	>3M	Total
67.5%	19.5%	13.0%	100.0%

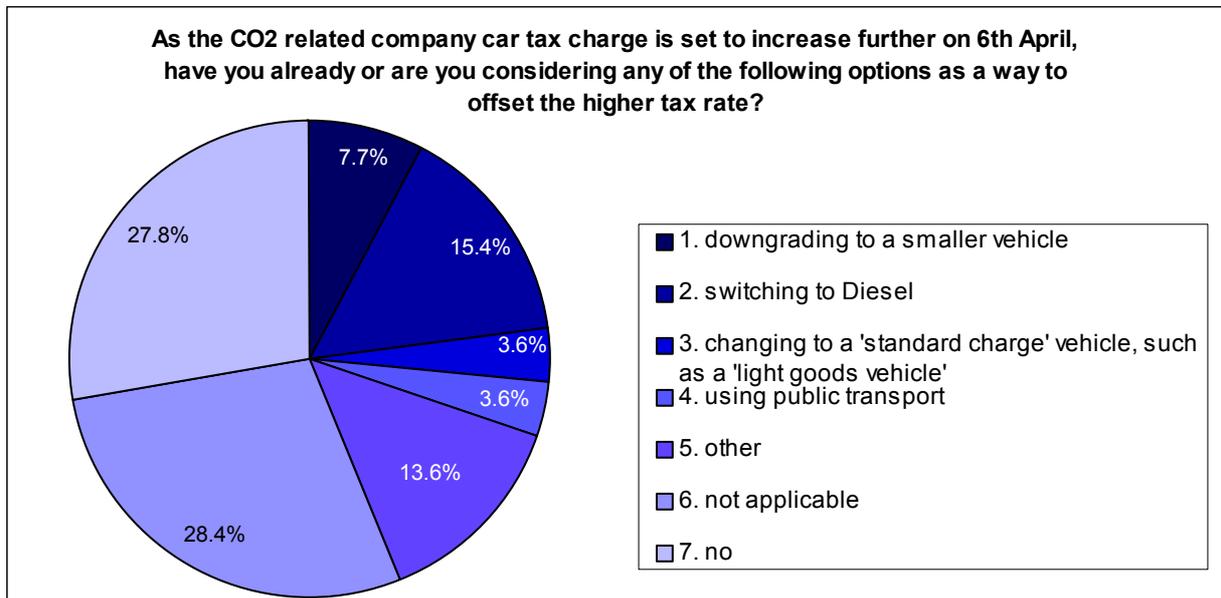
Number of Full-time Employees						
1-10	11-20	21-50	51-100	100+	Unknown	Grand Total*
38.5%	36.7%	6.5%	3.0%	3.0%	12.4%	100.0%

### Survey Findings

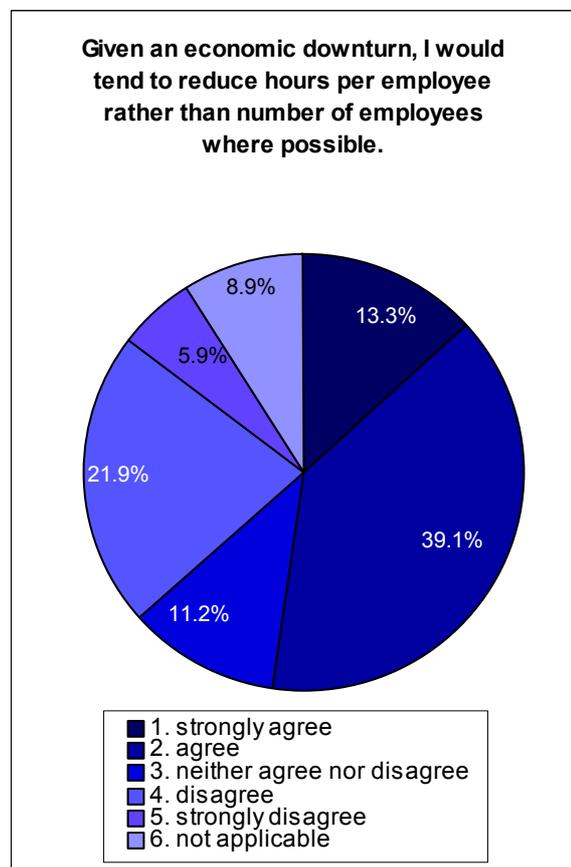
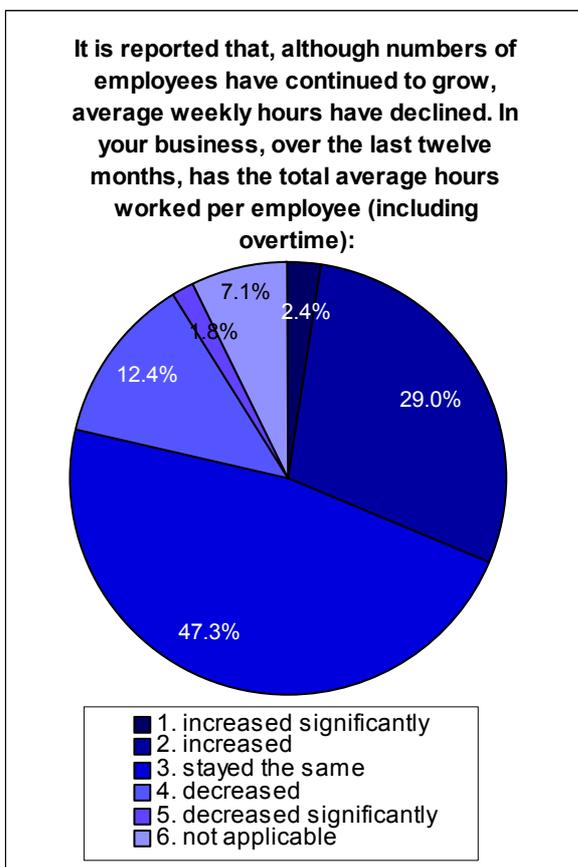
With the Budget due out on 9<sup>th</sup> April 2003, businesses and business advisers were keen to see adjustments that would ease their trading circumstances. We asked the same question in both the UK Business Barometer Survey and the UK Business Adviser Survey for March. The two issues which emerged as leaders were red tape and incentives for business support, each attracting nearly 1/3 of the UKBB respondents. UKBAB respondents were even more strongly focused on these two issues. National Insurance contributions, which are due to increase from the beginning of the financial year, also concerned over 1/5 of UK BB respondents, while incentives for training was the top priority for 8%. In contrast, only 11% of UKBAB respondents were concerned with NI contributions, and 10% with incentives for training.



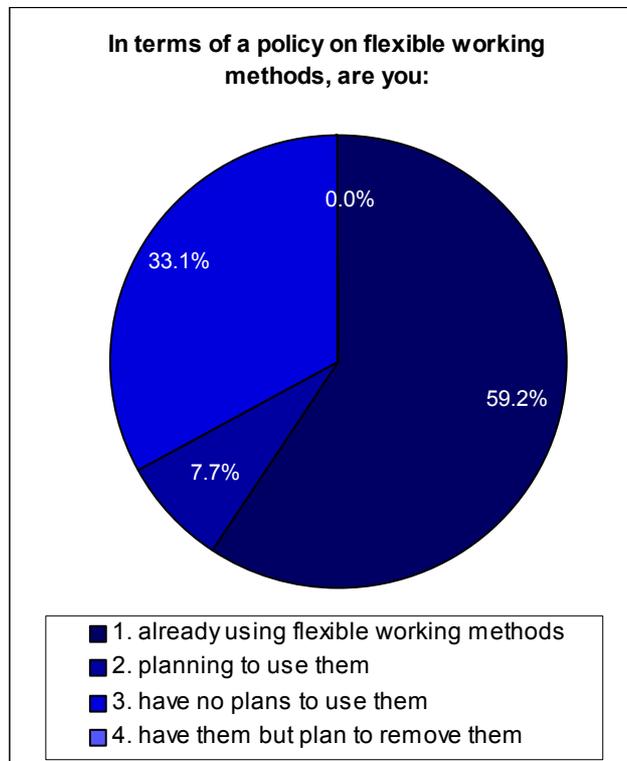
The taxation on company cars enters the next progressive stage on the emission-based scale from the beginning of the financial year. The response from 44% of panellists has been to consider ways in which to reduce the impact, and 15% have considered switching to Diesel while 8% are considering downgrading to a smaller vehicle.



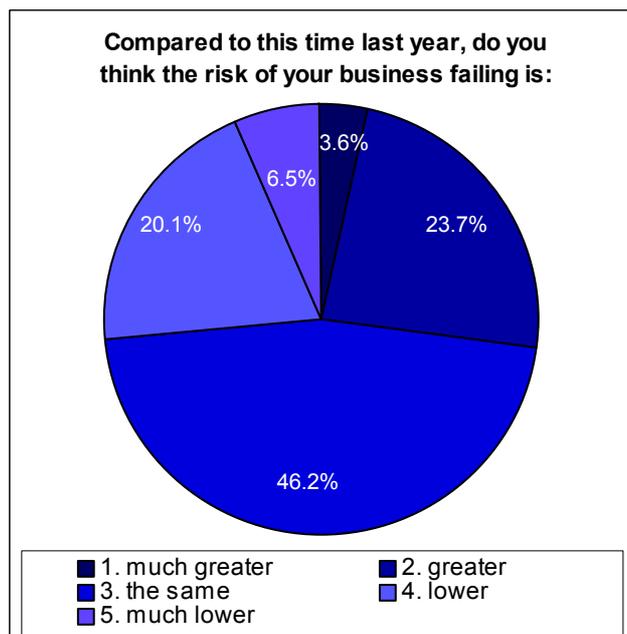
31% of respondents report that their total hours worked per employee have grown over the last year, 2% significantly so, while 14% have reduced employee hours over the same period. Nevertheless, 52% would tend to reduce hours rather than lay off employees in an economic downturn.



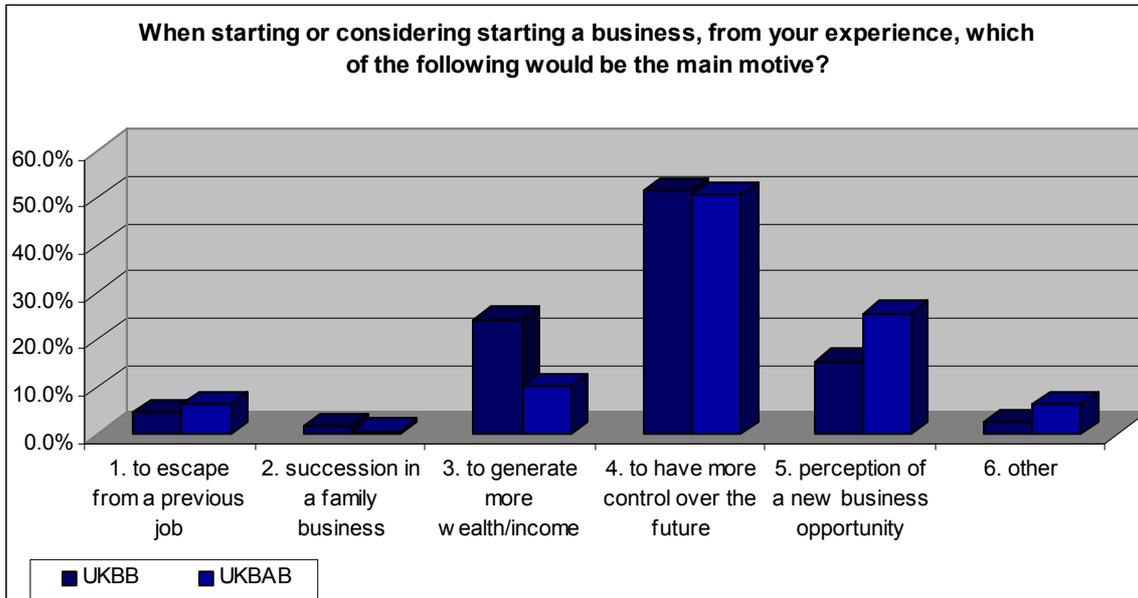
From 6<sup>th</sup> April 2003, a new provision on flexible working comes into force. Employees with disabled children or children under the age of six can apply to work flexibly and their employers must consider such requests seriously. 59% of respondents already use flexible working and 8% are planning to use them. The remaining 33% have no such plans.



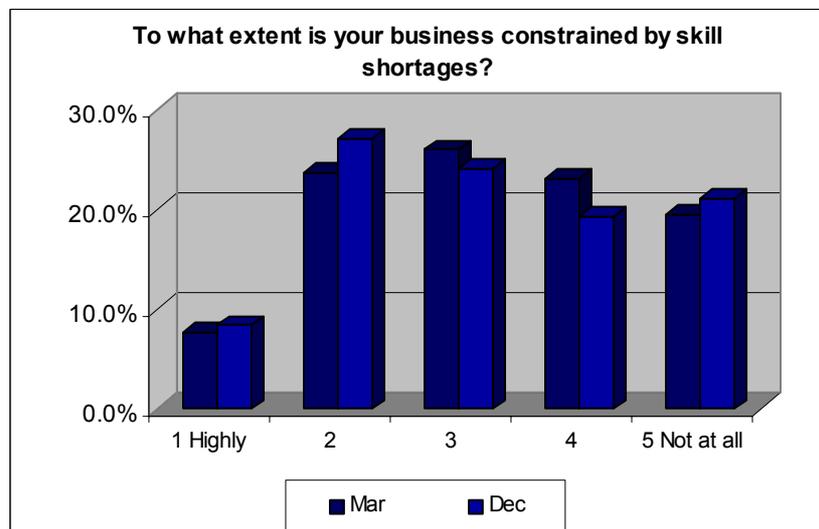
The risk of the business failing is higher than a year ago for 28% of respondents. 4% feel that risk is much greater, but 27% see the risk of failure as lower, with 7% seeing as much lower.



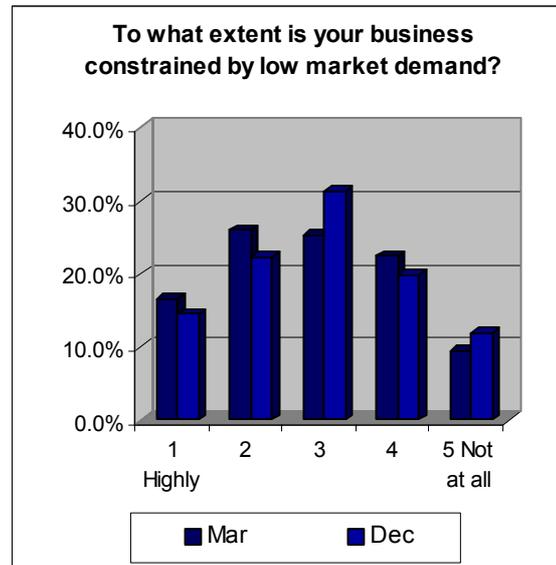
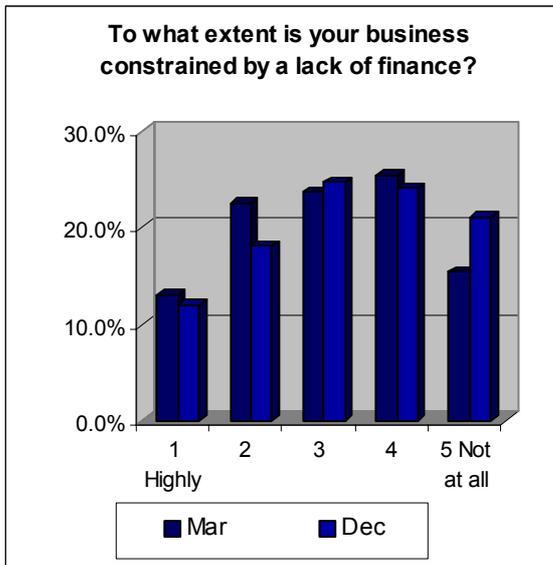
Looking at why new businesses are started, we asked both the businesses who form the respondents to this survey and the business advisers who respond to our sister survey, the Business Advisers Barometer. There was a strong and similar leader among the possible responses, with nearly 50% in each case believing that it is to have more control over the future. 24% of UKBB respondents believe it is to generate more wealth and/or income (compared with 10% of UKBAB), whereas 26% of UKBAB respondents who believe it is because of the perception of a new business opportunity (compared with 15% of UKBB)



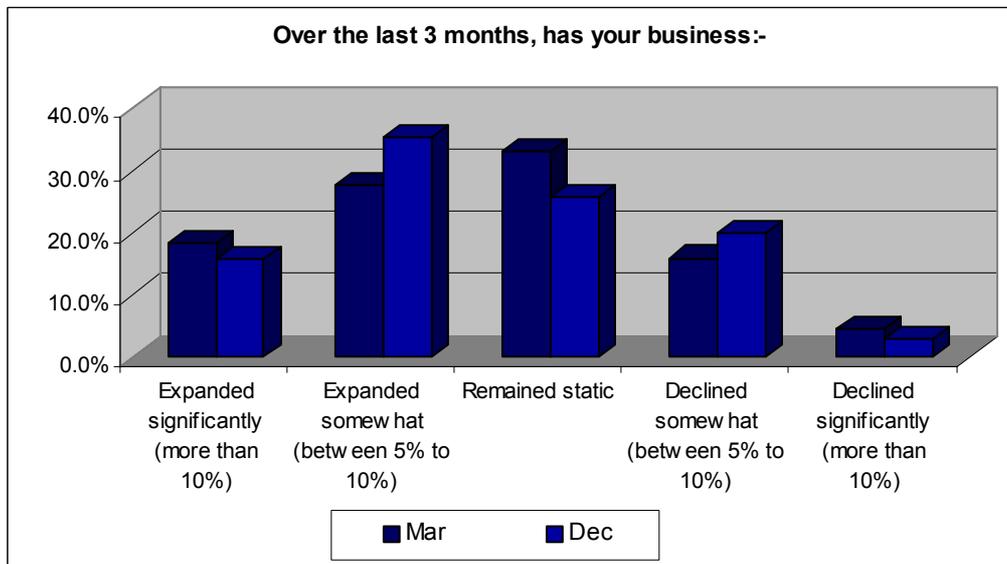
Constraints on businesses due to skill shortages have eased a little on average since December 2002:



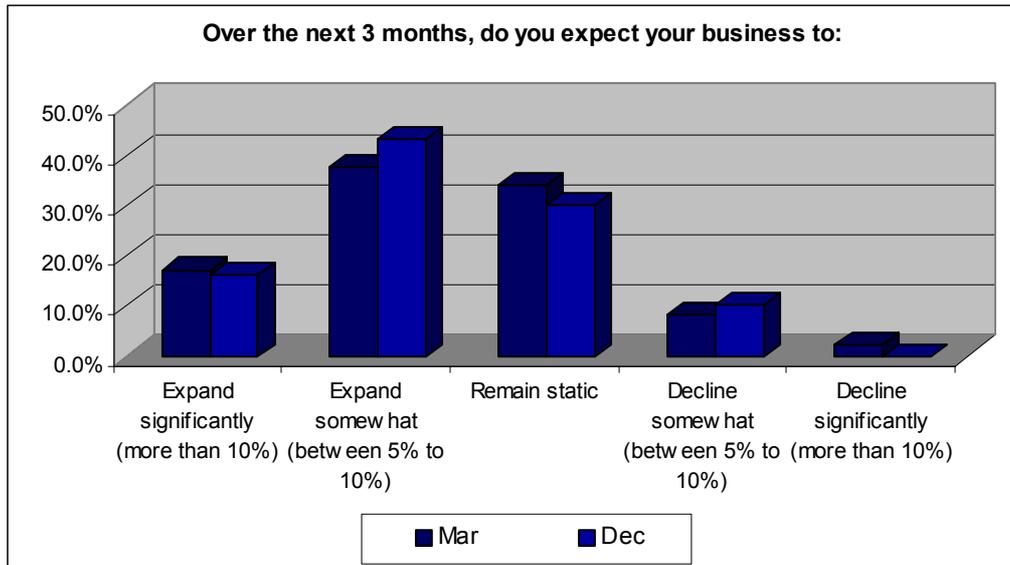
Lack of finance and low market demand have both increased constraints on respondents' businesses since December 2002 on average. Lack of finance has had more influence than low market demand over the last quarter.



Over the last three months, growth was seen as marginally lower on average than over the previous three months ending in December.



Again, over the next three months ending June 2003, averaged growth is expected to be a little less than was expected over the quarter ended March 2003



**Listed below are extracts from feedback received in Survey BB58 March 2003.**

**Comments are listed under sector headings.**

**Views expressed are those of individual panellists and may not represent those of the University.**

### **Business Services**

- Being a press agency, the new Gulf War will hurt my business as newspaper coverage increases.
- The planned American invasion of Iraq. This will have a serious negative effect on my company's sales.
- The vast majority of the self-employed are self-employed because they had / have no choice in the matter.
- In five years the manufacture base of the UK will have mostly disappeared.
- The Chancellor needs to address Red tape; NI; IPT; and a whole host more!!
- We have made great efforts to sell our services over the last three months. Our order book has expanded and we are seriously thinking of taking on additional staff. In addition we have been getting more referrals from existing customers.

### **Production & Manufacturing**

- In response to the taxation on company cars, we are offering a cash alternative to all company car drivers, the take up rate has been about 35%.

## **Other**

- I have just learned that £7.8m extra local tax has been added to bolster the flagging index linked pension fund of all County and District employees. Our area has an increase of over 19% overall.