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 National Chamber of Trade, and the Federation of Small Businesses.

The Trust acknowledges the help provided by Graham Bannock & Partners Ltd in designing the survey, processing data and analysing the results.

The Small Business Research Trust is particularly pleased to acknowledge the generous support provided by the National Westminster Bank 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 National Westminster Bank.
HIGHLIGHTS

At least 250,000 smaller firms, on average experiencing lower incomes and selling prices over the past three years, are locked into upward-only rental agreements. The widely noted recovery from the recession has yet fully to reach the smallest firms (not covered in other surveys). Respondents were still reporting an overall decline in sales, employment and investment over the 12 months ending March 1993, but the annual rate of decline has now slowed in two successive surveys. The overall sales outlook is for a sharp increase in the quarter ending June 1993, and respondents expect their employment to stop falling in this current quarter.

* The proportion of small firms reporting an increase in sales rose from 35 to 38 per cent in the 12 months ended March 1993, compared with the previous survey. The percentage reporting a decline fell from 44 to 42 per cent, giving a negative balance of -4.0 per cent, compared with -9.2 per cent last time.

* The percentage balance for the change in employment improved from -15.2 per cent to -12.4 per cent. 13 per cent of respondents reported an increase in both sales and employment over the past year, compared with 11 per cent last time. The percentage balance for the change in investment remained negative but also improved: from -21.1 per cent to -11.3 per cent.

* The percentage balance of respondents expecting increased sales in the current (Q2/1993) quarter rose sharply from -4.0 per cent to +23.4 per cent. The percentage balance for expected employment also rose, from -10.7 per cent to +0.7 per cent.

* On balance, respondents in all sectors and employment size bands were less pessimistic or more optimistic about the outlook. As in the previous survey, larger firms are more confident about the sales outlook than smaller ones.

* Almost all regions are more optimistic about expected sales and the employment outlook.

* There has been no change in the rankings of the three most frequently selected most important problems: low turnover/lack of business, 43 per cent (48 per cent last time); cashflow/payments/debtors, 14 per cent (13 per cent) and government regulations and paperwork, 8 per cent (6 per cent).

* Access to finance and total tax burden were in equal fourth position with 5 per cent, but interest rates fell to a new low of 10th position. The percentage of respondents selecting lack of skilled employees, at 3 per cent, has stopped falling.

* More than twice the proportion (11 per cent) of manufacturers selected access to finance as the average (5 per cent), while 7 per cent of retailers selected competition from big business (i.e. superstores) compared with the average of 4 per cent. Skill shortages seem to be much less acute in manufacturing than in wholesaling, business and other services.

* For those respondents operating from separate business premises (two-thirds of the total), over half rent these premises. Rents (excluding rates) average 5.5 per cent of sales, higher for the smallest firms.

* 73 per cent of respondents have rent reviews at intervals of 3-5 years, and 44 per cent have 'upward-only' clauses in their agreements. Probably over 250,000 firms in Britain are locked into agreements which allow no downward flexibility in rents.
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<th>8</th>
</tr>
</thead>
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<td>9</td>
</tr>
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<td>10</td>
</tr>
</tbody>
</table>
1. THE SMALL BUSINESS OUTLOOK

FIRST QUARTER

Respondents were asked to indicate whether their sales turnover, average employment and investment were up, down or the same in the quarter just ended (January, February, March 1993) compared with the same quarter a year ago, and also to indicate what they expect for the next quarter (April, May, June 1993) compared with the first quarter of 1993. 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 gives the percentage balances for both actual and expected changes since the surveys began in the third quarter of 1984.

Since 1989, we have been splitting the results of questions on performance and expectations by industrial sector and re-weighting them according to the sectoral distribution of all VAT registered businesses. The aim of this is to ensure that the results are as representative as possible of the business population in Britain.

Please note, however, that breakdowns by industrial sector; region and firm size use unweighted data.
Table 1.1  
CHANGE AND EXPECTED CHANGE IN SALES, EMPLOYMENT AND INVESTMENT

<table>
<thead>
<tr>
<th>Actual Change on Year</th>
<th>Expected Change on Previous Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Survey</td>
<td></td>
</tr>
<tr>
<td>Vol.8 No.3</td>
<td>Vol.8 No.4</td>
</tr>
<tr>
<td>SALES</td>
<td></td>
</tr>
<tr>
<td>Up</td>
<td>33.9%</td>
</tr>
<tr>
<td>Down</td>
<td>43.3%</td>
</tr>
<tr>
<td>Same</td>
<td>21.3%</td>
</tr>
<tr>
<td>No Response</td>
<td>1.6%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
</tr>
<tr>
<td>Balance</td>
<td>-9.4%</td>
</tr>
</tbody>
</table>

SALES |          |          |        |          |          |        |        |        |        |
| Up | 11.7% | 8.7% | 13.1% | 14.5% | 9.4% | 6.2% | 9.1% | 13.4% |
| Down | 26.4% | 36.7% | 28.3% | 27.0% | 15.4% | 24.1% | 19.7% | 12.7% |
| Same | 57.6% | 49.6% | 54.1% | 54.0% | 70.1% | 63.1% | 66.1% | 69.1% |
| No Response | 4.4% | 5.0% | 4.4% | 4.3% | 5.1% | 6.6% | 5.1% | 4.8% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Balance | -14.7% | -28.0% | -15.2% | -12.4% | -6.0% | -17.8% | -10.7% | 0.7% |

EMPLOYMENT |          |          |        |          |          |        |        |        |        |
| Up | 16.7% | 14.7% | 17.0% | 18.9% | 14.8% | 11.4% | 16.4% | 19.0% |
| Down | 35.6% | 47.5% | 38.1% | 30.2% | 26.7% | 35.6% | 29.6% | 19.8% |
| Same | 43.1% | 31.9% | 38.5% | 45.6% | 53.4% | 45.7% | 46.9% | 55.7% |
| No Response | 4.6% | 5.9% | 6.4% | 5.3% | 5.0% | 7.3% | 7.1% | 5.6% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Balance | -18.8% | -32.8% | -21.1% | -11.3% | -11.9% | -24.3% | -13.2% | -0.8% |

INVESTMENT |          |          |        |          |          |        |        |        |        |
| Expanding Firms | 152 | 10.0% | 73 | 7.9% | 152 | 11.4% | 132 | 13.0% |
| Declining Firms | 289 | 18.9% | 242 | 26.3% | 290 | 21.6% | 200 | 19.6% |
| Remaining Respondents | 1,086 | 71.1% | 606 | 65.8% | 897 | 67.0% | 688 | 67.4% |
| All Respondents | 1,527 | 100.0% | 921 | 100.0% | 1,339 | 100.0% | 1,021 | 100.0% |
| Balance | -8.9% | -16.4% | -10.3% | -6.6% |

Table 1.2  
PROPORTION OF EXPANDING AND CONTRACTING FIRMS AS A PERCENTAGE OF RESPONDENTS

<table>
<thead>
<tr>
<th></th>
<th>Vol.8 No.3</th>
<th>Vol.8 No.4</th>
<th>Vol.9 No.1</th>
<th>Vol.9 No.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>Per Cent</td>
<td>Number</td>
<td>Per Cent</td>
<td>Number</td>
</tr>
<tr>
<td>Expanding Firms</td>
<td>152</td>
<td>10.0%</td>
<td>73</td>
<td>7.9%</td>
</tr>
<tr>
<td>Declining Firms</td>
<td>289</td>
<td>18.9%</td>
<td>242</td>
<td>26.3%</td>
</tr>
<tr>
<td>Remaining Respondents</td>
<td>1,086</td>
<td>71.1%</td>
<td>606</td>
<td>65.8%</td>
</tr>
<tr>
<td>All Respondents</td>
<td>1,527</td>
<td>100.0%</td>
<td>921</td>
<td>100.0%</td>
</tr>
<tr>
<td>Balance</td>
<td>-8.9%</td>
<td>-18.4%</td>
<td>-10.3%</td>
<td>-6.6%</td>
</tr>
</tbody>
</table>

Note: All figures shown in these tables are weighted to the VAT sectoral distribution.
Actual Performance

After the reversal of the decline in the previous survey, the percentage balance for the actual change in sales (for the first quarter 1993 on a year earlier) again improved. The balance remains negative at -4.0 per cent compared with -9.2 per cent in the previous survey (Table 1.1) and resulted from a small increase in the percentage of respondents reporting sales up (from 34.7 to 38.0 per cent), and a fall in those reporting a decline (from 43.9 to 42.1 per cent).

The employment balance also rose, from -15.2 per cent to -12.4 per cent. Over the past year, 14.6 per cent of respondents reported an increase in employment (13.1 per cent in the previous survey) and 27.0 per cent a decline (28.3 per cent).

As a consequence of the improvement in the balances for sales and employment, the percentage of declining firms fell from 21.6 per cent to 19.6 per cent, and the percentage of expanding firms rose from 11.4 to 13.0 per cent. This still left two-thirds of respondents with neither an increase nor a decrease in both sales and employment.

The percentage balance for the actual change in investment over the past twelve months remained negative but improved considerably, rising from -21.1 per cent to -11.3 per cent.
Expectations

There was a marked increase in the percentage of respondents expecting increased sales in the second quarter of 1993, and a fall in the percentage expecting a decline (from 34.0 to 21.2 per cent). As a result the percentage balance rose from -4.0 to +23.4 per cent (Chart 1.2). This is the highest expected percentage balance for sales since the first quarter of 1990.
The sales outlook normally improves for the second quarter and, after adjusting for seasonal variation, the improvement in the sales balance was less marked but still better than at any time since the first quarter of 1990 (Chart 1.3; the adjusted and unadjusted balances are given in Table A.1).

Chart 1.3: PERCENTAGE BALANCE FOR THE EXPECTED CHANGE IN SALES AND EMPLOYMENT OVER PREVIOUS QUARTER (seasonally adjusted)

The percentage balances for employment and investment expectations also improved, and again this improvement is somewhat less marked on a seasonally adjusted basis. In both cases the balances remain negative, suggesting that even among surviving firms, investment and especially employment are still on a downward trend, which may, however, be bottoming out.
Comparison across size bands

Table 1.3 shows that on balance, firms in all size bands are more optimistic, or less pessimistic, in expectations for sales and employment in April–June 1993 than they were for the previous quarter. As in our previous survey, there is some tendency for larger firms to be more confident about the sales outlook than smaller ones.

Table 1.3 EXPECTED CHANGE IN SALES AND EMPLOYMENT BY TURNOVER
(Current Survey No. 35 compared with Previous Surveys)

<table>
<thead>
<tr>
<th>Turnover size band</th>
<th>EXPECTED SALES BALANCE</th>
<th>EXPECTED EMPLOYMENT BALANCE</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Survey Number 32 33 34 35</td>
<td>Survey Number 32 33 34 35</td>
<td>(Survey 35)</td>
</tr>
<tr>
<td>Less than £20,000</td>
<td>-3.8% -13.3% -4.1% 10.0%</td>
<td>0.0% -12.2% -6.8% -3.3%</td>
<td>120</td>
</tr>
<tr>
<td>£20,000 - 49,999</td>
<td>13.2% -0.8% 2.1% 22.5%</td>
<td>0.0% -8.7% 0.0% 1.3%</td>
<td>151</td>
</tr>
<tr>
<td>£50,000 - 149,999</td>
<td>7.1% -7.0% -0.3% 21.8%</td>
<td>-4.1% -18.6% -4.9% 1.2%</td>
<td>248</td>
</tr>
<tr>
<td>£150,000 - 349,999</td>
<td>9.0% -1.0% 6.4% 28.4%</td>
<td>-8.3% -12.6% -3.2% -1.4%</td>
<td>208</td>
</tr>
<tr>
<td>£350,000 - 749,999</td>
<td>16.2% 3.1% 5.6% 34.7%</td>
<td>-3.2% -11.6% -11.8% 11.1%</td>
<td>144</td>
</tr>
<tr>
<td>£750,000 - 1,499,999</td>
<td>-0.8% -3.1% -5.8% 35.3%</td>
<td>-6.0% -20.4% -18.2% 5.9%</td>
<td>85</td>
</tr>
<tr>
<td>£1,500,000 and over</td>
<td>12.4% 11.5% 27.0% 28.8%</td>
<td>-2.3% -14.8% 3.0% 13.6%</td>
<td>66</td>
</tr>
<tr>
<td>Total</td>
<td>8.3% -2.6% 3.3% 25.2%</td>
<td>-3.7% -14.2% -5.4% 2.7%</td>
<td>1,022</td>
</tr>
</tbody>
</table>

NOTE: The total balances in this table are not comparable with those shown in Table 1.1 because the data in these tables are not weighted, neither are they seasonally adjusted.
Comparison across business sectors

Table 1.4 breaks down the expected sales and employment balances by sector but, as usual, we remind readers that the sample sizes for several sectors are too small for comparisons to be statistically valid.

<table>
<thead>
<tr>
<th>Business Sector</th>
<th>EXPECTED SALES BALANCE</th>
<th>EXPECTED EMPLOYMENT BALANCE</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Survey Number 32</td>
<td>Survey Number 33</td>
<td>Survey Number 34</td>
</tr>
<tr>
<td>Agriculture, Forestry, Fisheries</td>
<td>7.4%</td>
<td>0.0%</td>
<td>-14.3%</td>
</tr>
<tr>
<td>Manufacturing, Mining, Processing</td>
<td>13.9%</td>
<td>2.9%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Transport</td>
<td>-14.7%</td>
<td>-15.2%</td>
<td>-33.3%</td>
</tr>
<tr>
<td>Construction</td>
<td>-6.7%</td>
<td>-35.8%</td>
<td>-6.2%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>3.1%</td>
<td>-10.1%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>-0.5%</td>
<td>0.6%</td>
<td>-26.7%</td>
</tr>
<tr>
<td>Catering &amp; Restaurants</td>
<td>-2.6%</td>
<td>4.8%</td>
<td>-30.0%</td>
</tr>
<tr>
<td>Business Services</td>
<td>16.4%</td>
<td>2.2%</td>
<td>16.1%</td>
</tr>
<tr>
<td>Other Services</td>
<td>11.3%</td>
<td>-4.1%</td>
<td>16.3%</td>
</tr>
<tr>
<td>Other</td>
<td>4.0%</td>
<td>18.2%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total</td>
<td>8.3%</td>
<td>-2.6%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

Unweighted, not seasonally adjusted data

For both expected sales and employment, there is an improvement in outlook in all sectors.
Firms in all regions except the North (where the sample size is small) have become more optimistic about sales prospects than in the previous survey.

With the exceptions of the North and East Anglia, firms in every region have become more optimistic about employment expectations and, on balance, only the East Midlands and the South West expect overall falls in employment during the second quarter of 1993.

### Table 1.5 EXPECTED CHANGE IN SALES AND EMPLOYMENT BY REGION
(Current Survey No.35 compared with Previous Surveys)

<table>
<thead>
<tr>
<th>Region</th>
<th>Expected Sales Balance</th>
<th>Expected Employment Balance</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Survey Number</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>32</td>
<td>33</td>
<td>34</td>
</tr>
<tr>
<td>North</td>
<td>20.4%</td>
<td>-26.3%</td>
<td>25.0%</td>
</tr>
<tr>
<td>Yorkshire &amp; Humberside</td>
<td>7.1%</td>
<td>2.4%</td>
<td>-9.3%</td>
</tr>
<tr>
<td>North West</td>
<td>7.6%</td>
<td>11.1%</td>
<td>5.9%</td>
</tr>
<tr>
<td>East Midlands</td>
<td>-3.0%</td>
<td>-1.9%</td>
<td>9.6%</td>
</tr>
<tr>
<td>West Midlands</td>
<td>18.6%</td>
<td>-11.6%</td>
<td>0.9%</td>
</tr>
<tr>
<td>East Anglia</td>
<td>28.4%</td>
<td>-9.1%</td>
<td>11.4%</td>
</tr>
<tr>
<td>South East</td>
<td>6.1%</td>
<td>-2.1%</td>
<td>6.4%</td>
</tr>
<tr>
<td>South West</td>
<td>4.4%</td>
<td>-6.0%</td>
<td>-7.2%</td>
</tr>
<tr>
<td>Wales</td>
<td>19.8%</td>
<td>0.0%</td>
<td>13.6%</td>
</tr>
<tr>
<td>Scotland</td>
<td>-1.6%</td>
<td>2.3%</td>
<td>-18.2%</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>-25.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total</td>
<td>8.3%</td>
<td>-2.6%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

Unweighted, not seasonally adjusted data
Conclusion

The negative balances for past performance in sales, employment and investment have now fallen for two successive quarters, suggesting a slowing down in the rate of decline for all three measures of activity. The overall sales outlook is now significantly positive for the second quarter of 1993, and respondents seem to expect that their employment will on balance cease to fall. The outlook for investment has also improved, but remains marginally negative.
2. PROBLEMS

General

Respondents were asked to select, from a list of fourteen, the most important problem facing their business on that day. Their responses in this survey are compared to those in recent surveys in Table 2.1, and analysed by business sector in Table 2.2.

Table 2.1 MOST IMPORTANT PROBLEM (All Respondents)

<table>
<thead>
<tr>
<th>Problem</th>
<th>Survey Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Vol.8 No.3</td>
</tr>
<tr>
<td>Low Turnover/Lack of Business</td>
<td>43.5% (1)</td>
</tr>
<tr>
<td>Cashflow/Payments/Debtors</td>
<td>13.6% (2)</td>
</tr>
<tr>
<td>Government Regulations &amp; Paperwork</td>
<td>8.0% (3)</td>
</tr>
<tr>
<td>Access to Finance</td>
<td>3.9% (6)</td>
</tr>
<tr>
<td>Total Tax Burden</td>
<td>5.1% (5)</td>
</tr>
<tr>
<td>Competition from Big Business</td>
<td>2.1% (9)</td>
</tr>
<tr>
<td>Lack of Skilled/Trained Employees</td>
<td>2.8% (6)</td>
</tr>
<tr>
<td>Premises/Rent/Rates</td>
<td>3.0% (7)</td>
</tr>
<tr>
<td>Internal Management Difficulties</td>
<td>0.8% (12)</td>
</tr>
<tr>
<td>Interest Rates</td>
<td>7.6% (4)</td>
</tr>
<tr>
<td>Shortages of Materials, Supplies, etc</td>
<td>1.0% (11)</td>
</tr>
<tr>
<td>Inflation</td>
<td>1.6% (10)</td>
</tr>
<tr>
<td>High Rates of Pay</td>
<td>0.3% (13)</td>
</tr>
<tr>
<td>Other</td>
<td>5.9%</td>
</tr>
<tr>
<td>No Response</td>
<td>0.8%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.0%</td>
</tr>
<tr>
<td>BASE</td>
<td>1,527</td>
</tr>
</tbody>
</table>

Note: 1. All figures shown in this table are weighted to the VAT sectoral distribution.
       2. Number in brackets refers to the problem's ranking each quarter.

There has been no change in ranking of the three most frequently selected most important problems since our previous survey. In first position the proportion selecting low turnover/lack of business fell from 47.9 to 43.2 per cent, reflecting the improved outlook. Cashflow/payments/debtors remained in second place (14.3 compared with 13.1 per cent), and government regulations and paperwork in third (7.5 compared with 6.1 per cent); a small but common increase at this time of the year, when annual tax and corporate returns become due.

Access to finance and total tax burden were in equal fourth position with 5.4 per cent. Both were selected by a larger proportion of respondents than last time. A few of the respondents selecting access to finance complained about reductions in overdraft limits following improvements in cashflow, while others mentioned fees and charges. However, the even smaller proportion selecting interest rates fell sharply to a new low of 2.4 per cent (this problem is now in 10th position, from 5th in the previous survey).

Competition from big business attracted 4.0 per cent of mentions, but fell in the rankings from 8th to 6th place. Several respondents, in this as in previous surveys, pointed out that competition from other small businesses was also a problem. Ominously, the percentage of respondents selecting lack of skilled employees has stopped falling, though it was still only 3.3 per cent...
compared with 1.6 per cent in 1992/4 and a high of 17.7 per cent in 1988/3. No other specified problem, aside from premises/rent/rates (2.9 per cent) and internal management difficulties (1.6 per cent) attracted more than 0.7 per cent of responses.

As usual, analysis of responses by sector has to be done with care but it is noteworthy that the proportion of manufacturers selecting access to finance was twice as high as the average for all respondents. Almost 7 per cent of retailers selected competition from big business compared with the average of 3.6 per cent, while skill shortages were much less acute in manufacturing than in service sectors, particularly wholesaling, business and other services.
<table>
<thead>
<tr>
<th>Problem</th>
<th>Agriculture</th>
<th>Manufacturing</th>
<th>Transport</th>
<th>Construction</th>
<th>Wholesale</th>
<th>Retail</th>
<th>Catering</th>
<th>Business Services</th>
<th>Other Services</th>
<th>Other</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>1.4%</td>
<td>0.0%</td>
<td>2.0%</td>
<td>0.0%</td>
<td>0.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Interest Rates</td>
<td>3.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>1.4%</td>
<td>0.0%</td>
<td>2.7%</td>
<td>0.0%</td>
<td>1.0%</td>
<td>1.6%</td>
<td>0.0%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Access to Finance</td>
<td>3.3%</td>
<td>10.6%</td>
<td>3.6%</td>
<td>2.9%</td>
<td>4.6%</td>
<td>2.0%</td>
<td>8.7%</td>
<td>1.7%</td>
<td>10.7%</td>
<td>0.0%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Lack of Skilled/Trained Employees</td>
<td>0.0%</td>
<td>1.4%</td>
<td>0.0%</td>
<td>1.4%</td>
<td>4.6%</td>
<td>2.7%</td>
<td>4.3%</td>
<td>5.2%</td>
<td>5.7%</td>
<td>14.3%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Total Tax Burden</td>
<td>3.3%</td>
<td>3.3%</td>
<td>7.7%</td>
<td>5.7%</td>
<td>4.6%</td>
<td>4.7%</td>
<td>8.7%</td>
<td>3.1%</td>
<td>6.6%</td>
<td>14.3%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Low Turnover/Lack of Business</td>
<td>33.3%</td>
<td>46.2%</td>
<td>42.3%</td>
<td>47.1%</td>
<td>48.3%</td>
<td>44.0%</td>
<td>52.2%</td>
<td>49.5%</td>
<td>35.2%</td>
<td>35.7%</td>
<td>45.2%</td>
</tr>
<tr>
<td>Competition from Big Business</td>
<td>6.7%</td>
<td>0.9%</td>
<td>3.8%</td>
<td>1.4%</td>
<td>2.3%</td>
<td>6.7%</td>
<td>4.3%</td>
<td>3.8%</td>
<td>4.1%</td>
<td>7.1%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Gov’t Regulations &amp; Paperwork</td>
<td>13.3%</td>
<td>6.6%</td>
<td>15.4%</td>
<td>4.3%</td>
<td>6.9%</td>
<td>4.0%</td>
<td>4.3%</td>
<td>6.3%</td>
<td>10.7%</td>
<td>7.1%</td>
<td>6.8%</td>
</tr>
<tr>
<td>High Rates of Pay</td>
<td>3.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.7%</td>
<td>0.0%</td>
<td>0.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Shortages of Materials, Supplies, etc</td>
<td>3.3%</td>
<td>0.5%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Cashflow/Payments/Debtors</td>
<td>13.3%</td>
<td>13.2%</td>
<td>11.5%</td>
<td>21.4%</td>
<td>17.2%</td>
<td>12.0%</td>
<td>16.4%</td>
<td>14.6%</td>
<td>14.8%</td>
<td>7.1%</td>
<td>14.7%</td>
</tr>
<tr>
<td>Premises/Rent/Rates</td>
<td>3.3%</td>
<td>2.4%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>6.0%</td>
<td>8.7%</td>
<td>1.7%</td>
<td>3.3%</td>
<td>0.0%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Other</td>
<td>10.0%</td>
<td>8.5%</td>
<td>11.5%</td>
<td>10.0%</td>
<td>5.7%</td>
<td>8.7%</td>
<td>0.0%</td>
<td>4.9%</td>
<td>5.7%</td>
<td>14.3%</td>
<td>7.0%</td>
</tr>
<tr>
<td>N/R</td>
<td>0.0%</td>
<td>2.4%</td>
<td>3.8%</td>
<td>2.9%</td>
<td>3.4%</td>
<td>2.7%</td>
<td>0.0%</td>
<td>1.7%</td>
<td>0.8%</td>
<td>0.0%</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

| Base          | 30  | 212 | 26  | 70  | 87 | 150 | 23  | 287 | 122 | 14 | 1,022 |
| Check         | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Unweighted data
3. RENTED BUSINESS PREMISES

In our previous survey we asked questions about business premises and rates. We found that about two-thirds of our respondents have separate business premises from their homes, and that some 55 per cent of these separate business premises are rented or leased. In the current survey we asked about these rented or leased premises only.

The proportion of firms with separate business premises that rent or lease their premises tends to rise with size of firm, but there is not much difference in this proportion between the three broad regions of the country, and differences between activity sectors seem mainly to reflect differences in average size of firm (Tables 3.1 and 3.2).

Table 3.1  DO YOU RENT OR LEASE BUSINESS PREMISES (SEPARATE FROM YOUR HOME)?

<table>
<thead>
<tr>
<th>Analysis by turnover size band</th>
<th>Less than £20,000</th>
<th>£20,000-£49,999</th>
<th>£50,000-£149,999</th>
<th>£150,000-£349,999</th>
<th>£350,000-£749,999</th>
<th>£750,000-£1,499,999</th>
<th>£1,500,000 and over</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>15.8%</td>
<td>32.5%</td>
<td>38.7%</td>
<td>52.4%</td>
<td>56.9%</td>
<td>51.8%</td>
<td>53.0%</td>
<td>42.5%</td>
</tr>
<tr>
<td>NO</td>
<td>82.5%</td>
<td>67.5%</td>
<td>60.9%</td>
<td>47.6%</td>
<td>43.1%</td>
<td>48.2%</td>
<td>47.0%</td>
<td>57.2%</td>
</tr>
<tr>
<td>No response</td>
<td>1.7%</td>
<td>0.0%</td>
<td>0.4%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Sample</td>
<td>120</td>
<td>151</td>
<td>248</td>
<td>208</td>
<td>144</td>
<td>85</td>
<td>66</td>
<td>1,022</td>
</tr>
</tbody>
</table>

Table 3.2  DO YOU RENT OR LEASE BUSINESS PREMISES (SEPARATE FROM YOUR HOME)?

<table>
<thead>
<tr>
<th>Analysis by region</th>
<th>NORTH</th>
<th>MIDLANDS</th>
<th>SOUTH</th>
<th>ALL</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>41.9%</td>
<td>40.9%</td>
<td>43.7%</td>
<td>42.5%</td>
</tr>
<tr>
<td>NO</td>
<td>57.8%</td>
<td>58.9%</td>
<td>56.1%</td>
<td>57.2%</td>
</tr>
<tr>
<td>No response</td>
<td>0.4%</td>
<td>0.4%</td>
<td>0.2%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Sample</td>
<td>270</td>
<td>282</td>
<td>469</td>
<td>1,022</td>
</tr>
</tbody>
</table>

Rentals as a proportion of turnover

Rents (excluding rates) as a proportion of turnover are dispersed widely about the average of 5.5 per cent (Table 3.3). In the previous survey we found that business rates averaged 2.3 per cent of sales turnover.

The average rent-sales ratio falls steeply with size of firm, and is somewhat higher in the Midlands and South than in the North (Table 3.4).
<table>
<thead>
<tr>
<th>Percentage Range</th>
<th>Number</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.10% or less</td>
<td>5</td>
<td>1.2%</td>
</tr>
<tr>
<td>0.11% to 0.50%</td>
<td>7</td>
<td>1.6%</td>
</tr>
<tr>
<td>0.51% to 1.00%</td>
<td>39</td>
<td>9.0%</td>
</tr>
<tr>
<td>1.01% to 1.50%</td>
<td>20</td>
<td>4.6%</td>
</tr>
<tr>
<td>1.51% to 2.00%</td>
<td>43</td>
<td>9.9%</td>
</tr>
<tr>
<td>2.01% to 2.50%</td>
<td>26</td>
<td>6.0%</td>
</tr>
<tr>
<td>2.51% to 3.00%</td>
<td>48</td>
<td>11.1%</td>
</tr>
<tr>
<td>3.01% to 3.50%</td>
<td>7</td>
<td>1.6%</td>
</tr>
<tr>
<td>3.51% to 4.00%</td>
<td>26</td>
<td>6.0%</td>
</tr>
<tr>
<td>4.01% to 4.50%</td>
<td>7</td>
<td>1.6%</td>
</tr>
<tr>
<td>4.51% to 5.00%</td>
<td>39</td>
<td>9.0%</td>
</tr>
<tr>
<td>5.01% to 5.50%</td>
<td>1</td>
<td>0.2%</td>
</tr>
<tr>
<td>5.51% to 6.00%</td>
<td>18</td>
<td>4.1%</td>
</tr>
<tr>
<td>6.01% to 6.50%</td>
<td>20</td>
<td>4.6%</td>
</tr>
<tr>
<td>7.01% to 7.50%</td>
<td>22</td>
<td>5.1%</td>
</tr>
<tr>
<td>7.51% to 8.00%</td>
<td>13</td>
<td>3.0%</td>
</tr>
<tr>
<td>8.01% to 8.50%</td>
<td>29</td>
<td>6.5%</td>
</tr>
<tr>
<td>9.01% to 9.50%</td>
<td>32</td>
<td>7.4%</td>
</tr>
<tr>
<td>10.01% to 10.50%</td>
<td>16</td>
<td>3.7%</td>
</tr>
<tr>
<td>15.01% to 20.00%</td>
<td>4</td>
<td>0.9%</td>
</tr>
<tr>
<td>20.01% to 30.00%</td>
<td>18</td>
<td>4.1%</td>
</tr>
<tr>
<td>Total who Rent or Lease</td>
<td>434</td>
<td></td>
</tr>
<tr>
<td>Minimum</td>
<td>0.01%</td>
<td></td>
</tr>
<tr>
<td>Average (mean)</td>
<td>5.54%</td>
<td></td>
</tr>
<tr>
<td>Maximum</td>
<td>30.00%</td>
<td></td>
</tr>
<tr>
<td>Not applicable</td>
<td>588</td>
<td></td>
</tr>
</tbody>
</table>

Table 3.3 WHAT IS YOUR ANNUAL RENT (EXCLUDING RATES) AS A PERCENTAGE OF YOUR ANNUAL SALES TURNOVER?
Table 3.4  RENT AS A PROPORTION OF SALES BY TURNOVER SIZE BAND, ACTIVITY AND LOCATION

<table>
<thead>
<tr>
<th>Averages by turnover size band</th>
<th>Less than £20,000</th>
<th>£20,000-£49,999</th>
<th>£50,000-£149,999</th>
<th>£150,000-£349,999</th>
<th>£350,000-£749,999</th>
<th>£750,000-£1,499,999</th>
<th>£1,500,000 and over</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental as percent of turnover</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5.5</td>
</tr>
<tr>
<td>Responses</td>
<td>19</td>
<td>47</td>
<td>67</td>
<td>46</td>
<td>37</td>
<td>48</td>
<td>44</td>
<td>35</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Analysis by business activity</th>
<th>Agriculture</th>
<th>Manufacturing</th>
<th>Transport</th>
<th>Construction</th>
<th>Wholesale</th>
<th>Retail</th>
<th>Catering</th>
<th>Business Services</th>
<th>Other Services</th>
<th>Other</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental as percent of turnover</td>
<td>5.8</td>
<td>5.1</td>
<td>4.0</td>
<td>2.5</td>
<td>4.1</td>
<td>5.8</td>
<td>7.8</td>
<td>7.0</td>
<td>5.6</td>
<td>0.0</td>
<td>5.5</td>
</tr>
<tr>
<td>Responses</td>
<td>7</td>
<td>107</td>
<td>14</td>
<td>21</td>
<td>43</td>
<td>60</td>
<td>8</td>
<td>104</td>
<td>48</td>
<td>1</td>
<td>434</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Analysis by location</th>
<th>North</th>
<th>Yorks &amp; Humber</th>
<th>North West</th>
<th>East Midlands</th>
<th>West Midlands</th>
<th>East Anglia</th>
<th>South East</th>
<th>South West</th>
<th>Wales</th>
<th>Scotland</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental as percent of turnover</td>
<td>4.1</td>
<td>4.5</td>
<td>5.1</td>
<td>6.0</td>
<td>5.9</td>
<td>5.2</td>
<td>6.1</td>
<td>5.3</td>
<td>5.5</td>
<td>4.1</td>
<td>5.5</td>
</tr>
<tr>
<td>Responses</td>
<td>10</td>
<td>34</td>
<td>46</td>
<td>35</td>
<td>42</td>
<td>32</td>
<td>163</td>
<td>42</td>
<td>6</td>
<td>22</td>
<td>434</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Analysis by broad region</th>
<th>NORTH</th>
<th>MIDLANDS</th>
<th>SOUTH</th>
<th>ALL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rates as percent of turnover</td>
<td>4.7</td>
<td>5.7</td>
<td>5.9</td>
<td>5.5</td>
</tr>
<tr>
<td>Responses</td>
<td>113</td>
<td>115</td>
<td>205</td>
<td>434</td>
</tr>
</tbody>
</table>
Rent review and agreement periods

Some 73.4 per cent of our respondents with leased or rented business premises had rent reviews every 3-5 years. Most common were three-year reviews (43.5 per cent). Only 1.6 per cent had rent reviews every six years or more; 16.1 per cent had reviews every two years or less; 6.7 per cent had fixed rents, while 1.2 per cent had informal arrangements under which rent was reviewed "occasionally" (Table 3.5).

Table 3.5 HOW OFTEN IS THE RENT REVIEWED?

<table>
<thead>
<tr>
<th>Rent is fixed</th>
<th>Replies</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reviewed every 6 months</td>
<td>3</td>
<td>0.7%</td>
</tr>
<tr>
<td>Reviewed every year</td>
<td>62</td>
<td>14.3%</td>
</tr>
<tr>
<td>Reviewed every 18 months</td>
<td>1</td>
<td>0.2%</td>
</tr>
<tr>
<td>Reviewed every 2 years</td>
<td>4</td>
<td>0.9%</td>
</tr>
<tr>
<td>Reviewed every 3 years</td>
<td>189</td>
<td>43.5%</td>
</tr>
<tr>
<td>Reviewed every 4 years</td>
<td>24</td>
<td>5.5%</td>
</tr>
<tr>
<td>Reviewed every 5 years</td>
<td>106</td>
<td>24.4%</td>
</tr>
<tr>
<td>Reviewed every 6 years</td>
<td>1</td>
<td>0.2%</td>
</tr>
<tr>
<td>Reviewed every 7 years</td>
<td>5</td>
<td>1.2%</td>
</tr>
<tr>
<td>Reviewed every 10 years</td>
<td>1</td>
<td>0.2%</td>
</tr>
<tr>
<td>Occasionally/ad-hoc</td>
<td>5</td>
<td>1.2%</td>
</tr>
<tr>
<td>Total who Rent or Lease</td>
<td>434</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Respondents were asked if there was an 'upward-only' clause in their lease/rental agreement: 44.0 per cent wrote "Yes" and 52.1 per cent "No" (Table 3.6). Of course, the inability to negotiate a lower rent at the review date, even if market rents are falling, matters more the longer the period before which the lease can be surrendered or terminated.

In fact, less than one-third (35.9 per cent) of respondents could terminate their rental agreement in 12 months or less, 26.5 would have to wait for more than one year and up to 5 years, 13.6 per cent for 5-10 years, and 12.8 per cent for over 10 years. The average unexpired term of the rental agreement (including those with less than a year to run) was 4 years and 10 months (Table 3.7).
Table 3.6  IS THERE AN 'UPWARD-ONLY' CLAUSE IN YOUR LEASE/RENTAL AGREEMENT FOR RENT REVIEWS?

<table>
<thead>
<tr>
<th>Analysis by location</th>
<th>North Humber</th>
<th>North West</th>
<th>East Midlands</th>
<th>West Midlands</th>
<th>East Anglia</th>
<th>South East</th>
<th>South West</th>
<th>Wales</th>
<th>Scotland</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>50.0%</td>
<td>41.2%</td>
<td>37.0%</td>
<td>25.7%</td>
<td>40.5%</td>
<td>43.8%</td>
<td>52.8%</td>
<td>45.2%</td>
<td>66.7%</td>
<td>22.7%</td>
</tr>
<tr>
<td>NO</td>
<td>50.0%</td>
<td>55.9%</td>
<td>54.3%</td>
<td>65.7%</td>
<td>57.1%</td>
<td>50.0%</td>
<td>46.8%</td>
<td>45.2%</td>
<td>33.3%</td>
<td>72.7%</td>
</tr>
<tr>
<td>No response</td>
<td>0.0%</td>
<td>2.9%</td>
<td>8.7%</td>
<td>8.6%</td>
<td>2.4%</td>
<td>6.3%</td>
<td>0.6%</td>
<td>9.5%</td>
<td>0.0%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Responses</td>
<td>10</td>
<td>34</td>
<td>46</td>
<td>35</td>
<td>42</td>
<td>32</td>
<td>163</td>
<td>42</td>
<td>6</td>
<td>22</td>
</tr>
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<td></td>
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</table>
Table 3.7 WHEN WOULD YOU BE FREE TO VACATE THE PREMISES/SURRENDER THE LEASE (WITHOUT SUBLETTING)?

<table>
<thead>
<tr>
<th>Period</th>
<th>Number</th>
<th>Per Cent</th>
</tr>
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<tbody>
<tr>
<td>1 month</td>
<td>40</td>
<td>9.2%</td>
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<tr>
<td>2 months</td>
<td>6</td>
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</tr>
<tr>
<td>3 months</td>
<td>44</td>
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<tr>
<td>4 months</td>
<td>1</td>
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</tr>
<tr>
<td>5 months</td>
<td>4</td>
<td>0.9%</td>
</tr>
<tr>
<td>6 months</td>
<td>25</td>
<td>5.8%</td>
</tr>
<tr>
<td>7 months to 1 year</td>
<td>36</td>
<td>8.3%</td>
</tr>
<tr>
<td>13 months to 18 months</td>
<td>13</td>
<td>3.0%</td>
</tr>
<tr>
<td>19 months to 2 years</td>
<td>22</td>
<td>5.1%</td>
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<tr>
<td>up to 3 years</td>
<td>47</td>
<td>10.8%</td>
</tr>
<tr>
<td>up to 4 years</td>
<td>14</td>
<td>3.2%</td>
</tr>
<tr>
<td>up to 5 years</td>
<td>19</td>
<td>4.4%</td>
</tr>
<tr>
<td>up to 6 years</td>
<td>12</td>
<td>2.8%</td>
</tr>
<tr>
<td>up to 7 years</td>
<td>9</td>
<td>2.1%</td>
</tr>
<tr>
<td>up to 8 years</td>
<td>14</td>
<td>3.2%</td>
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<td>up to 9 years</td>
<td>10</td>
<td>2.3%</td>
</tr>
<tr>
<td>up to 10 years</td>
<td>14</td>
<td>3.2%</td>
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<tr>
<td>up to 15 years</td>
<td>30</td>
<td>6.9%</td>
</tr>
<tr>
<td>up to 20 years</td>
<td>17</td>
<td>3.9%</td>
</tr>
<tr>
<td>up to 50 years</td>
<td>8</td>
<td>1.6%</td>
</tr>
<tr>
<td>over 50 years</td>
<td>1</td>
<td>0.2%</td>
</tr>
<tr>
<td>No response</td>
<td>48</td>
<td>11.1%</td>
</tr>
</tbody>
</table>

Total who Rent or Lease: 434

Minimum: 1 month
Average (mean): 4 years 10 months
Maximum: 125 years 0 months

Not applicable: 588
Comment

Whilst business property rentals tended upwards, 'upward-only' long leases on business property with upward-only review clauses struck a reasonable balance between the interests of tenants and landlords. With falling market rents, the balance in these cases has swung sharply against the tenant. If the government succeeds in keeping inflation down and market rents do not rise, or even continue falling, then considerable hardship could be experienced by many small firms. This is especially so since our 1992/3 survey showed that on average, selling prices and owners' drawings had fallen in real terms over the past three years.

There are no readily available figures on the number of enterprises with rented business premises, but it is probably over 600,000.¹ (The number of establishments affected would be greater than this because larger firms tend to have multiple premises.) Our survey suggests that about 44 per cent of business enterprises with rented premises (perhaps over 250,000 firms) are locked into upward-only rental review agreements, many if not most of them for quite long periods. We estimate that over 125,000 firms have upward-only rental review agreements with three or more years to run.

---

¹ About two-thirds of VAT-registered businesses, or some 1.1 million firms, seem to be operating from separate business premises. Our survey suggests that 53 per cent (or 605,000) of these premises are rented and that, of these, 44 per cent (266,000) have upward-only rent reviews.
APPENDIX

Organisation of the Survey

Up to and including Survey 17, the regular SBRT surveys were carried out via postal questionnaires and personal interviews of members of three small business representative organisations:

* The Federation of Small Businesses (FSB) - formerly The National Federation of the Self Employed and Small Business Ltd
* The Association of Independent Business (AIB)
* The Forum of Private Business

These surveys have been supplemented by responses from readers of the National Westminster Small Business Digest.

From Survey 18, we have included responses from members of the National Chamber of Trade (NCT) as well as from the FSB and, until survey 23, the AIB. From time to time, small firms recruited through Local Enterprise Agencies have also been included. The SBRT would welcome additions to the sample from similar sources, including Training and Enterprise Councils (TECs) and Local Enterprise Companies (LECs).

A copy of the current questionnaire used is included at the end of the Appendix.

Further details of sample size, response and a discussion of representativeness have been included in earlier issues of the Quarterly Survey of Small Business in Britain (see, for example, Vol.3 No.2, 1987, Vol.4 No.4, 1988 and Vol.5 No.1, 1989). 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.

Note that from the first quarter of 1989 onwards the overall balances have been weighted, using VAT registration data, by sector. This is so that a change in the importance of any particular sector, for instance manufacturers, in our sample will not affect the percentage balances and also so that the results are more representative of the UK economy as a whole. This means, however, that in tables showing the breakdowns by size, sector and region (which are unweighted) the overall balances are not strictly comparable with table 1.1. In addition, where not all respondents indicate the nature of their business some firms may be excluded from the weighted results.

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 A1. Again, the breakdowns by size, sector and region are not seasonally adjusted, neither are the figures in Table 1.1.
Special Topics

The survey reports in each issue on changes in sales and employment and on the ranking of most important problems experienced by small firms. The percentage balances for sales and employment 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, based upon the survey results, designed to contribute to knowledge about small business in Britain.

The following topics have been examined to date:

1985
No 1  Some Characteristics of the Respondents
No 2  Changes in Employment
   New Business
No 3  Part-time Employees
   Computers in Small Firms
No 4  Employment

1986
No 1  Finance
   Membership of Representative Bodies
No 2  Exports
   The Business Expansion Scheme
No 3  Employment
   Skill Shortage
No 4  Incorporated and Unincorporated Business
   Expanding Firms
   Small Firms in the Service Sectors

1987
No 1  Domestic versus Business Telephone Usage
   Employment
No 2  Most Important Problem Facing Declining
   and Growing Businesses
   Characteristics of our Respondents
No 3  Employment
   Slow Payment Problems
No 4  Use of Accountants

1988
No 1  Use of Solicitors
No 2  Training background of managers and arrangements
   for staff training
No 3  Access to external information
No 4  Present and future use of Telecommunications products and services
   Characteristics of Respondents

1989
No 1  Employee Turnover
   National Chamber of Trade Survey
   National Westminster Digest Survey
No 2  The effects of 1992 on small firms
No 3  Intergenerational and previous business background of respondents
No 4  Origins of new employees
1990
No 1 European Community Special Directorate DG23
No 2 Motivation and Objectives of respondents for setting up their own business
No 3 School-leaver Training
No 4 School-leaver Training Problems

1991
No 1 Training and Enterprise Councils
No 2 Use of Computers
No 3 Business Growth Objectives, Gender of Owner
No 4 Sources of Small Business Finance

1992
No 1 Co-operatives
No 2 Exports
No 3 Quality Standards
No 4 Impact of the Recession on Incomes and Prices

1993
No 1 Business Premises and the UBR
No 2 Rented Business Premises

Future Plans

Our next Survey (No 36), will include special questions on late payments and debtors.
### TABLE A.1: CHANGES AND EXPECTED CHANGES IN SALES AND EMPLOYMENT, PERCENTAGE BALANCE

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<thead>
<tr>
<th>Survey</th>
<th>Sample Size</th>
<th>Past Quarter Date</th>
<th>Actual Change, past quarter compared with same quarter last year</th>
<th>Expected Change, next quarter compared to past quarter</th>
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<td></td>
<td></td>
<td></td>
<td>Sales</td>
<td>Investment</td>
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<td>11.2%</td>
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<td>1985/3</td>
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</tbody>
</table>

**Key:**
- U: Unadjusted
- S: Seasonally adjusted

**Notes:**
- a, b: The results from two surveys were published in Volume 1 Number 1
- A: From Volume 5 Number 1, all results have been weighted to the VAT sectoral distribution.
Table A.2: PROBLEMS EXPERIENCED BY RESPONDENTS

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<tr>
<th>Year</th>
<th>High Rates of Pay</th>
<th>Shortage of Material &amp; Supplies</th>
<th>Cashflow &amp; Payments</th>
<th>Premises, Rents &amp; Rates</th>
<th>Other</th>
<th>No Response</th>
<th>Number of Replies Analyzed</th>
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</thead>
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<td>16.6%</td>
<td>25.0%</td>
<td>11.0%</td>
<td>10.0%</td>
<td>2.0%</td>
<td>1,072</td>
</tr>
<tr>
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<td>9.1%</td>
<td>4.2%</td>
<td>11.6%</td>
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<td>6.6%</td>
<td>11.6%</td>
<td>977</td>
</tr>
<tr>
<td>1984/2</td>
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<tr>
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<td>4.5%</td>
<td>10.5%</td>
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<tr>
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<td>2.2%</td>
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<td>9.1%</td>
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<td>29.9%</td>
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<td>13.0%</td>
<td>12.5%</td>
<td>1,023</td>
</tr>
<tr>
<td>1988/1</td>
<td>1.0%</td>
<td>19.4%</td>
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<td>10.2%</td>
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<tr>
<td>1988/2</td>
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<td>17.6%</td>
<td>17.8%</td>
<td>13.7%</td>
<td>11.3%</td>
<td>8.3%</td>
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<td>2.9%</td>
<td>14.6%</td>
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<td>6.4%</td>
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<td>3.3%</td>
<td>5.4%</td>
<td>43.2%</td>
<td>1,023</td>
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</tbody>
</table>

Note: A From Survey 18 (1989/1), all figures shown in this table have been weighted to the VAT sectoral distribution.
Write the appropriate numbers or fill in the blanks.
Your answers will remain confidential.

1. Please indicate the location of your business:
   a. North
   b. Yorkshire & Humber
   c. North West
   d. East Midlands
   e. West Midlands
   f. East Anglia
   g. South East
   h. South West
   i. Wales
   j. Scotland
   k. Northern Ireland

2. Employment: The number of people (including yourself) who work in the business
   a. Number
   b. Number
   c. Number

3. Annual Turnover (excluding VAT)
   a. Less than £20,000
   b. £20,000-£49,999
   c. £50,000-£149,999
   d. £150,000-£349,999
   e. £350,000-£749,999
   f. £750,000-£1,499,999
   g. £1,500,000 and over

4. a. How many years have you owned & managed businesses?
   b. How many years has your present business been trading?

5. Please classify your business activity by circling one of these categories:
   a. Agriculture, Forestry, Fisheries
   b. Manufacturing, Mining, Processing
   c. Transport
   d. Construction
   e. Wholesale Trade
   f. Retail Trade
   g. Catering & Restaurants
   h. Business Services (Finance, Consultants, Designers, etc)
   i. Other Services
   j. Other, not included above

6. Do you rent or lease business premises (separate from your home)?
   a. YES
   b. NO

7. If you answered YES to question 6, roughly what is your annual rent (excluding rates) as a percentage of your annual sales turnover?

8. How often is the rent reviewed?
   a. Rent is fixed
   b. Reviewed every 6 months
   c. Reviewed every year
   d. Reviewed every 5 years
   e. Reviewed every 3 years
   f. Reviewed every year
   g. Other
   (please specify)

9. Is there an 'upwards only' clause in your lease/rental agreement for rent reviews?
   a. YES
   b. NO

10. When would you be free to vacate the premises/surrender the lease/rental agreement (without sub-letting)?
    ..... years, ..... months from now

11. How did your sales turnover, average employment and investment in plant, equipment & premises in the past quarter compare with the same period in 1992? What do you expect to happen in the next quarter? Please complete the table by ticking 6 boxes only.

<table>
<thead>
<tr>
<th>ACTUAL</th>
<th>EXPECTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan, Feb, Mar 1993 compared with the same period in 1992</td>
<td>Apr, May, Jun 1993 compared with Jan, Feb, Mar 1993</td>
</tr>
<tr>
<td>UP</td>
<td>DOWN</td>
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<tr>
<td>Sales Turnover</td>
<td></td>
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<tr>
<td>Average Employment</td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td></td>
</tr>
</tbody>
</table>

12. What is the most important problem facing your business today? Please circle ONE only:
   a. Inflation
   b. Interest Rates
   c. Access to finance
   d. Lack of Skilled/Trained Employees
   e. Total Tax Burden
   f. Low Turnover/Lack of Business
   g. Competition from Big Business
   h. Gov't Regulations and Paperwork
   i. High Rates of Pay
   j. Shortage of Material, Supplies, etc.
   k. Internal Management Difficulties
   l. Cashflow/Payments/Debtors
   m. Premises, Rents and Rates
   n. Other (Please specify)

13. Please indicate the gender of the owner of the business:
   a. Male
   b. Female
   c. Joint male/female

Thank you for completing this confidential survey questionnaire.
Please return to the Small Business Research Trust by 15th April 1993.
Please note that this is a FREEPOST address (no stamp required).