

# Q2

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## FSB VOICE OF SMALL BUSINESS INDEX

QUARTER 2, 2018

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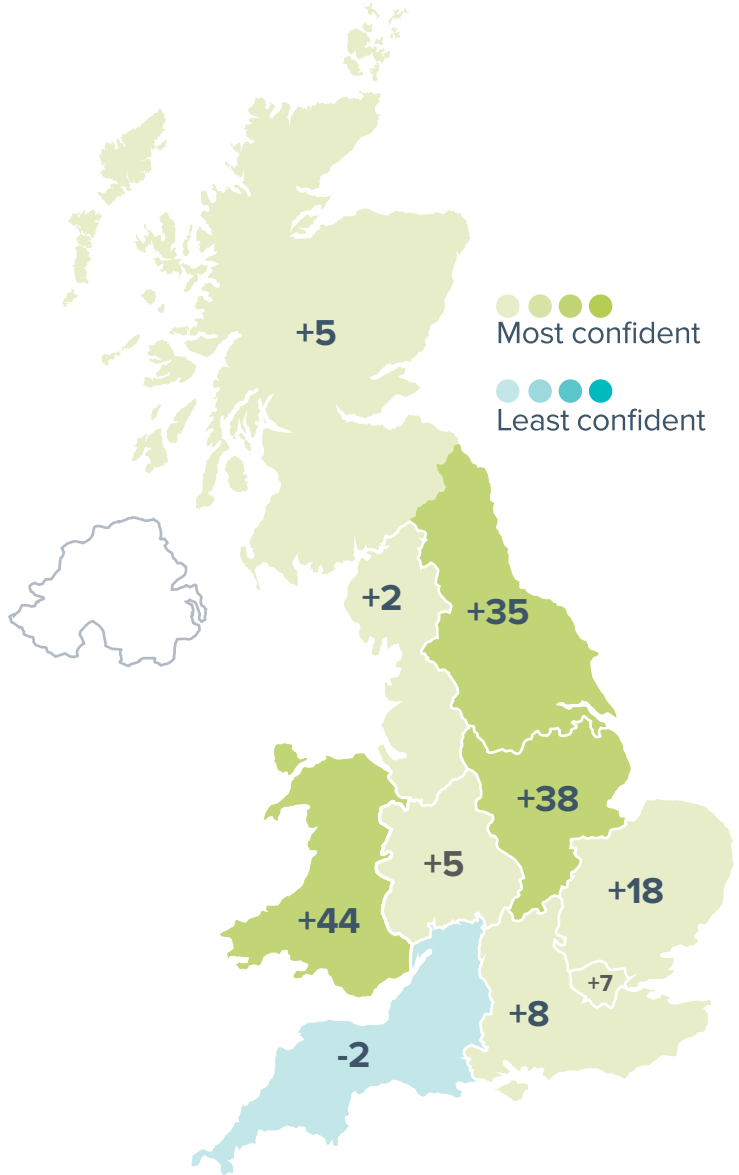
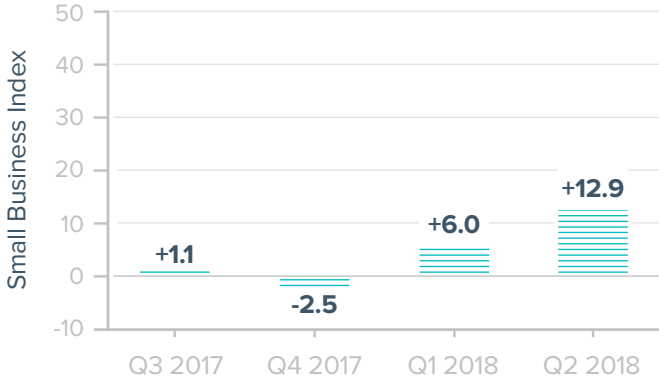
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**fsb**<sup>03</sup>  
Experts in Business

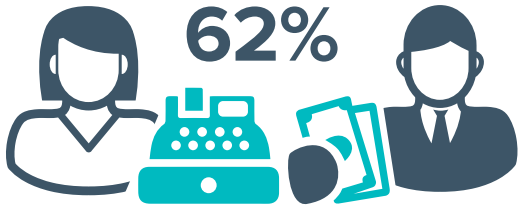
# SBI Q2 2018

“ Small business confidence hits a one-year high despite slow economic growth in Q1 ”

Optimism rises to a 12-month high



Small business profitability on the up



62%

Say gross profits are steady or increasing

Regulatory concerns hit all-time high



36%

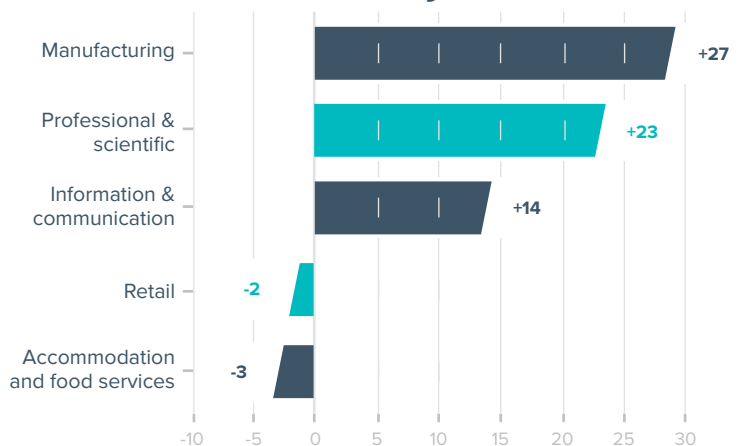
Report that regulation, including GDPR, is a main driver of rising costs

Small firms still hiring



79% Are maintaining or increasing headcounts

Small business confidence by sector



# CONTENTS

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FSB Foreword . . . . . 4

Economist’s view . . . . . 5

FSB Executive Summary . . . . . 6

UK macroeconomic overview . . . . . 7

Small business index . . . . . 8

Regional small business indices . . . . . 10

Small business sector indices . . . . . 12

Financial performance . . . . . 14

Exports . . . . . 16

Costs and inflation . . . . . 18

Capacity . . . . . 21

Employment . . . . . 23

Growth aspirations and challenges . . . . . 26

Credit . . . . . 29

Investment and productivity . . . . . 33

Methodology . . . . . 35

# FSB FOREWORD

Confidence among small businesses has continued to climb over the course of 2018, and now stands at +12.9. Confidence is now the highest it has been since the same point in 2017, after two consecutive quarters of rising confidence levels.

This rise in confidence has been broad based, across both different sectors and different parts of the UK. It is especially noteworthy that business confidence in Scotland has moved into positive territory, marking the first time that this has happened since 2015. Many different sectors, albeit with some important exceptions, have also seen a rise in confidence.

The recent implementation of GDPR appears to be behind a rise in the percentage of businesses reporting that regulation is posing a barrier to their growth prospects. Whilst the importance of protecting personal data is understood by our members, FSB's research has previously found that many small businesses were unprepared for the introduction of these new regulations. This means it will be important that the Information Commissioner's Office (ICO) takes a light touch and proportionate approach to compliance related issues with smaller businesses in particular, over the course of the next year. While we welcome the intent of the Information Commissioner to take a sensible approach – words must be matched by deeds.

Notwithstanding the introduction of GDPR, businesses remain concerned about the strength of the domestic economy. 56.5% of small businesses say this was a primary barrier to growth, which represents an increase compared to the previous quarter. This data, combined with poor GDP figures, show how important it is that the Government push forward with a pro-growth agenda. The 2018 Autumn Budget is not far away, and businesses will be looking for a signal from Government that further investments in productivity and growth will be delivered.

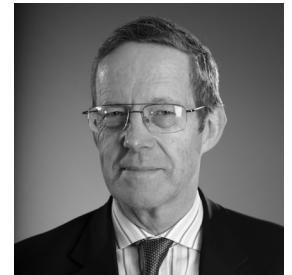
More positively, businesses report that they are increasing pay for their workers, with the average pay increase rising to 2.0%. This comes despite the recent ONS figures finding wage growth slowing. Increasing pay should provide boosts to consumer facing sectors which will benefit from rising levels of disposable income. At the same time, a rising wage bill does feed into higher business costs

The performance of the domestic economy continues to be a growing challenge for small businesses. Setting aside the continuing uncertainty about the future state of our relationship with the EU27 and the rest of the world, there are a number of issues the Government should prioritise to ensure that businesses are able to grow.

FSB's top priority is to ensure that the late payment crisis is addressed by Government. This issue holds back business growth across the country, and contributes to thousands of business failures every year. The collapse of Carillion has put this issue in the headlines recently, but small businesses have suffered from larger businesses failing to pay on time for far too long. FSB recently wrote to the Chairs and CEOs of every FTSE 100 company asking them to take a leadership role in ending the crisis, and to appoint a non-executive director with specific responsibility for good supply chain practice including delivering good payment practices across their supply chains. Under pressure from FSB, Government has promised new action to eliminate the scourge of late payments in the Chancellor's Spring Statement. We look forward to the Call for Evidence on this issue. The Autumn Budget will also be the key moment for small business to see what plans are proposed.

Investment decisions remaining largely unchanged reflecting the persistent challenge the UK faces in improving its productivity. The recent publication of the call for evidence on the long tail productivity review and the expected consultation on the UK Shared Prosperity Fund, provide an opportunity to reenergise the business support landscape – which has too often been the poor relation when it comes to new and innovative policy making.

Beyond this, continuing investment in infrastructure and skills will be vital to providing sound foundations for business growth. The recent vote in Parliament in favour of delivering a third runway at Heathrow will be welcomed by the tourism sector and exporters alike – and small businesses across the country will now be looking toward delivery, of this, as well as a range of other important projects. Our members will also be keen to see progress in the Brexit negotiations following the June European Council with agreements being reached at the October Council.



Mike Cherry,  
National Chairman



Martin McTague,  
Chairman,  
Policy and Advocacy

# ECONOMIST'S VIEW

When considering this quarter's FSB Small Business Index two themes become immediately obvious. Firstly, small businesses are feeling more optimistic. Secondly, there is a shift in the type of worries that firms consider most pressing.

Looking first at the headline results, the FSB Small Business Index now stands at +12.9, up from +6.0 in Q1 2018. This is the highest reading since Q2 2017. A pickup was recorded across most of the UK's regions and nations. The most significant uptick between Q1 and Q2 was seen in Wales, but probably the most striking regional result comes from Scotland where the Index returned to positive territory for the first time since 2015. Similarly, confidence improved across most sectors. Still, firms in some of the typically most confident sectors, such as manufacturing, saw a gentle downtick.

The upturn in the headline index is especially encouraging given the disappointing Q1 UK economic performance. Year-on-year GDP expanded 1.2% - the weakest figure since 2012. While a part of this slowdown can be blamed on the severe winter weather, it still raises questions regarding economic performance in the coming period. The latest SBI suggests that we can expect a rebound in economic activity. Brighter skies may also lie ahead for businesses specifically as a net balance of 8.2% of small firms expect an increase in profits in Q3, up from -4.0% recorded in Q4 2017.

The second striking finding of this quarter's SBI is the emergence of new areas of concern for small businesses. The domestic economy is still reported as the primary (and growing) barrier to growth, unsurprising given a disappointing Q1 economic performance. More interestingly, regulation is becoming a greater concern for small businesses – it's overtaken appropriately skilled labour to become the third most commonly cited barrier to achieving growth aspirations. This shift is very likely a result of the General Data Protection Regulation (GDPR) coming into force on 25 May.

The regulation, which aims to protect individuals' rights to data privacy, among other things, has imposed an administrative burden on companies of all sizes. Looking specifically at small businesses, they are less likely to have the ability to outsource or hire additional workers to ensure GDPR compliance. This means that existing workers have had to bear the burden of the added work. This can understandably be considered a barrier to growth by some small firms given that resources (both in terms of time and labour) which were used to directly generate output have now been redirected towards an administrative compliance task.

While it is important to keep in mind the newly emerging sources of concern for small firms, this quarter's SBI provides cause for optimism. Hopefully this optimism translates into stronger Q2 GDP growth figures as two consecutive weak readings would raise serious concerns about the underlying health of the economy.



Nina Skero,  
Head of  
Macroeconomics,  
Cebr

# Q2

# FSB EXECUTIVE SUMMARY

## Key findings this quarter:

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- **Small business confidence continues to climb.** The FSB Small Business Index climbed from +6.0 in Q1 2018 to +12.9 in Q2 2018. The Index has not yet reached the +15.0 seen in the same period last year.
- **Confidence improves across most of the UK's nations and regions in the first quarter.** Small businesses in Wales had the highest level of confidence, at +43.6. Optimism also notably improved in Scotland, climbing 22.9 points from Q1 levels to +5.1 in Q2.
- **Industry optimism spread narrows.** Confidence fell in those sectors with the highest levels of business confidence, while increasing in those with the lowest levels of confidence. Manufacturing confidence suffered as the slowing global economy took its toll.
- **Export growth set to remain broadly unchanged in Q3.** The slowing economic growth seen in both the Eurozone and the US seems to be weighing on export growth expectations amongst the UK's small businesses. A net balance of 16.0% of firms anticipate that export growth will pick up in Q3 – less than the 16.5% recorded in Q2.
- **Small businesses expect further improvements in wage growth.** This quarter, annual average small business wage growth accelerated 0.4 percentage points to 2.0%. The findings suggest that the upward trajectory of wage growth in the official data is set to continue. Higher labour costs were also the most frequently cited driver of increasing business costs, and were the fifth most frequently cited potential barrier to achieving growth targets.
- **GDPR looks to be driving up small business costs.** Regulation overtook finding appropriately skilled labour as the third most frequently cited potential barrier to achieving growth aspirations. It also usurped both input and fuel costs to become the third most common cause of changing business costs. The findings come as firms prepare for the General Data Protection Regulation, which went live on 25 May across the EU.
- **More small business cite the domestic economy as a primary barrier to growth.** 56.5% of small businesses are concerned that the domestic economy represents a barrier to growth, up two percentage points on Q1. The heightened concern comes after official statistics showed that the UK's economy underwhelmed in Q1.

# UK MACROECONOMIC OVERVIEW

## UK economy set to rebound from weather-affected Q1

The UK economy expanded by 0.1% in real terms over the first three months of 2018. As a result annual growth stood at just 1.2% - the weakest recorded since Q2 2012.

Construction activity was the largest drag on growth with output in the sector falling by 3.3% over the period. The adverse weather experienced in February and March meant that 30 construction days were lost. However, because output declined across all three months, the quarter's poor performance cannot be solely blamed on the weather.

The performance of other industries also disappointed. Service sector output, which accounts for around 80% of UK economic output grew 0.3% quarter-on-quarter, 0.1 percentage points slower than in Q4 2017. One bright spot was production activities (which includes manufacturing), which expanded by 0.7% quarter-on-quarter.

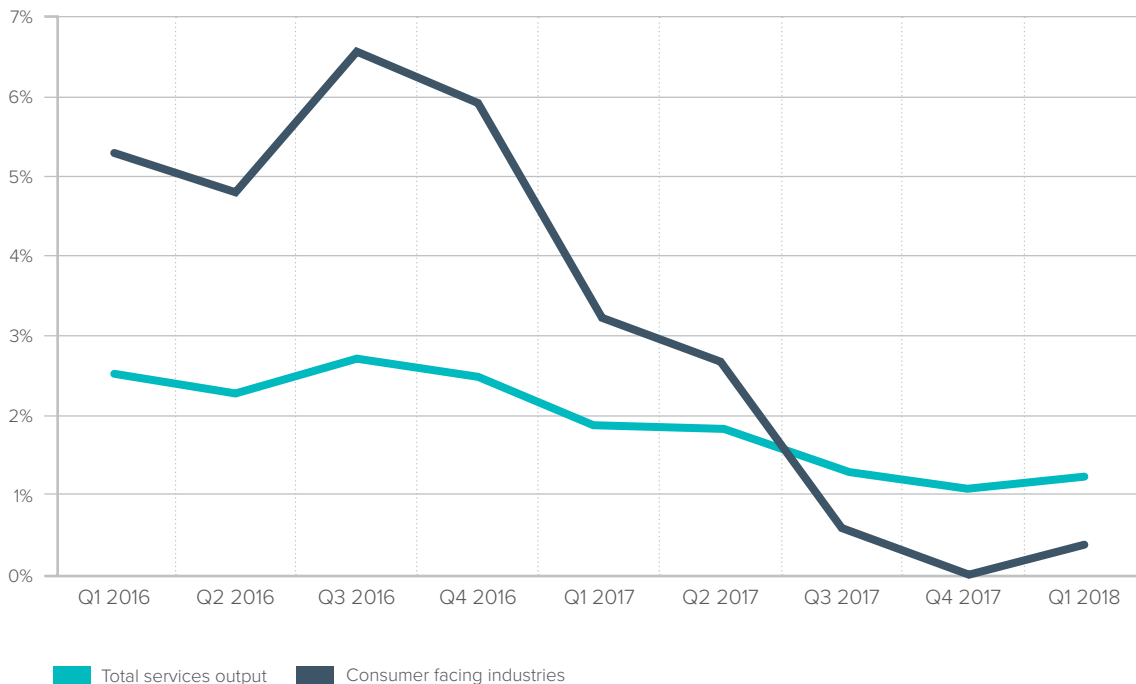
Consumers also look to be increasingly risk averse. Data from the Bank of England shows that net lending growth slowed sharply to £4.2 billion in March. This was comprised of a £0.3 billion increase in net

consumer credit (well below the £1.5 billion expected by economists) and a £4.0 billion increase in net lending secured on dwellings.

The worse than anticipated economic data was serious enough for the Bank of England to back away from what, at one stage, looked like an almost certain May rate rise. Money markets now put the probability of an August increase at 50% and a hike by the end of the year at 85%.

The Bank remains confident that the UK's economic performance will pick up in the coming quarters though. A compensatory upswing is expected in weather-affected sectors, as firms look to complete work impeded by the snow. Real wage growth is also set to support consumer spending in the coming months, having recently returned to positive territory for the first time since January 2017. Real household disposable income is expected to grow by 1.5% this year, up from 0.2% in 2017.

Figure one: Growth rates of the service sector and its components, quarter on same quarter a year ago. Source: Office for National Statistics.



# SMALL BUSINESS INDEX

## Small business confidence continues to climb

Business confidence among small firms continued to climb in the second quarter of 2018, building on the 8.5 point quarterly rise registered in Q1. The FSB Small Business Index increased from +6.0 in Q1 2018 to +12.9 in Q2 2018.

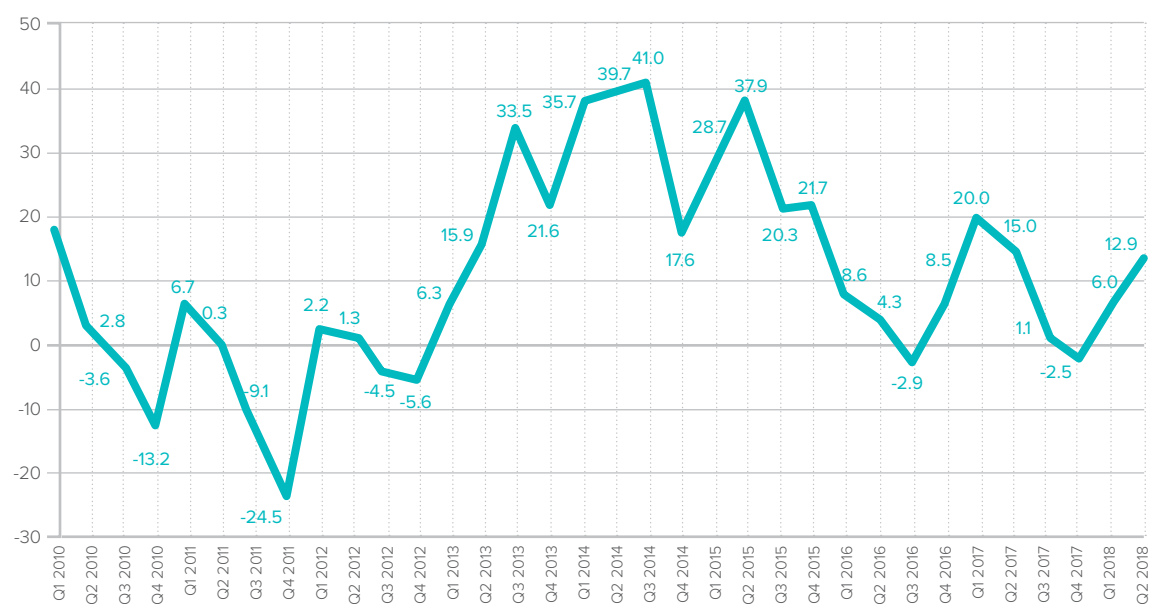
The UK services Purchasing Managers' Index picked up from 51.7 in March to 52.8 in April. This was below expectations but still indicative of an improvement

in economic activity. Surveys of the construction and manufacturing sectors also failed to show a marked improvement in the economic performance in April.

While current surveys suggest that growth remains modest, the robust confidence reading is a strong indication that improvements are set to come in future releases of official data.

Figure two: The FSB Small Business Index<sup>1</sup>: small business prospects over coming three months

Source: FSB - Verve 'Voice of Small Business' Panel Survey.



1. The Small Business Index is a weighted index of the responses to the question: 'Considering your overall business performance, and ignoring any normal seasonal variations at this time of the year, how do you view business prospects over the next three months, compared with the previous three months?' The share of firms reporting 'much improved' are given the following weightings: +2, slightly improved +1, approximately the same 0, slightly worse -1 and much worse -2; the Small Business Index is derived from the sum of these factors.



Figure three: Year-on-year change in the FSB Small Business Index.  
 Source: FSB - Verve 'Voice of Small Business' Panel Survey.

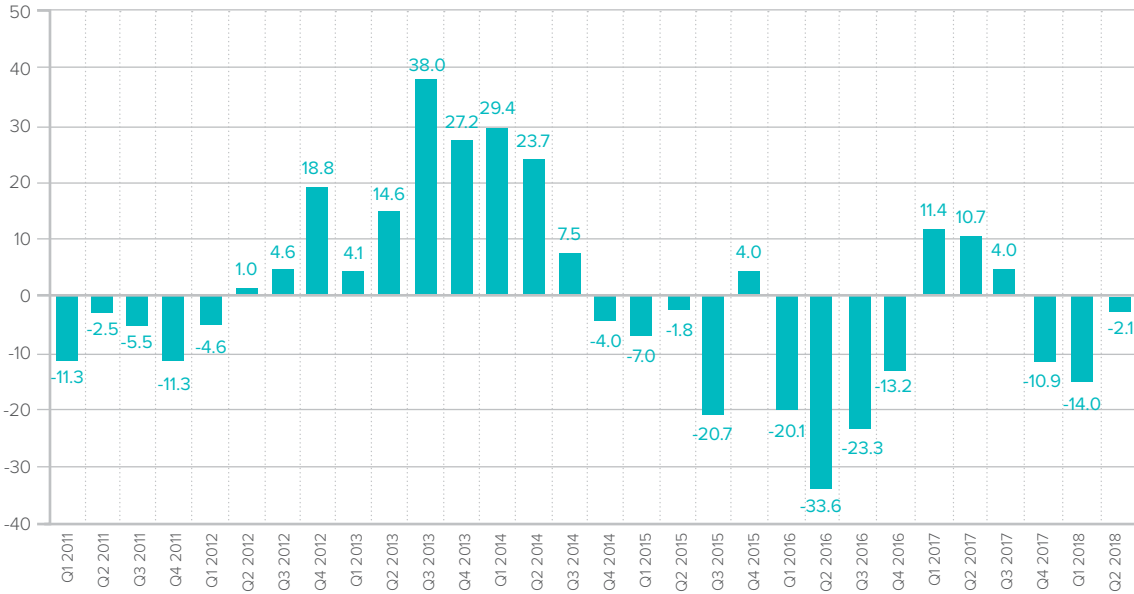


Figure four: UK SBI against year-on-year UK GDP growth.  
 Source: ONS, FSB - Verve 'Voice of Small Business' Panel Survey.



# REGIONAL SMALL BUSINESS INDICES

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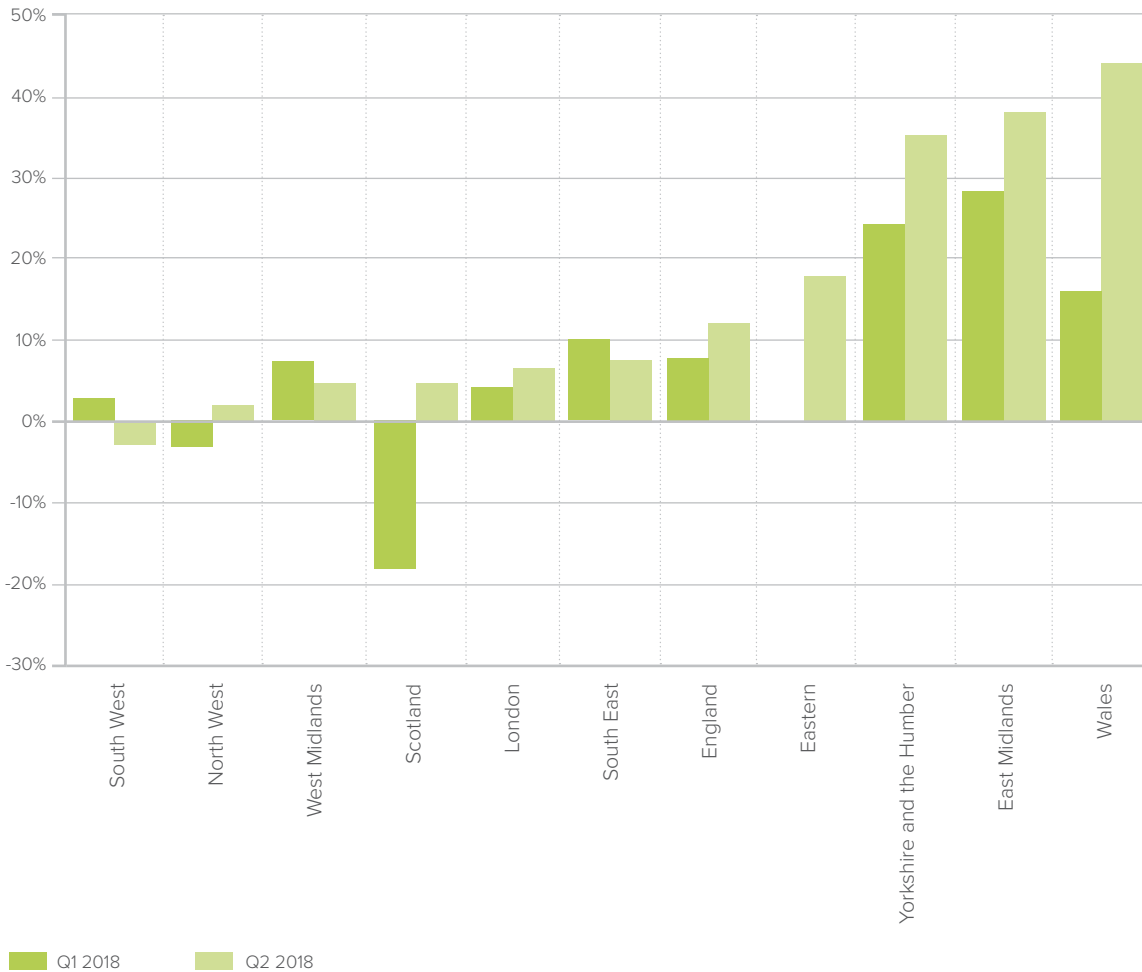
Confidence jumps across the UK

# CONFIDENCE IMPROVES IN MOST OF THE UK'S NATIONS AND REGIONS

Small business confidence improved compared to Q1 across most of the UK's regions and nations in Q2 2018. The most dramatic increase was seen in Wales, where confidence climbed from +16.3 in Q1 to +43.6 in Q2. Confidence in Scotland also notably picked up, returning to positive territory for the first time since 2015. Scotland has suffered in recent times, with its economy growing more slowly than that of the UK as a whole. Scottish Gross Domestic Product (GDP) grew by 0.3% in real terms during the fourth quarter of 2017, following growth of just 0.2% in the third quarter of 2017. The equivalent growth rate for the UK as whole during the third quarter was 0.4%. The increase in confidence bodes well for the economy's growth prospects.

In England, small businesses in the east are more confident than their western counterparts. Confidence is highest in the East Midlands (+37.9), Yorkshire and the North East (+35.3), and the East of England (+18.0), while it is lowest in the South West (-2.4), the North West (+2.2), and the West Midlands (+4.8).

Figure five: FSB Small Business Index – regional variation in small business confidence for the coming three months  
 Source: FSB - Verve 'Voice of Small Business' Panel Survey.



# SMALL BUSINESS SECTOR INDICES

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Mixed picture across  
different sectors

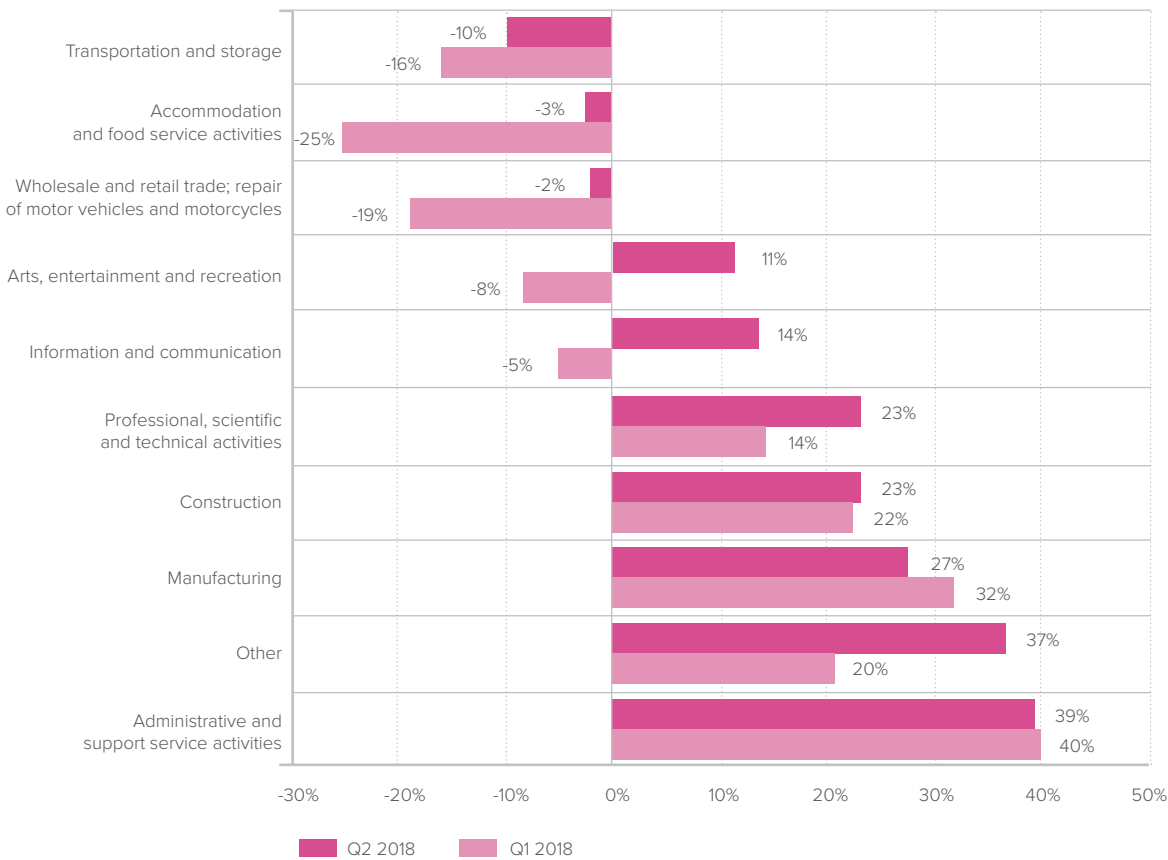
# INDUSTRY OPTIMISM SPREAD NARROWS IN Q2

Confidence amongst the UK’s small manufacturers declined slightly in the second quarter of the year, though remains healthy. Confidence in the sector fell five points to +27 in Q2 2018.

The production sector, of which manufacturers form a part, was the fastest growing UK sector in Q1 according to preliminary GDP estimates. However, with more signs of a global economic slowdown emerging since the last SBI report, manufacturers are understandably moderating their optimism. Eurozone GDP growth over the first quarter of the year came in at 0.4%, down from 0.7% in the last quarter of 2017. Growth also cooled in the US, standing at an annualised rate of 2.3% in Q1, down 0.6 percentage points on that registered in Q4 2017.

While optimism moderated somewhat in the most positive sectors, it climbed in some of the sectors that were most pessimistic in Q1. Retail and leisure sectors have been hit hard by low wage growth but, as wages have now overtaken inflation, confidence has improved in these sectors.

Figure six: FSB Small Business Index by sector – small business confidence for the coming three months. Source: FSB - Verve ‘Voice of Small Business’ Panel Survey.



# FINANCIAL PERFORMANCE

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Net profitability increases

# FEWER SMALL FIRMS SEE PROFITS FALL

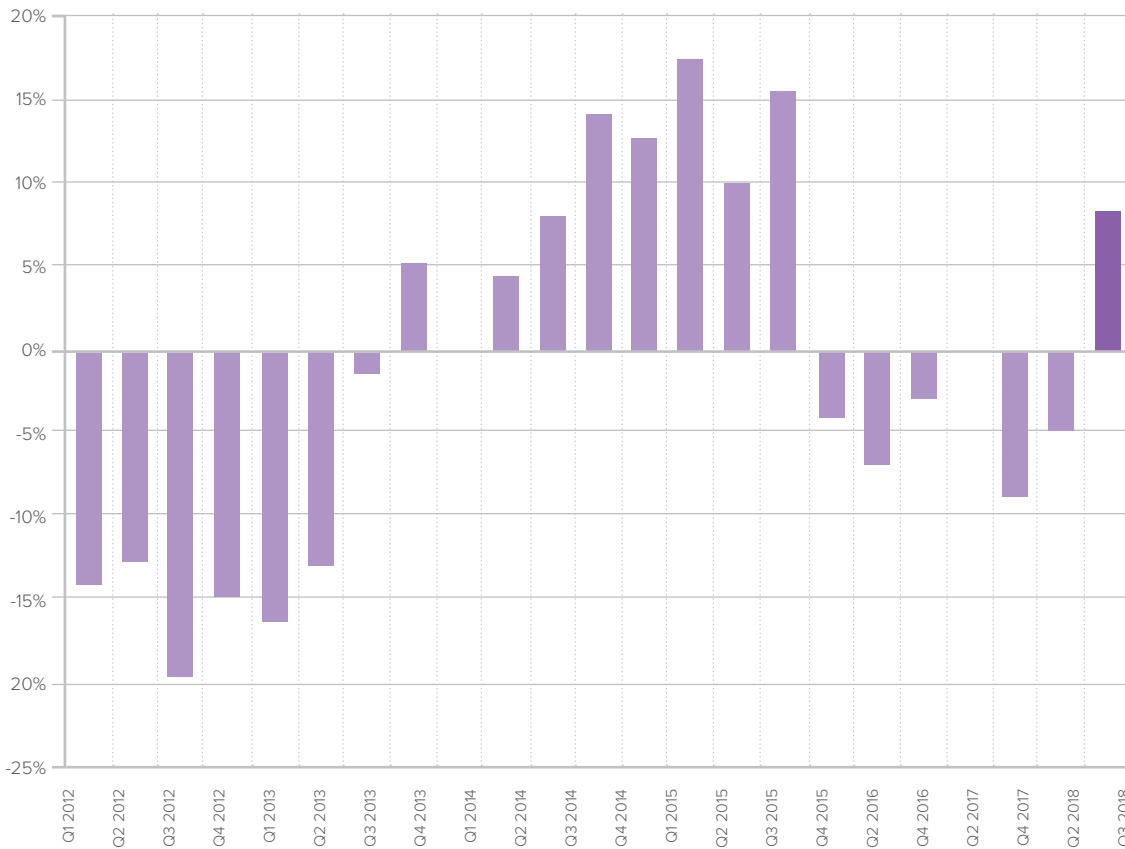
More than a third (38.1%) of small businesses experienced declining profits over the past three months in Q2, down from 41.5% in Q4 2017. As a result, the net percentage balance of small businesses which saw gross profits improve rose from -8.9% to -5.0%.

Looking at UK firms as a whole shows that profit expectations climbed. A net balance of 8.2% of small businesses expect an increase in profits in Q3, up from the -4.0% recorded in Q4 2017.

Scottish small firms were the worst financial performers, with 42.7% reporting a fall in profits. As a result the net balance of gross profits stood at -23.9%.

Figure seven: Small business gross profits, net percentage balance – proportion reporting increase less proportion reporting decrease.

Source: FSB - Verve 'Voice of Small Business' Panel Survey.



# EXPORTS

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Exporting continues  
to hold steady



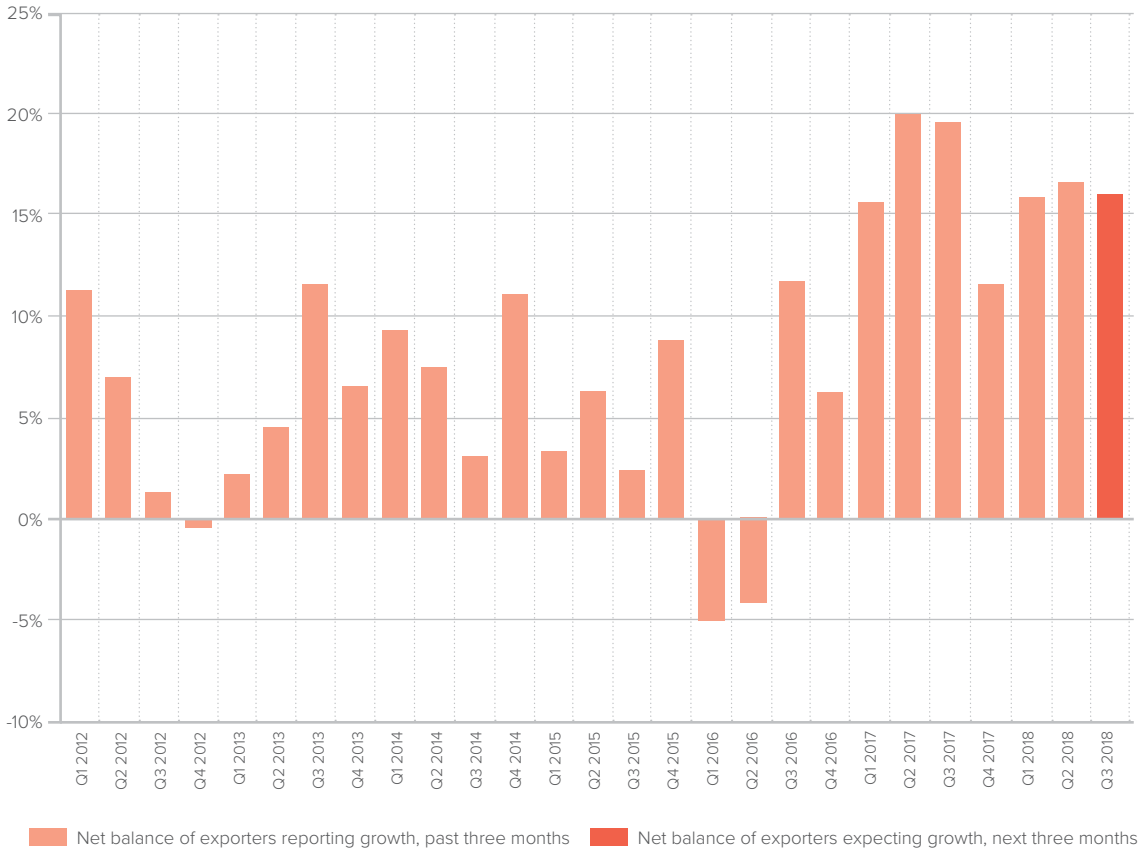
# EXPORT GROWTH SET TO DECLINE SLIGHTLY IN Q3

The net balance of small businesses reporting an increase in exports over the past three months increased again to stand at 16.5%. This is up from 15.8% in Q1 2018.

Official statistics show that export volumes held steady in the three months to March, having declined in the final quarter of 2017. This is in line with our findings.

The net balance of firms expecting an increase in exports in Q3 is lower than the balance reporting an increase in overseas sales in Q2. This is understandable given the slowdown in the global economy.

Figure eight: Changes in value of exports – previous three months and expectations for coming three months; net percentage balance, proportion reporting increase less proportion reporting decrease. Source: FSB - Verve 'Voice of Small Business' Panel Survey.



# COSTS AND INFLATION

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Regulatory pressures increase

# GDPR DRIVES UP SMALL BUSINESS COSTS

This quarter, a net balance of 65.6% of small businesses reported an increase in operating costs over the past three months compared with the same period a year ago. This is roughly in line with the 65.5% seen in Q1.

Labour costs remained the most frequently cited (45.7%) cause of rising costs for small businesses, as the tight labour market conditions mean workers are more able to demand higher pay. Total average weekly earnings grew by 2.8% in the three months to February, up from the low of 1.9% seen in May 2017. Our findings suggest that pay growth has continued to climb since the latest official release.

The data also reveal that the recent General Data Protection Regulation (GDPR) law is having an effect on firms' costs. A net balance of 35.9% of firms cited regulation as one of the main drivers of the change seen in business costs. This is up from 28.0% cited in Q1 2018.

Figure nine: Small businesses reporting an increase in overall cost of operation over past three months, compared with the same period a year ago; net percentage balance.

Source: FSB - Verve 'Voice of Small Business' Panel Survey.

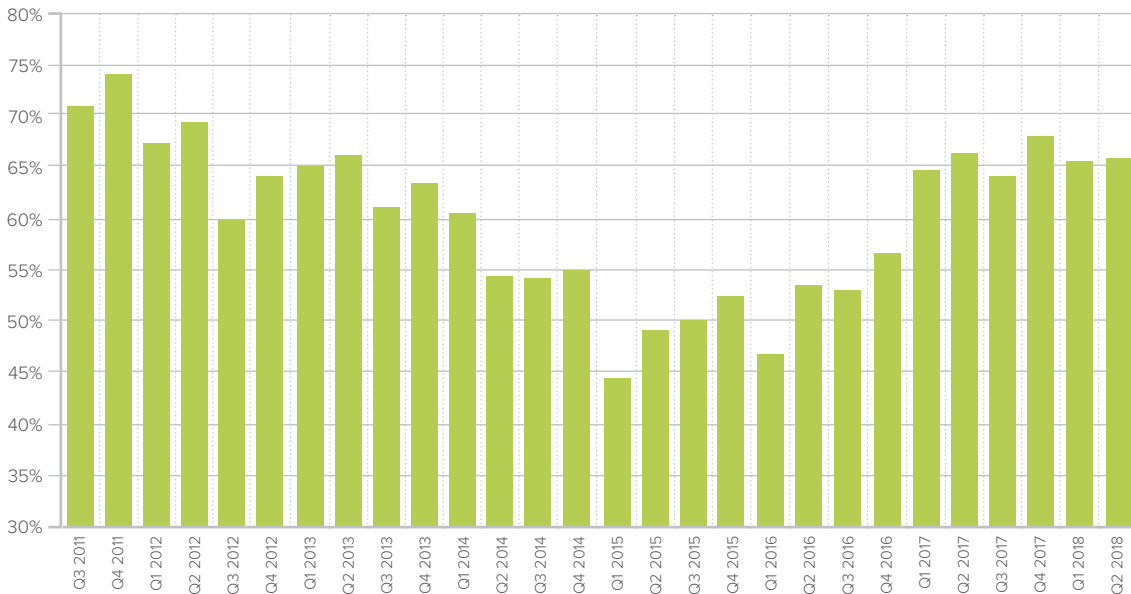
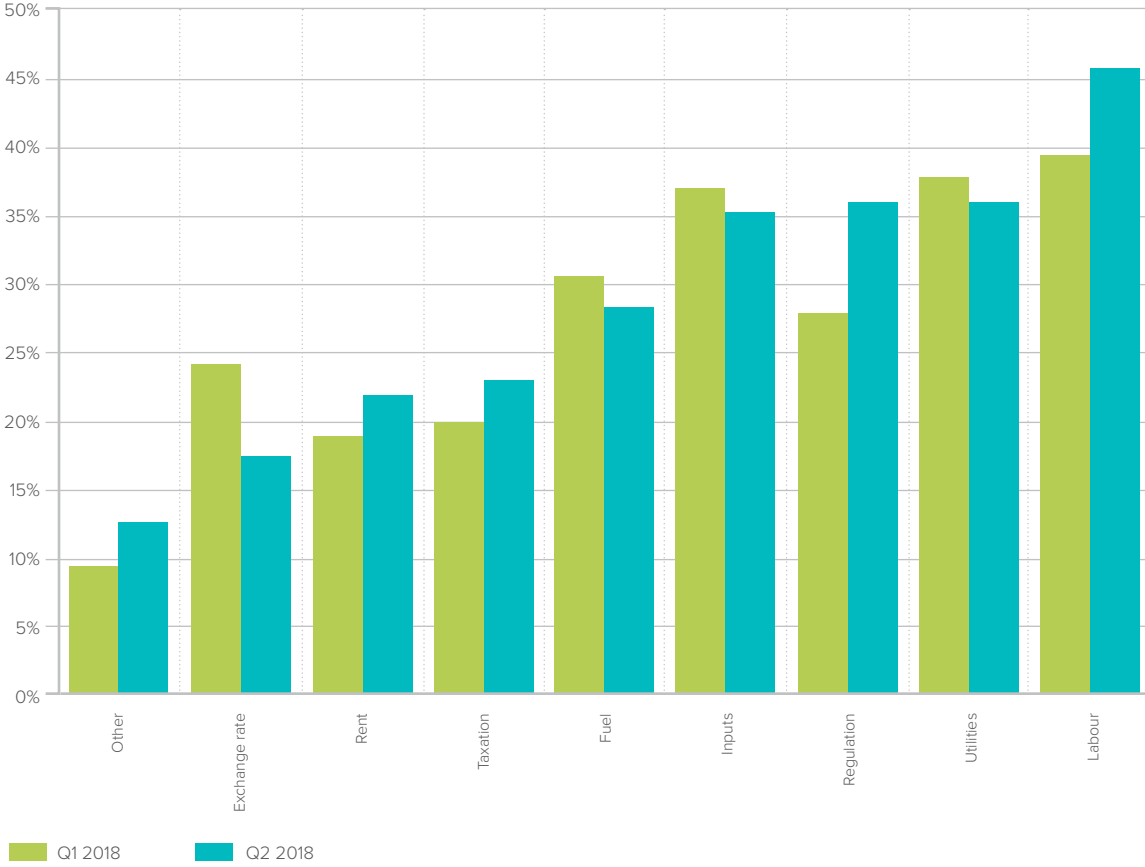


Figure 10: Main causes for changing business costs (firms may give multiple answers).  
Source: FSB - Verve 'Voice of Small Business' Panel Survey.



# CAPACITY

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Expectations of spare  
capacity decline

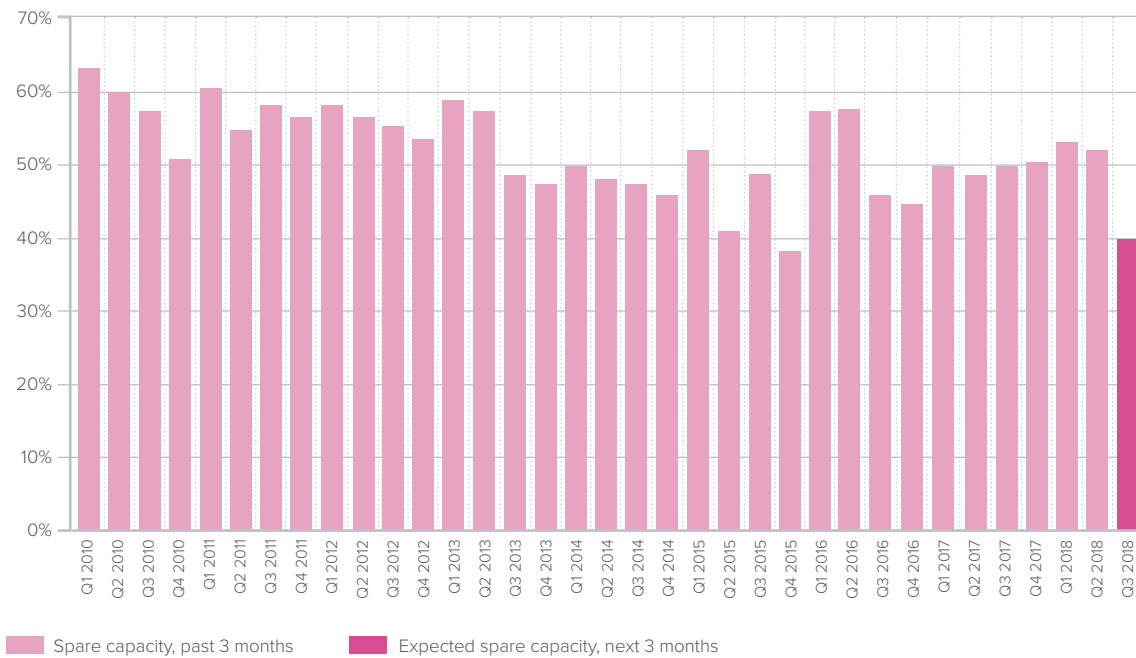
# SPARE CAPACITY FALLS

The latest survey results show that the share of small businesses operating below capacity declined slightly this quarter. A net balance of 51.4% of firms operated below capacity in Q2 2017. This is one percentage point less than in Q1.

Expectations of spare capacity declined this quarter, and a net balance of 39.9% of small business expect to be operating below capacity in the coming three months. Such a decline is broadly in line with the Bank

of England's assessment of supply-side conditions. The Bank, which studies the slack in the economy to best assess inflationary pressures, judged that a very limited degree of slack remains in the UK economy. In its latest inflation report, the Bank also noted that the persistently weak productivity growth seen since the crisis means that the economy's potential supply-side growth is thought to be lower than in the past.

Figure 11: Net percentage balance of businesses running below capacity: proportion below capacity less proportion above capacity.  
Source: FSB - Verve 'Voice of Small Business' Panel Survey.



# EMPLOYMENT

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Employment levels remain high

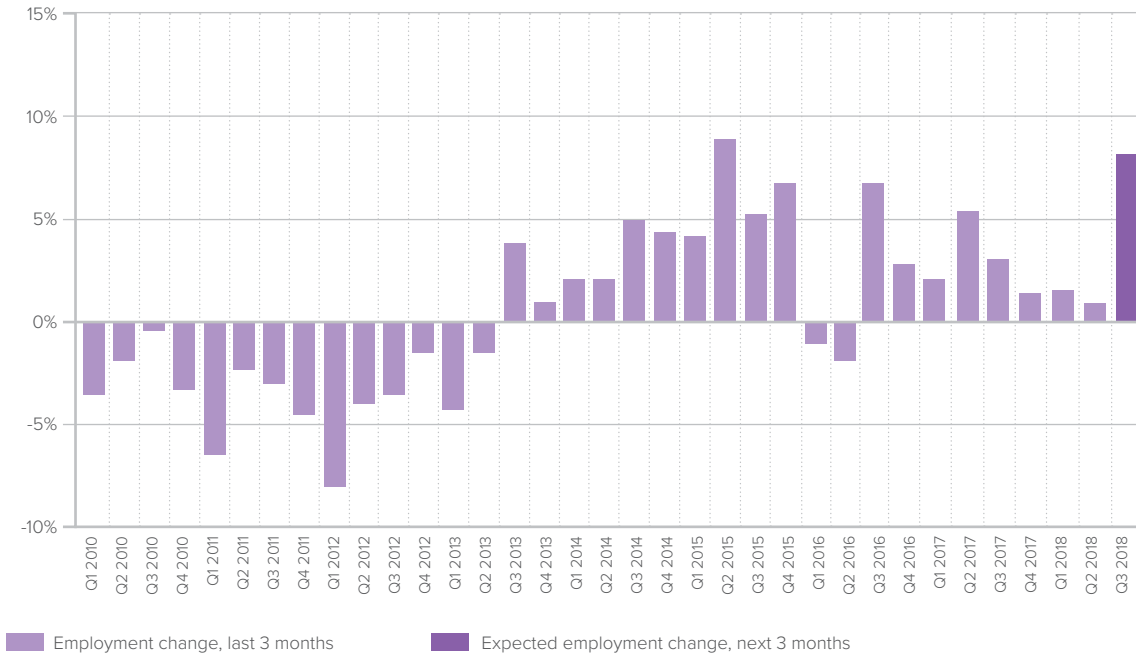
# EMPLOYMENT GROWTH TO ACCELERATE

This quarter, a net balance of 0.8% of small firms report that they've increased the size of their workforce. This is the eighth consecutive quarter of positive small business employment growth. A net balance of 8.2% of firms expect to increase hiring activity in the third quarter of the year. Expectations have been substantially higher than actualised employment growth amongst the UK's small businesses in 2018, perhaps indicating that the firms are experiencing hiring difficulties as the labour market tightens. This notion is supported by the frequent citation of difficulties in finding appropriately skilled labour explained later in this report.

Data released by the Office for National Statistics (ONS) show that in the three months to February 2018 the employment rate, i.e. the share of people aged 16-64 who are in work, rose to 75.4%, the highest rate since records began. There were 32.26 million people in work, 55,000 more than for September to November 2017, and 427,000 more than for a year earlier. In line with the higher hiring expectations of small businesses, official data show that there were 815,000 job vacancies for January to March 2018. This is just below the highest level on record.

Figure 12: Net percentage balance change in number of people employed – proportion reporting increase less proportion reporting decrease.

Source: FSB - Verve 'Voice of Small Business' Panel Survey.



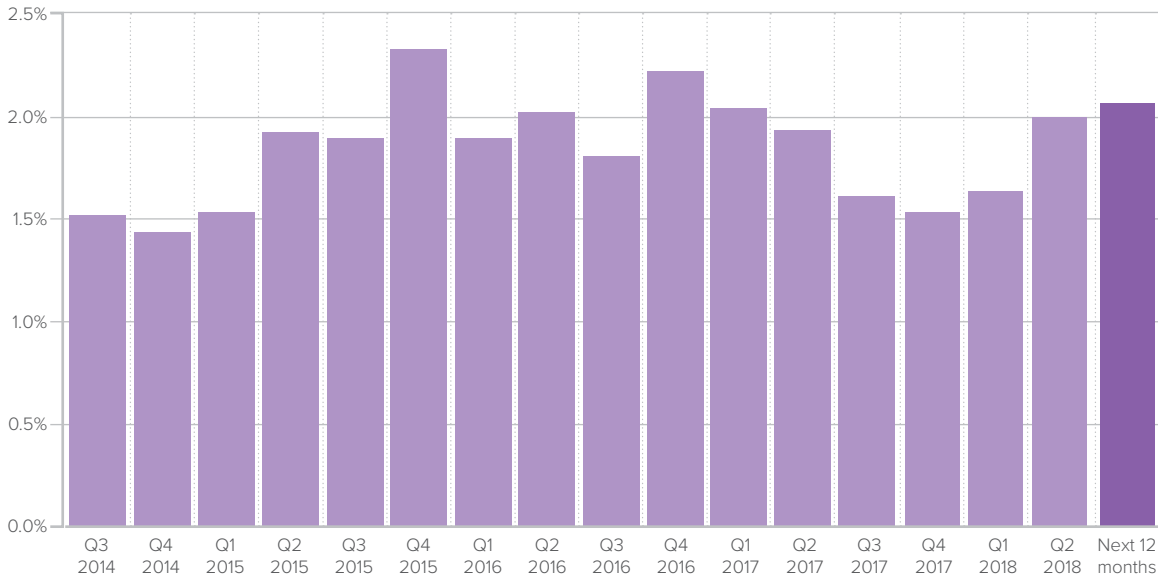


# SMALL BUSINESS WAGES SET TO CONTINUE GROWING

This quarter, annual average small business wage growth accelerated to 2.0%. This is in line with the more frequent citation of labour as a cost driver, as noted earlier this report. Labour costs are expected to continue to rise, as small business owners expect to increase wages by 2.1% in the coming year.

The recent disappointing wage growth figures from the ONS do raise questions about whether these wage increases will be sustained in next quarter's data.

Figure 13: Average salary increase awarded, current quarter versus previous 12 months.  
Source: FSB - Verve 'Voice of Small Business' Panel Survey.



# GROWTH ASPIRATIONS AND CHALLENGES

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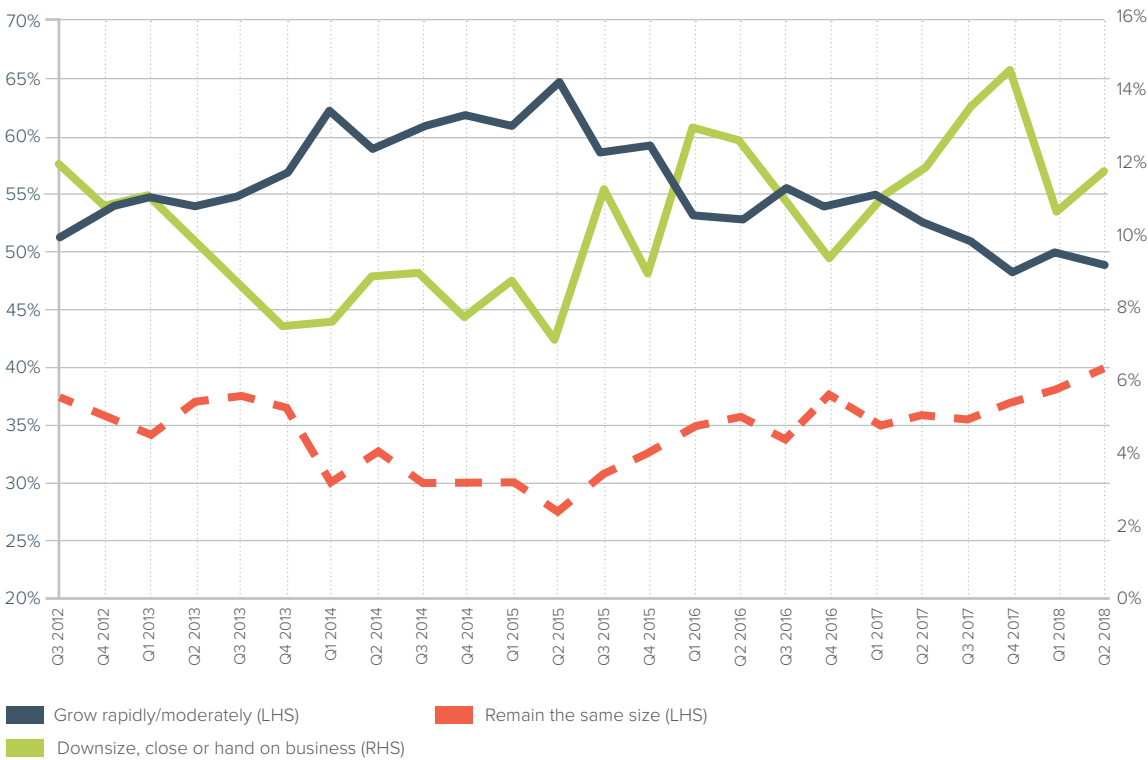
Growth expectations decline

# GROWTH ASPIRATIONS SLIP IN Q2

Small firms became less optimistic about their growth prospects in the second quarter of 2018. The share of small firms planning on downsizing, closing or handing on their business increased 1.1 percentage points to 11.7%. The share of firms expecting to grow declined 0.4 percentage points to 49.1%, while the share expecting to remain the same size increased to 39.2%.

Despite the fall in aspirations, recent figures from Companies House show that the effective number of companies registered at the end of Q1 2018 increased by 1.2%. Though the number of companies dissolved increased by 12,143 from Q4 2017 to Q1 2018, the number of new companies incorporated increased by 20,865, boosting overall numbers.

Figure 14: Growth aspirations for next 12 months.  
Source: FSB - Verve 'Voice of Small Business' Panel Survey.

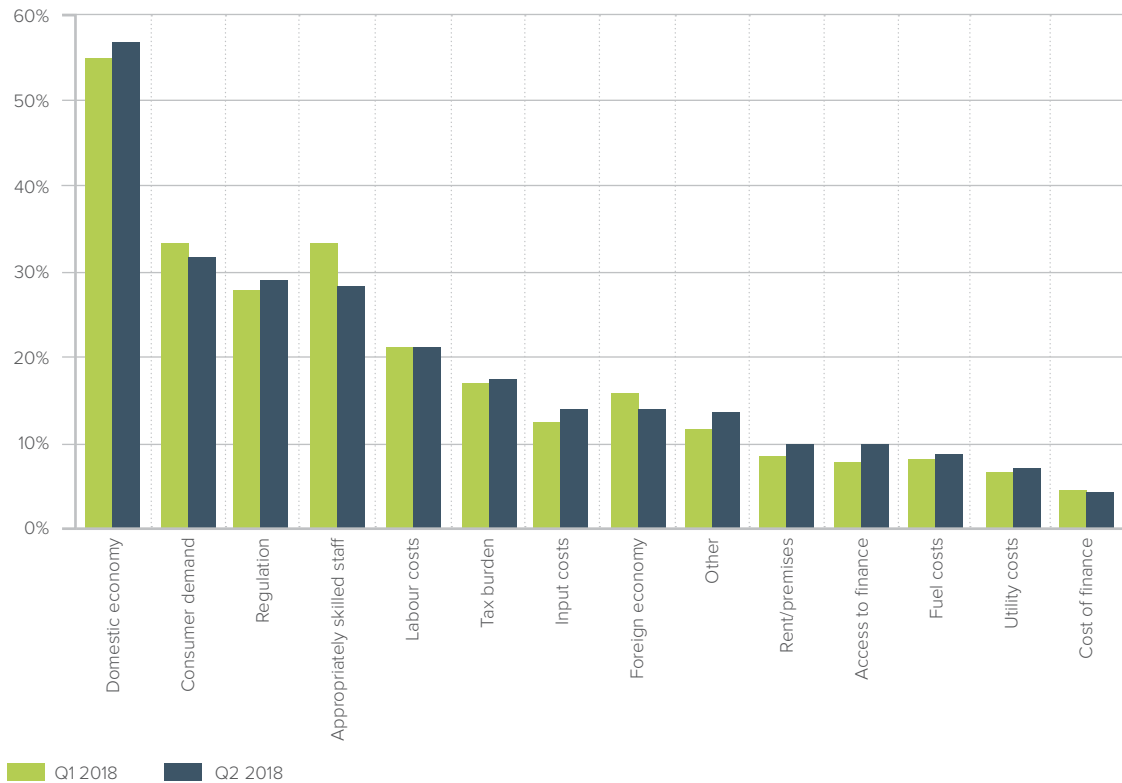


# THE DOMESTIC ECONOMY REMAINS THE MOST FREQUENTLY CITED BARRIER TO SMALL BUSINESS GROWTH

More than half (56.5%) of small businesses are concerned that the domestic economy represents a barrier to growth, up two percentage points on Q1. The heightened concern comes after official statistics showed that the UK's economic performance underwhelmed in the first quarter of the year, with output growing just 0.1% compared to Q4 2017.

The SBI findings also reveal that regulation is increasingly a concern - it overtook appropriately skilled labour to become the third most commonly cited barrier to growth aspirations for small businesses. This is understandable given the General Data Protection Regulation (GDPR) regime which came into force on 25 May. The regulation increases the administrative burden associated with holding personal data and introduces a swathe of fines for those that do not comply.

Figure 15: Potential barriers to achieving growth aspirations – multiple answers possible.  
Source: FSB - Verve 'Voice of Small Business' Panel Survey.



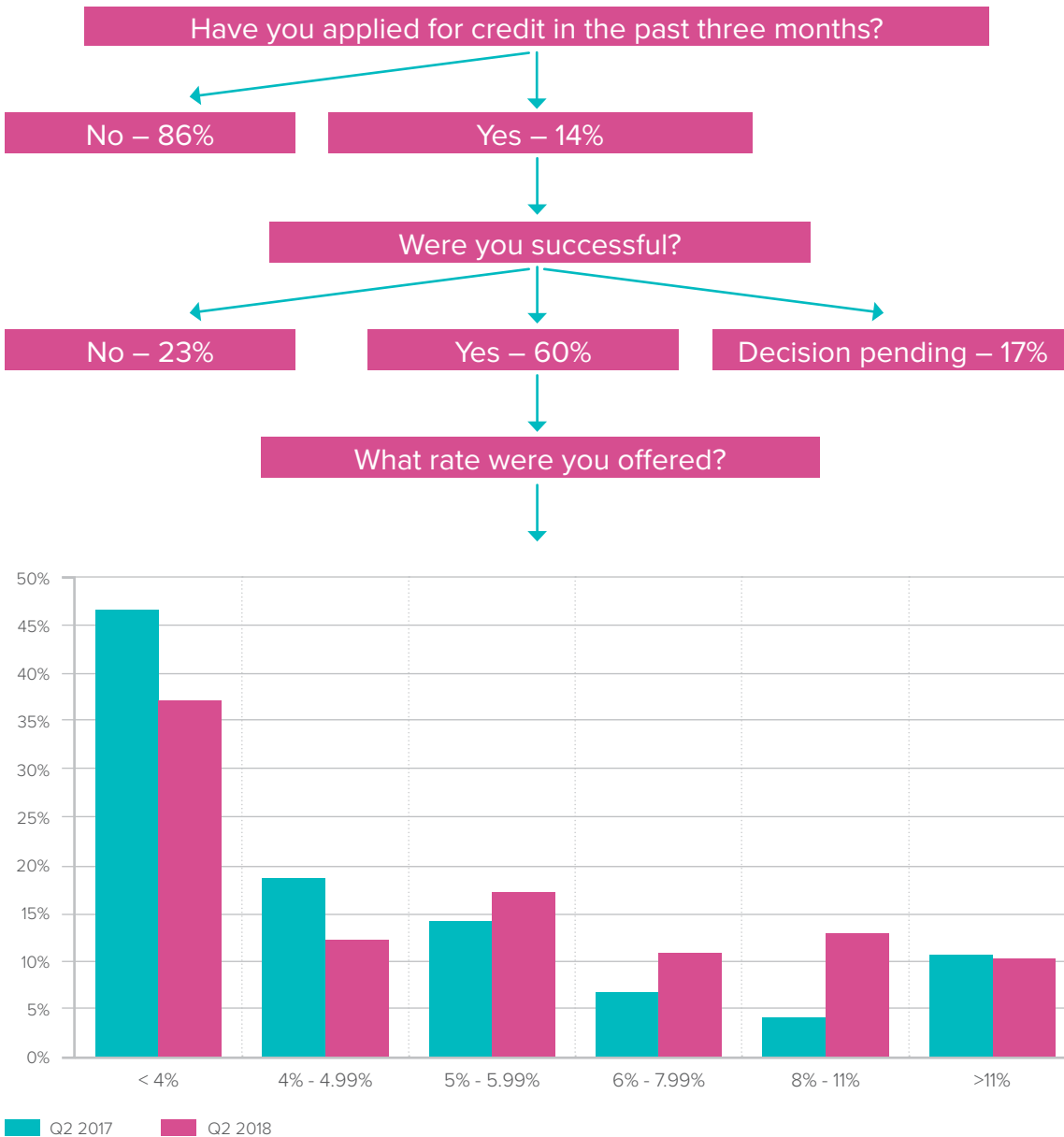
# CREDIT

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Fewer businesses are  
successfully applying for credit

# FEWER BUSINESSES APPLY FOR CREDIT

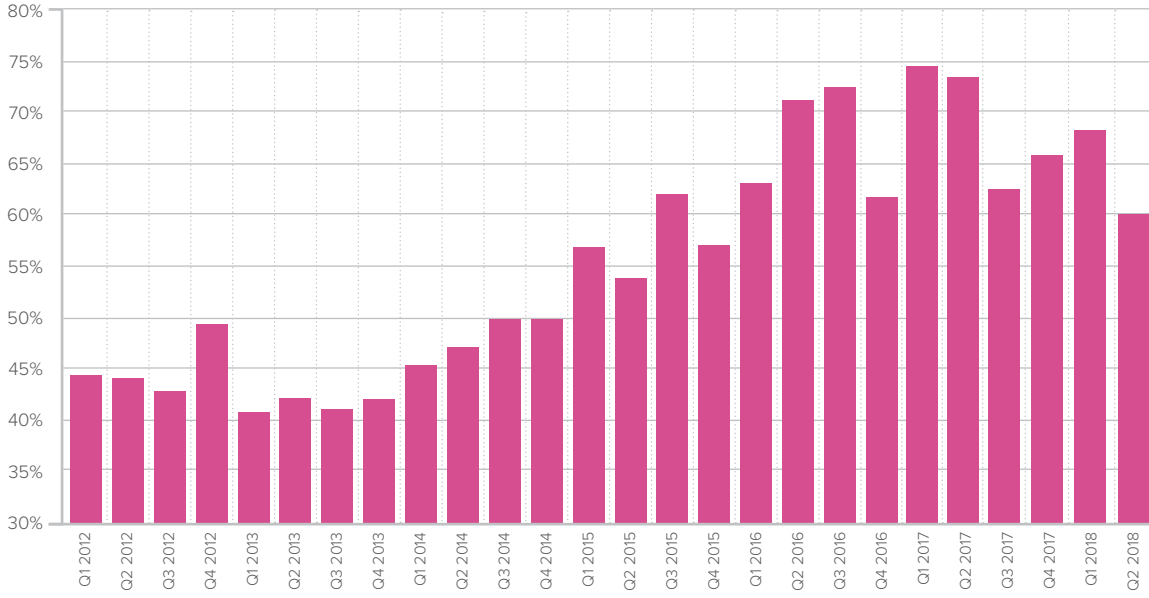
Figure 16: Credit applications and interest rates offered.  
 Source: FSB - Verve 'Voice of Small Business' Panel Survey. Respondents were able to give multiple answers to this question.



This quarter, the proportion of small businesses successful in their credit applications stands at 60%, down eight percentage points on the first quarter of the year. As a result a higher proportion of small businesses applying for credit are still awaiting a decision, illustrated by the 17% of credit applicants listing their status as decision pending.

The proportion of businesses being offered a rate of up to 4% has fallen from 46.6% in Q2 2017 to 36.8% in Q2 2018. This follows the Bank of England raising interest rates by 25 basis points in November 2017 and signalling future rate rises.

Figure 17: Proportion of small businesses successful in their credit applications in the past three months.  
 Source: FSB - Verve 'Voice of Small Business' Panel Survey.

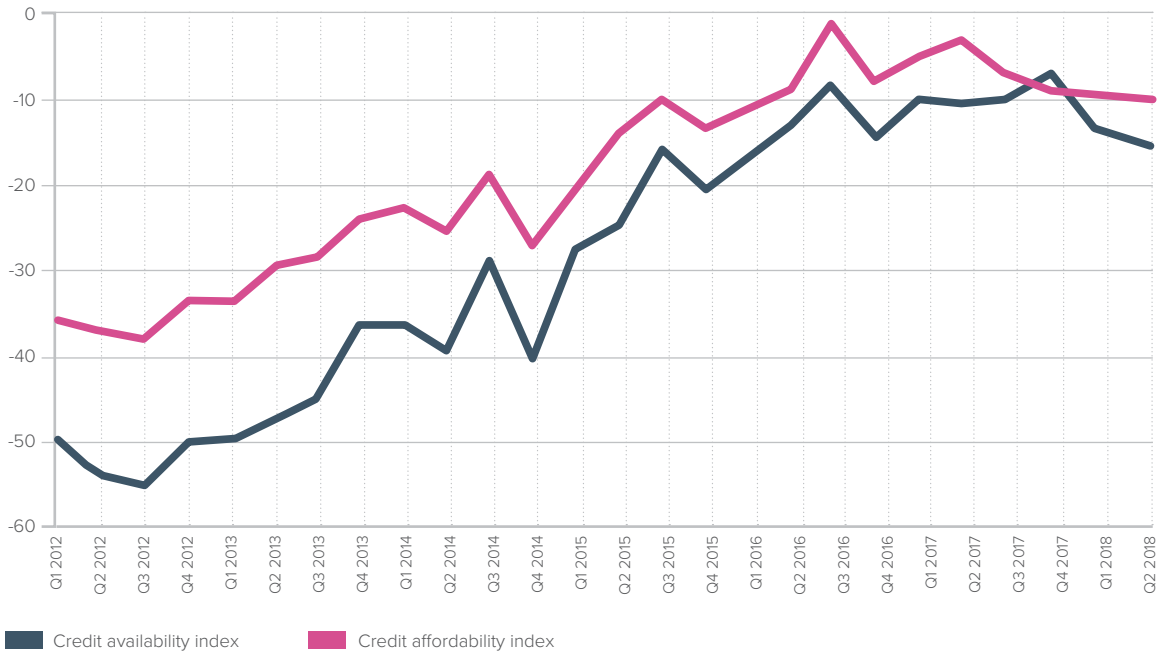


# CREDIT AVAILABILITY CONTINUES TO DECLINE

This quarter, the FSB credit affordability index remained broadly unchanged, while the credit availability index declined. While interest rates have increased in recent times, they still remain historically low as indicated by the high levels of credit affordability.

The second consecutive quarter on quarter decline in the availability of credit mirrors recent official data from the Bank of England, which show that annual increase in lending to SMEs slowed in the 12 months to March. This is contrasted by lending to large firms, which increased.

Figure 18: Indices of credit affordability/availability perceptions over time, a weighted net balance of those with negative responses subtracted from those with positive responses.  
Source: FSB - Verve 'Voice of Small Business' Panel Survey.





# INVESTMENT AND PRODUCTIVITY

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Investment plans remain steady

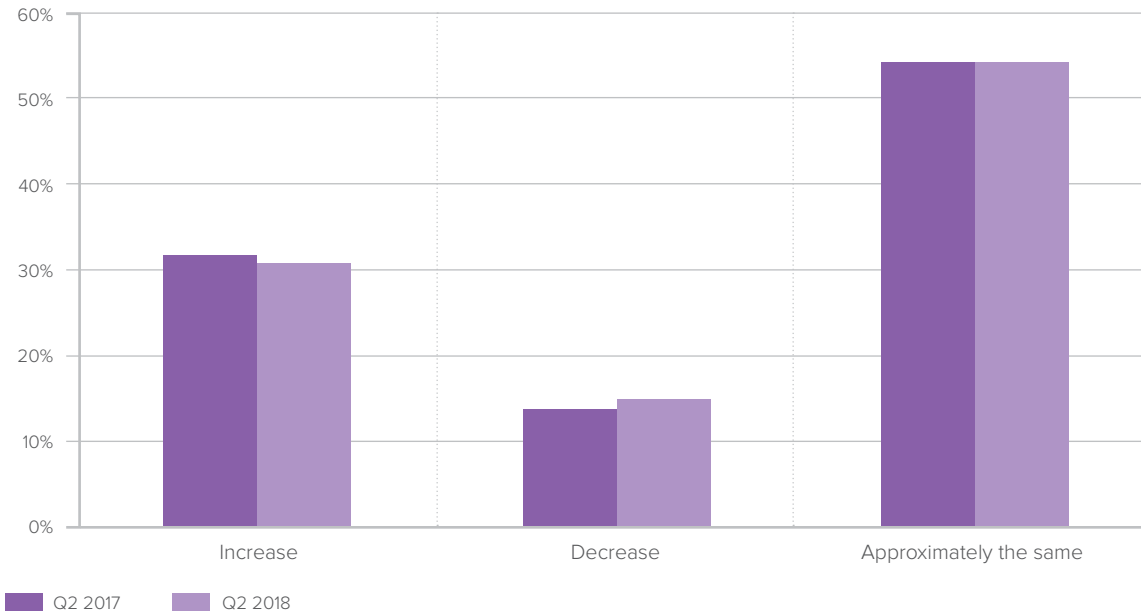
# INVESTMENT INTENTIONS LARGELY UNCHANGED

The share of firms expecting to increase capital investment over the coming 12 months decreased one percentage point to 30.8% compared to the first quarter of 2018. The figure is also down one percentage point on where it stood the year before. In addition, a higher share of firms expect to decrease capital investment over the period.

Our findings echo the softening of business sentiment seen in recent times. Official statistics, published by the ONS, show that business investment growth has been relatively subdued for more than two years, with its Q4 2017 level being just 1.1% higher than the level seen in Q2 2015.

Figure 19: Percentage of small businesses expecting to increase and decrease capital investment over next 12 months, compared with the previous 12 months.

Source: FSB - Verve 'Voice of Small Business' Panel Survey.



# METHODOLOGY

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This report is based on the April 2018 research survey of FSB members carried out by Verve. 3,819 panel members were invited to take part in an online survey as well as an open link shared with the wider FSB members. Reminders were sent to all non-respondents. 1,017 responses were received, a response rate of 27% for the panel. The data are weighted by regional gross value added to match the profile of small businesses across the UK. The survey was undertaken between 16 and 30 April 2018.

# SUMMARY DATA TABLE

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Small Business Index	-2.9	+8.5	+20.0	+15.0	+1.1	-2.5	+6.0	+12.9
Employment - previous three months	+6.8%	+2.9%	+2.1%	+5.3%	+3.2%	+1.4%	+1.6%	+0.8%
Employment - coming three months	+4.9%	+9.6%	+11.3%	+10.3%	+9.4%	+2.9%	+8.7%	+8.2%
Exports - previous three months	+11.7%	+6.1%	+15.6%	+20.0%	+19.5%	+11.5%	+15.8%	+16.5%
Exports - coming three months	+17.9%	+18.6%	+30.4%	+25.8%	+20.5%	+18.8%	+18.8%	+16.0%
Credit availability - rated good or very good	26.3%	23.7%	25.8%	28.0%	24.1%	26.0%	24.1%	21.9%
Credit availability - rated poor or very poor	36.5%	39.1%	36.4%	37.9%	35.2%	31.7%	39.3%	40.0%
Credit affordability - rated good or very good	32.3%	27.5%	29.1%	30.4%	28.8%	24.8%	25.3%	25.4%
Credit affordability - rated poor or very poor	34.2%	36.9%	36.1%	33.2%	38.3%	36.1%	39.2%	35.3%

The Small Business Index weights strong responses (much improved or much deteriorated conditions) double and subtracts the weighted proportion of firms reporting deterioration in business prospects over the coming three months from the weighted proportion expecting an improvement.

The Employment and Revenue indicators are net percentage balances, with the proportion of firms reporting a decrease subtracted from the proportion reporting an increase.

Responses are also weighted according to regional gross value added.

# Q2

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