

Bank of England

Overview of the Decision Maker Panel

**Conference on Understanding Business Conditions, Expectations and
Uncertainty**

17 November 2025

Phil Bunn (Bank of England)



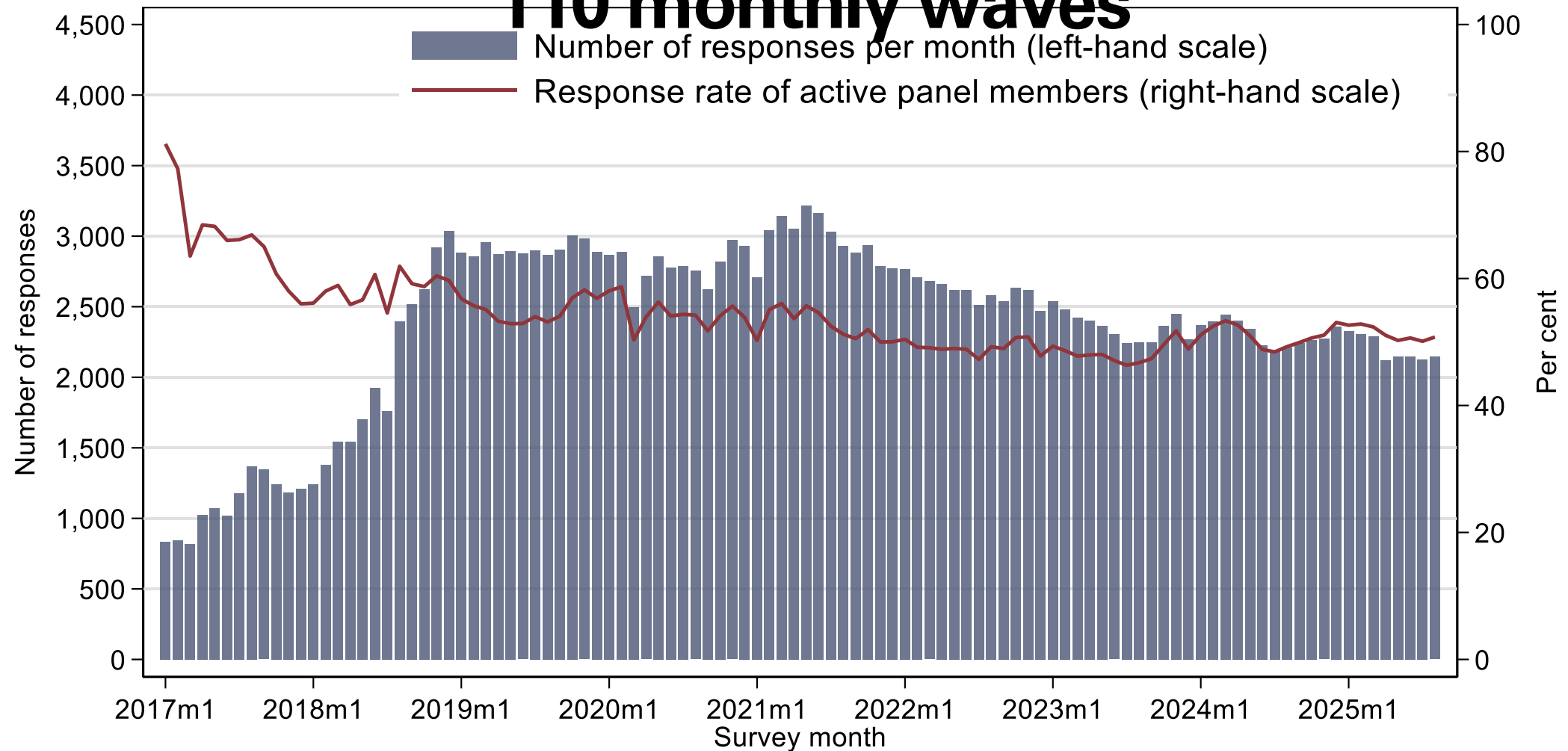
Introduction

- DMP survey launched in 2016 in the aftermath of the Brexit referendum.
- Monthly online business survey run by the Bank of England in collaboration with Kings College London, the University of Nottingham and Stanford University.
- Survey has also received significant financial support from the ESRC.
- Mainly completed by CFOs/Finance Directors and CEOs of firms.
- Data used for a mix of policy work and research.
- (Hopefully) a good example of collaboration between a policy institution and academics.
- Aggregated data published on a monthly basis.
- Microdata available to researchers via ONS Secure Research Service.

Key Features of the DMP survey

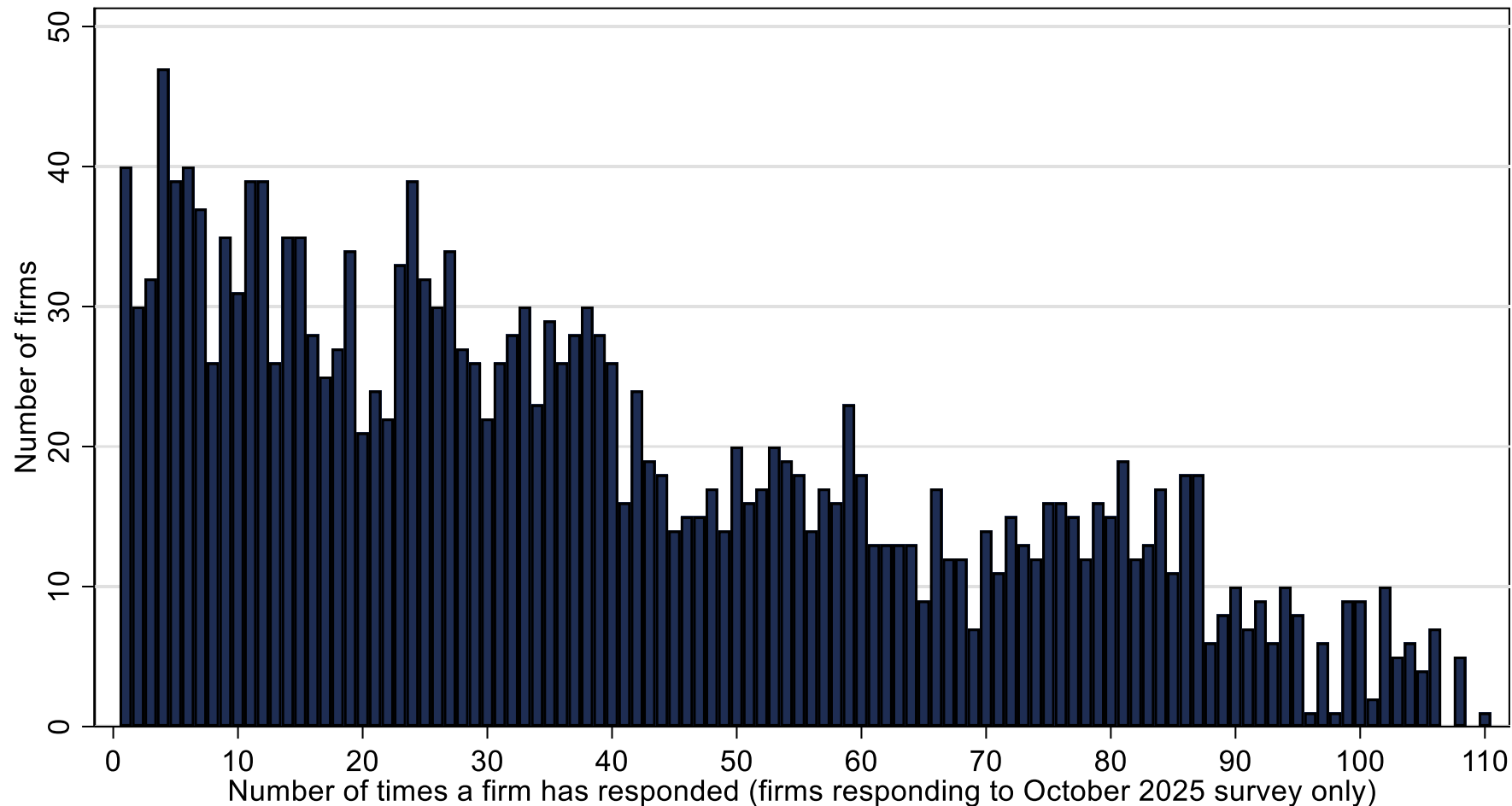
- Large sample size and strong panel dimension
- High-quality data – matches UK industry distribution and firm official accounts
- Firms provide numerical values for past development and expectations
- Firms provide *distribution* over expectations → measures of uncertainty
- Regular questions on sales/prices/employment/wages/investment, combined with special questions on topical issues
- Timely data

The DMP has received over a quarter of a million individual responses from around 15,000 firms over 110 monthly waves



Notes: The response rate of active panel members in the Decision Maker Panel is calculated as the percentage of panel members who had completed at least one survey over the last twelve months who responded to the survey in a given month.

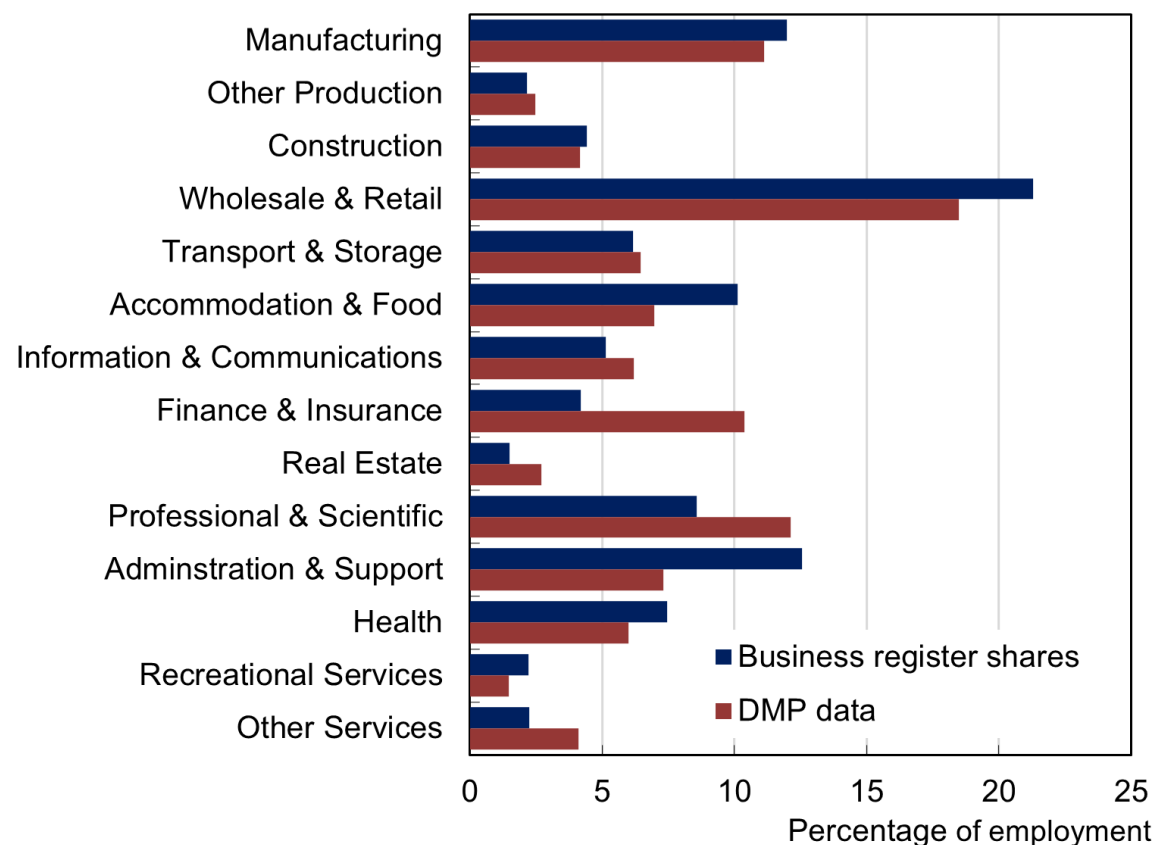
DMP survey has a strong panel dimension



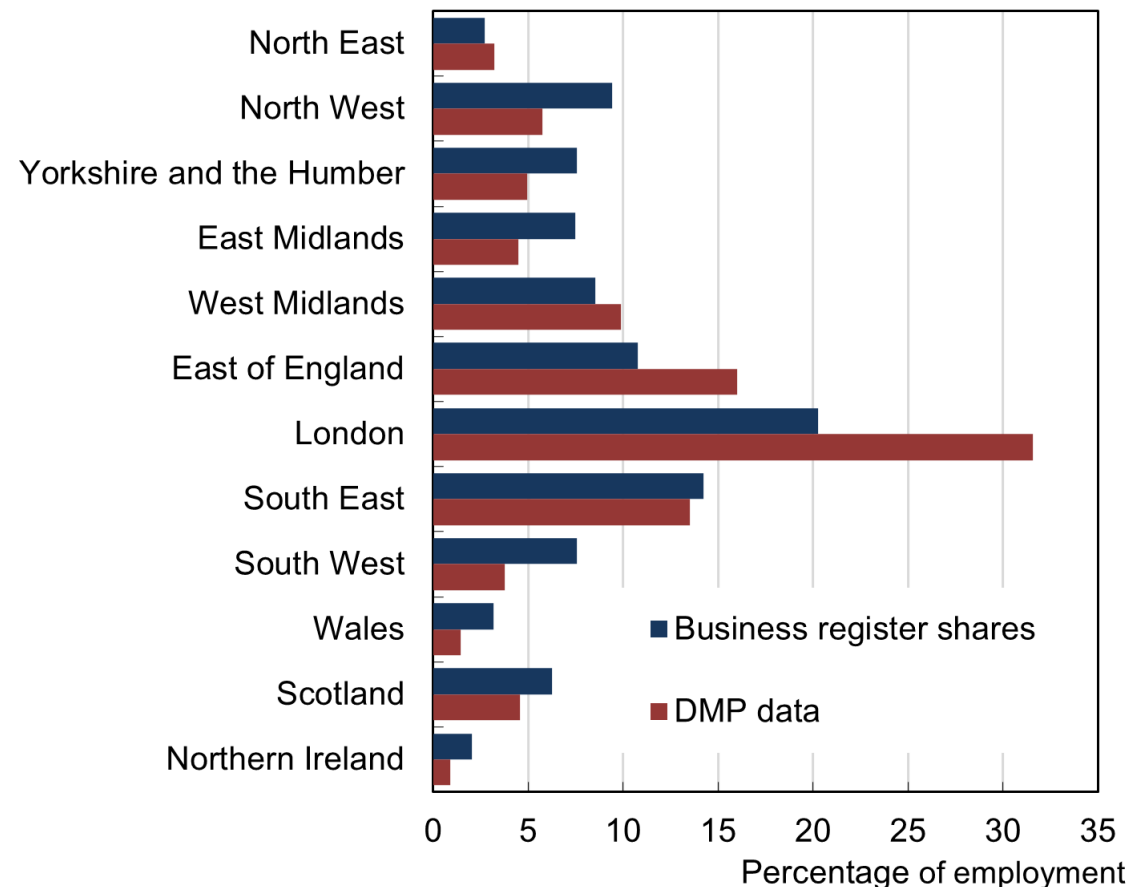
- As of October 2025, the mean number of responses per firm was 17; 1,296 firms have responded 50 times; and 53 firms have responded to the survey over 100 times.

Survey is representative of the UK business population

Panel A: By Industry

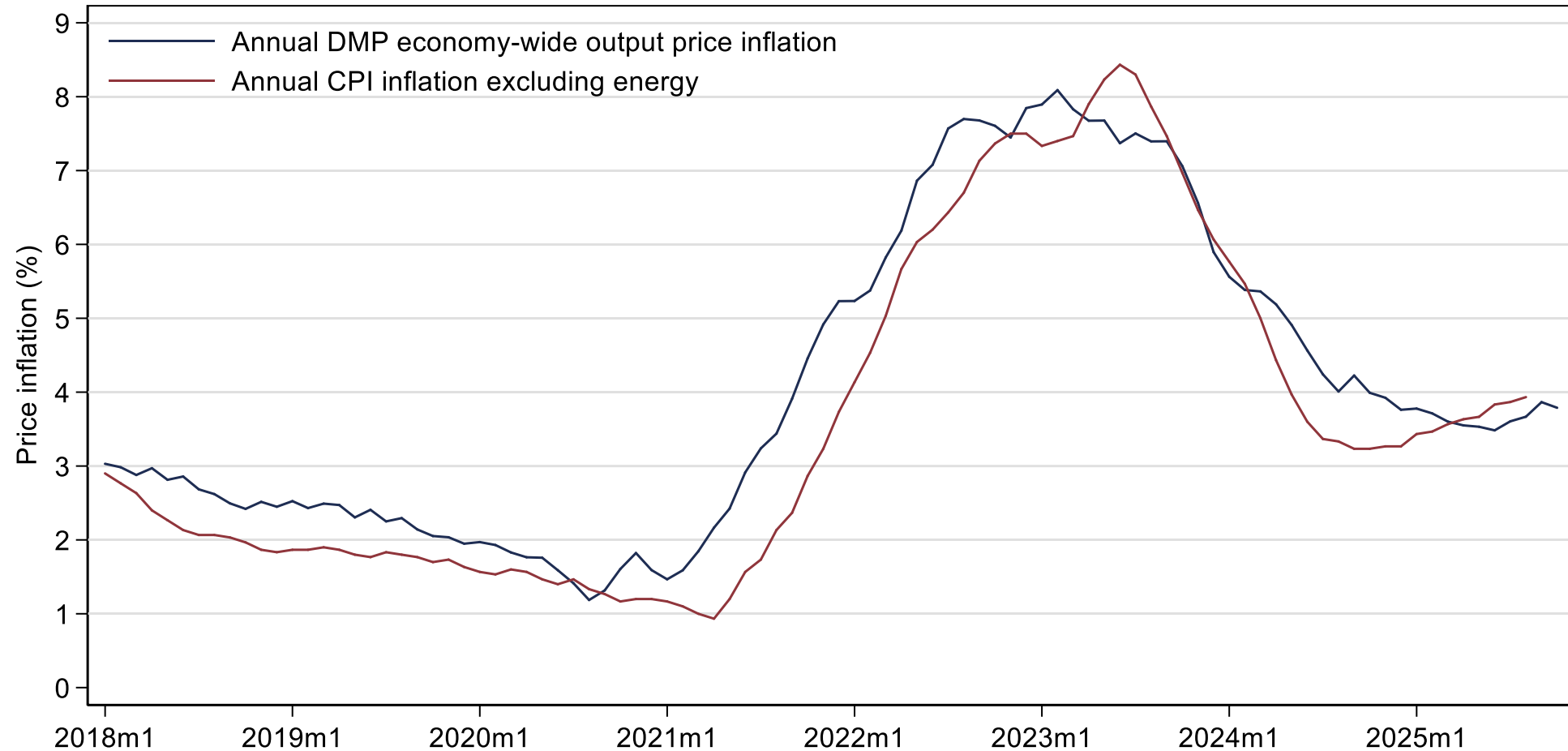


Panel B: By Region



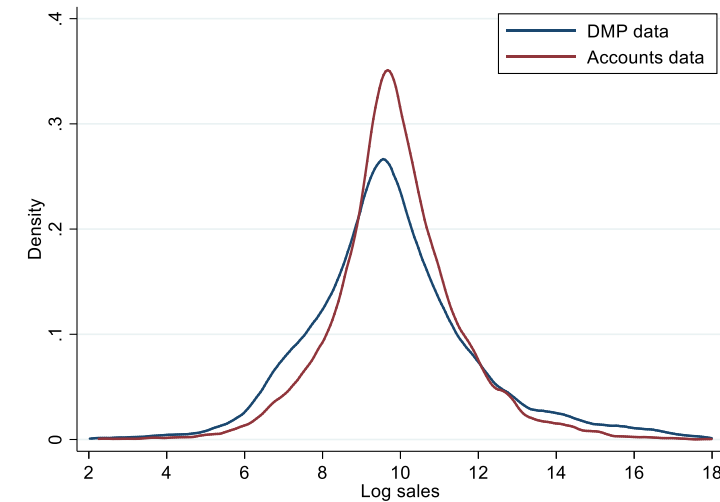
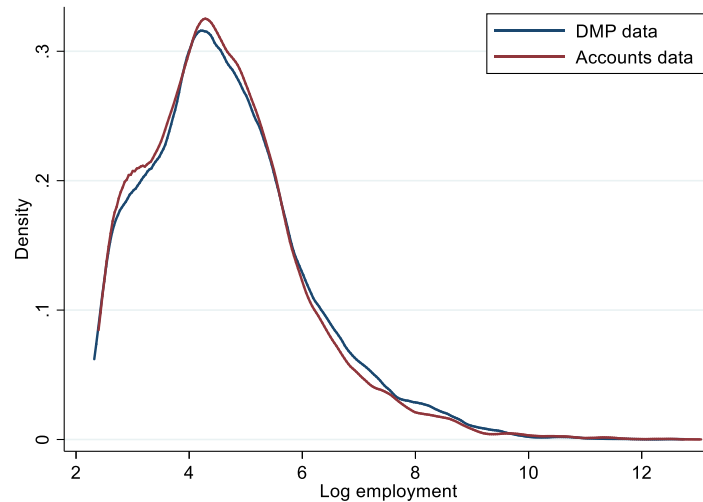
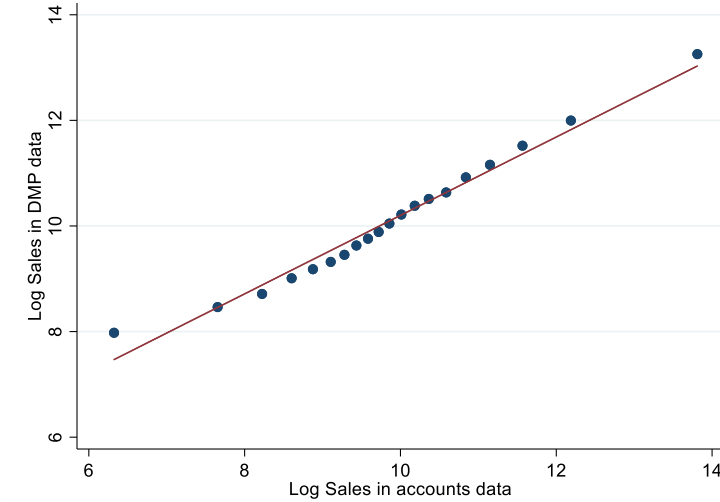
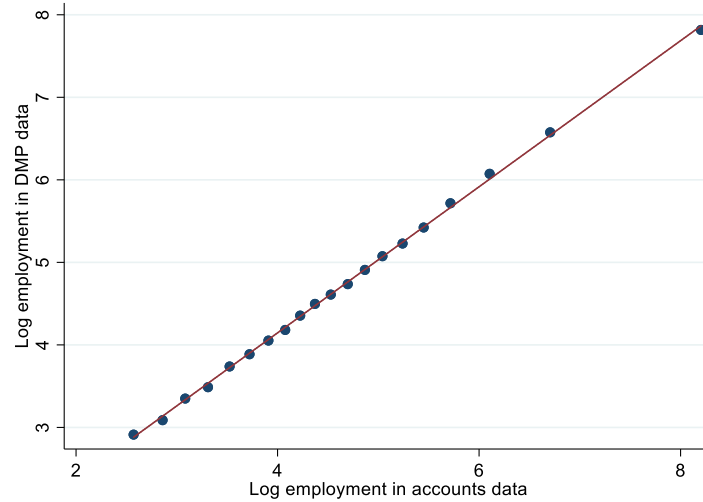
Notes: Other production includes agriculture; forestry & fishing; mining & quarrying; electricity, gas & air conditioning supply; water supply; and sewerage, waste management & remediation activities. Data are averages from 2017 to 2023.

DMP data typically track official data well at the aggregate level



Notes: Own-price growth data refer to the annual change in the prices businesses charge for the goods and services they provide. Latest DMP data are for the 3 months to October 2025. Both series are three-month moving averages. Data on UK CPI inflation is taken from the Office for National Statistics.

Survey data align closely with official company accounts at the firm level

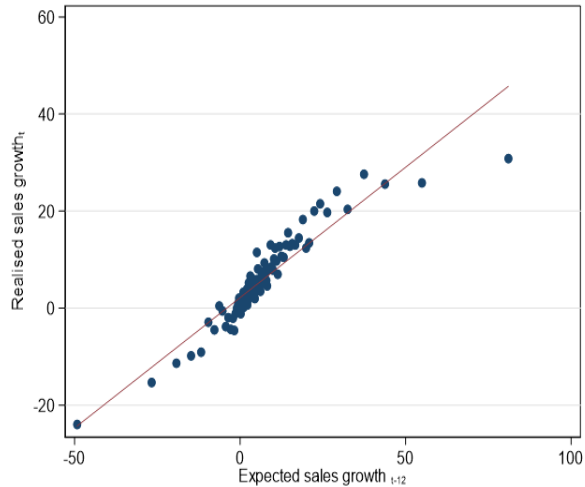


Notes: Sales values from the DMP survey are annualised average quarterly sales reported by businesses across the year. DMP employment data are averages across the year. DMP data are plotted against annual company accounts data from Bureau Van Dijk for the corresponding financial year. The dots on the top charts each represent 5% of observations, grouped by log employment/sales from accounts data. Charts are based on annual data between 2017 and 2023.

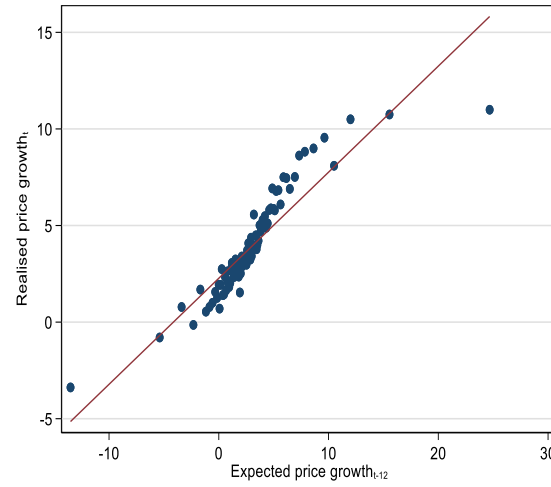
Source: [“The Decision Maker Panel: A User’s Guide”](#)

Firm expectations are closely correlated with realisations one year ahead

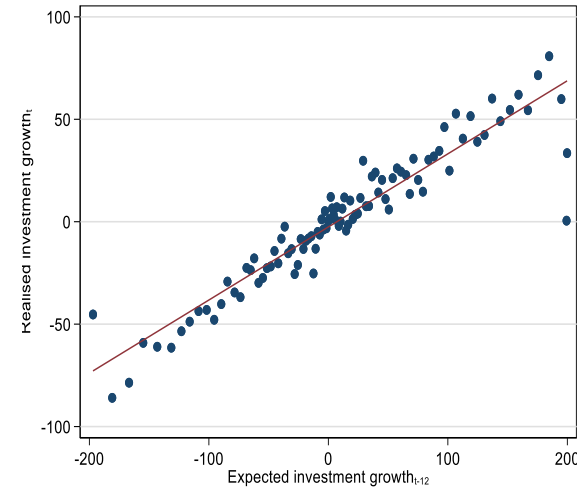
Sales growth



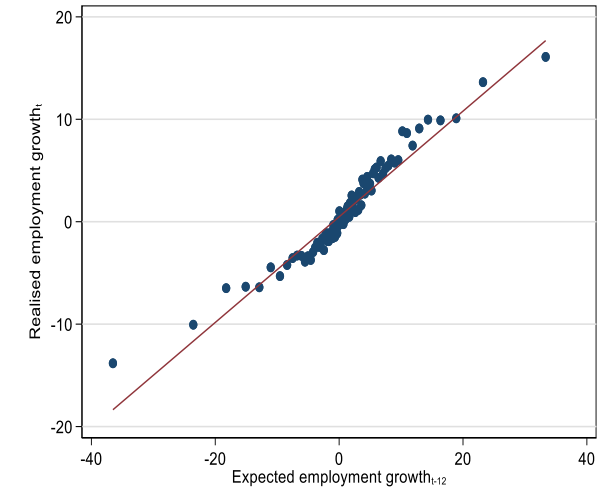
Price growth



Investment growth



Employment growth



Notes: Y-axes show realised growth in sales, employment, prices, and investment. X-axes show expectations for year-ahead growth rates calculated from the 5-bin outcomes and probabilities. Binscatter plots which split responses into 100 groups.

Source: [“The Decision Maker Panel: A User’s Guide”](#)

Novel feature of the DMP survey is asking about the distribution of expectations

Decision Maker Panel



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Looking ahead, from now to 12 months from now, what approximate % change in your AVERAGE PRICE would you expect in each of the following scenarios?

Note:
Price growth scenarios should be ordered from the lowest to the highest.

The LOWEST % change in my prices would be about:	<input type="text" value="1"/>	%
A LOW % change in my prices would be about:	<input type="text" value="2"/>	%
A MIDDLE % change in my prices would be about:	<input type="text" value="4"/>	%
A HIGH % change in my prices would be about:	<input type="text" value="5"/>	%
The HIGHEST % change in my prices would be about:	<input type="text" value="8"/>	%

Decision Maker Panel



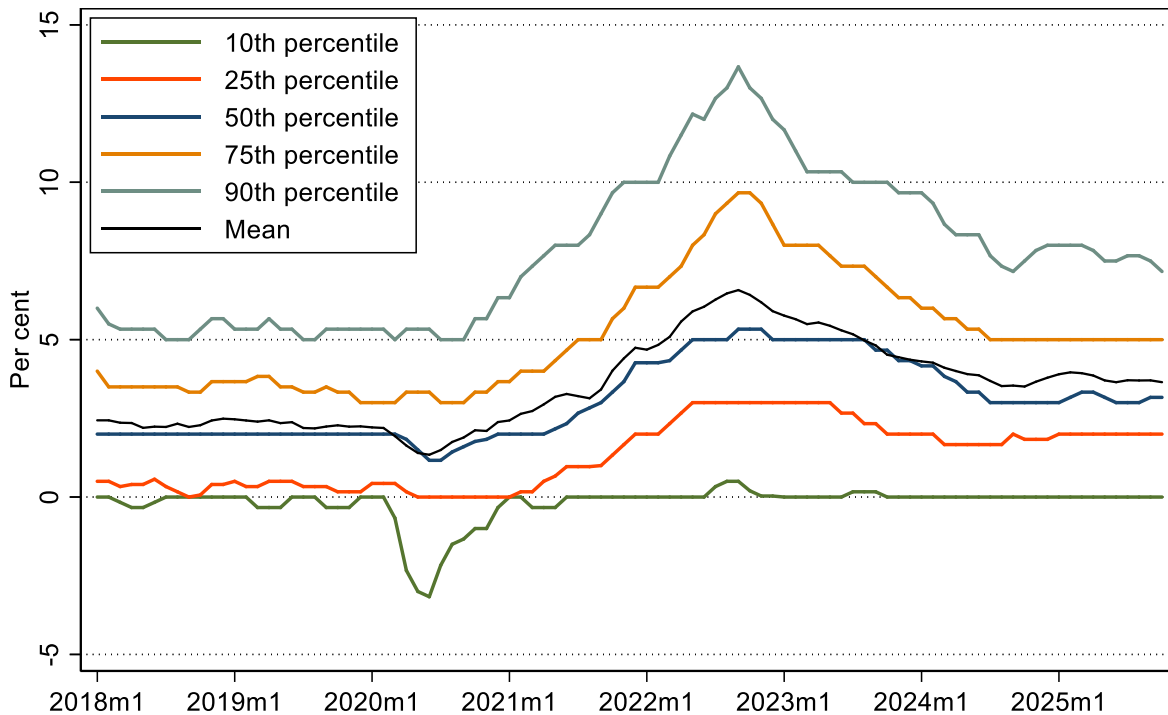
BANK OF ENGLAND

Please assign a percentage likelihood (probability) to the % changes in your AVERAGE PRICES you entered (values should sum to 100%).

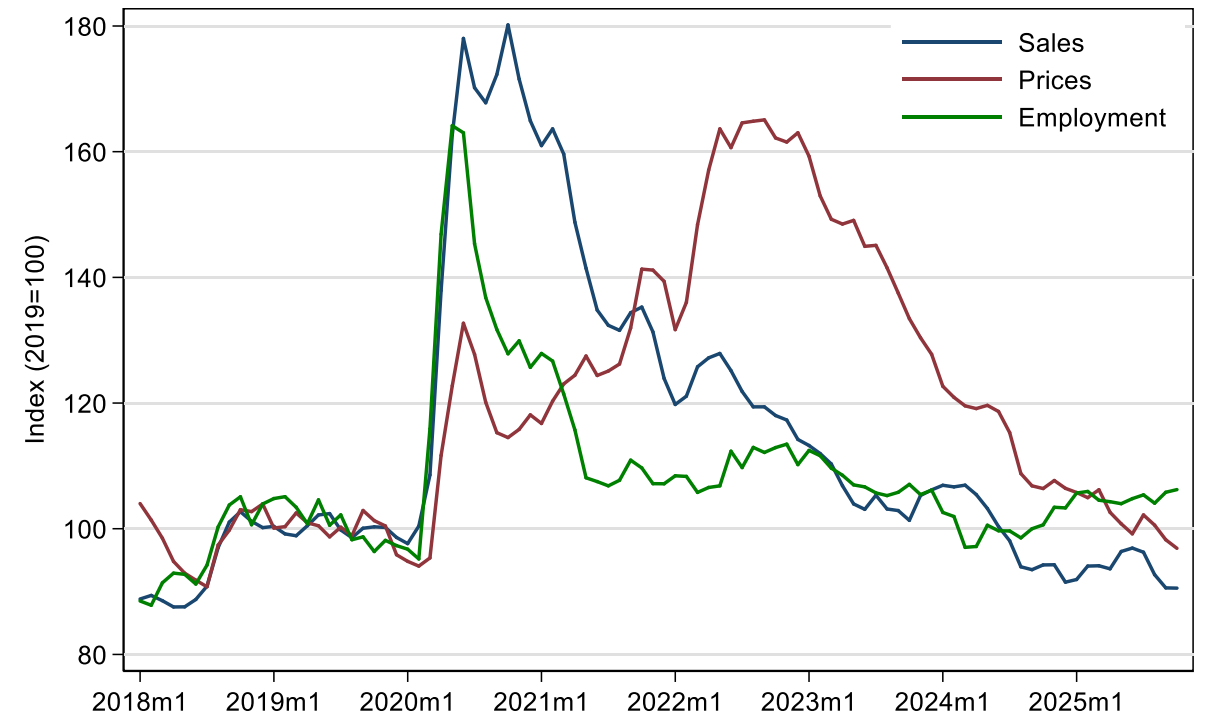
LOWEST: The likelihood of realising about 1% would be:	<input type="text" value="5"/>	%
LOW: The likelihood of realising about 2% would be:	<input type="text" value="15"/>	%
MIDDLE: The likelihood of realising about 4% would be:	<input type="text" value="40"/>	%
HIGH: The likelihood of realising about 5% would be:	<input type="text" value="20"/>	%
HIGHEST: The likelihood of realising about 8% would be:	<input type="text" value="20"/>	%
Total	<input type="text" value="100"/>	%

Expectations responses can be used to construct distributions and uncertainty *within* firms

Distribution of expected own-price growth



Measures of *within*-firm uncertainty

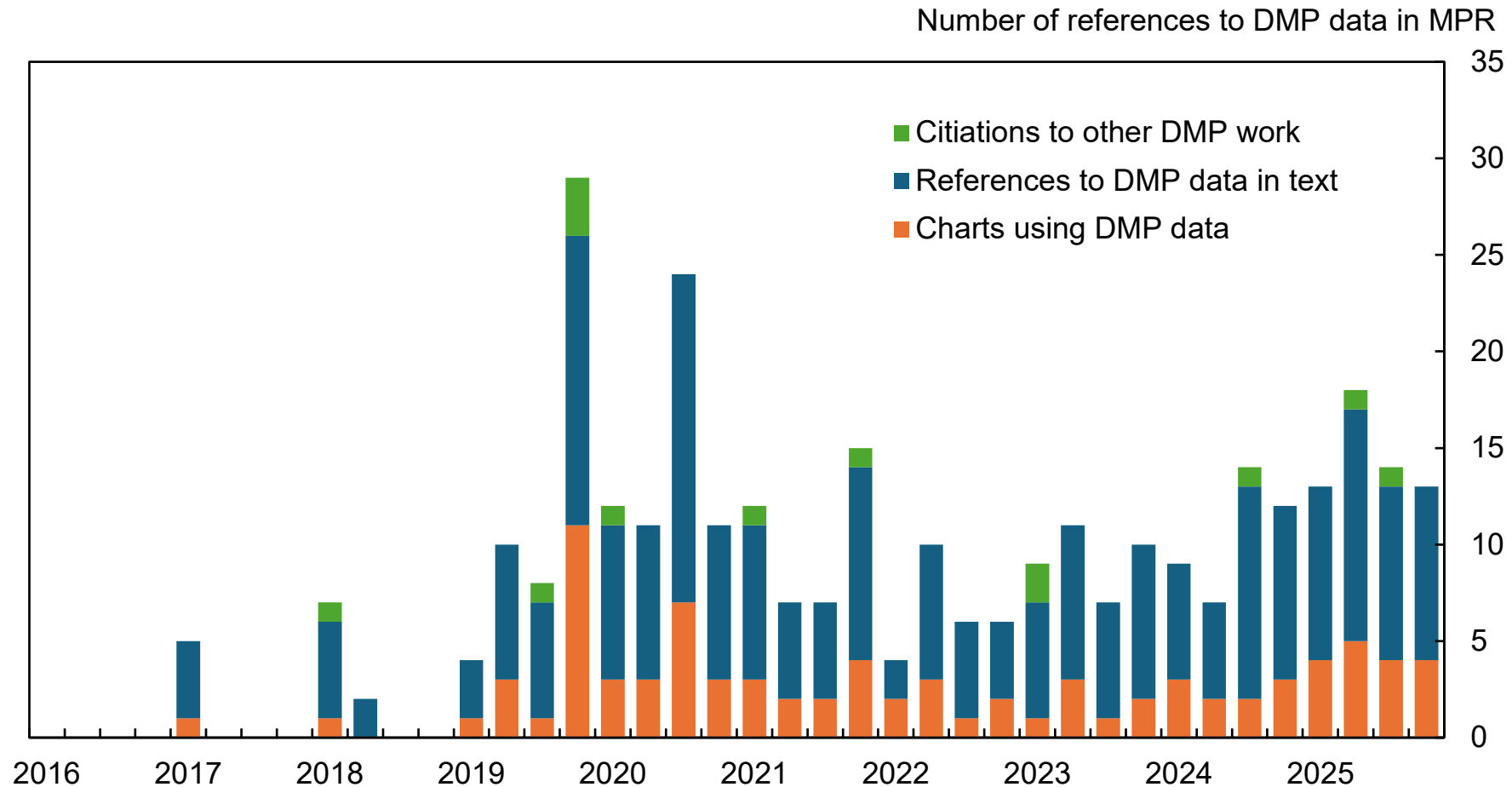


Notes: Both charts show three-month moving average data

Flexible tool for helping to understand the impact of economic shocks, and the past 9 years have been eventful.....

1. Brexit referendum and UK leaving the EU
2. Covid-19 pandemic
3. Russia-Ukraine war; Energy price shock; High inflation and cost of living crisis
4. Sharp increases in interest rates from 2021
5. 2025 US trade policy uncertainty

Policy impact of the DMP: number of references in Bank of England Monetary Policy Report

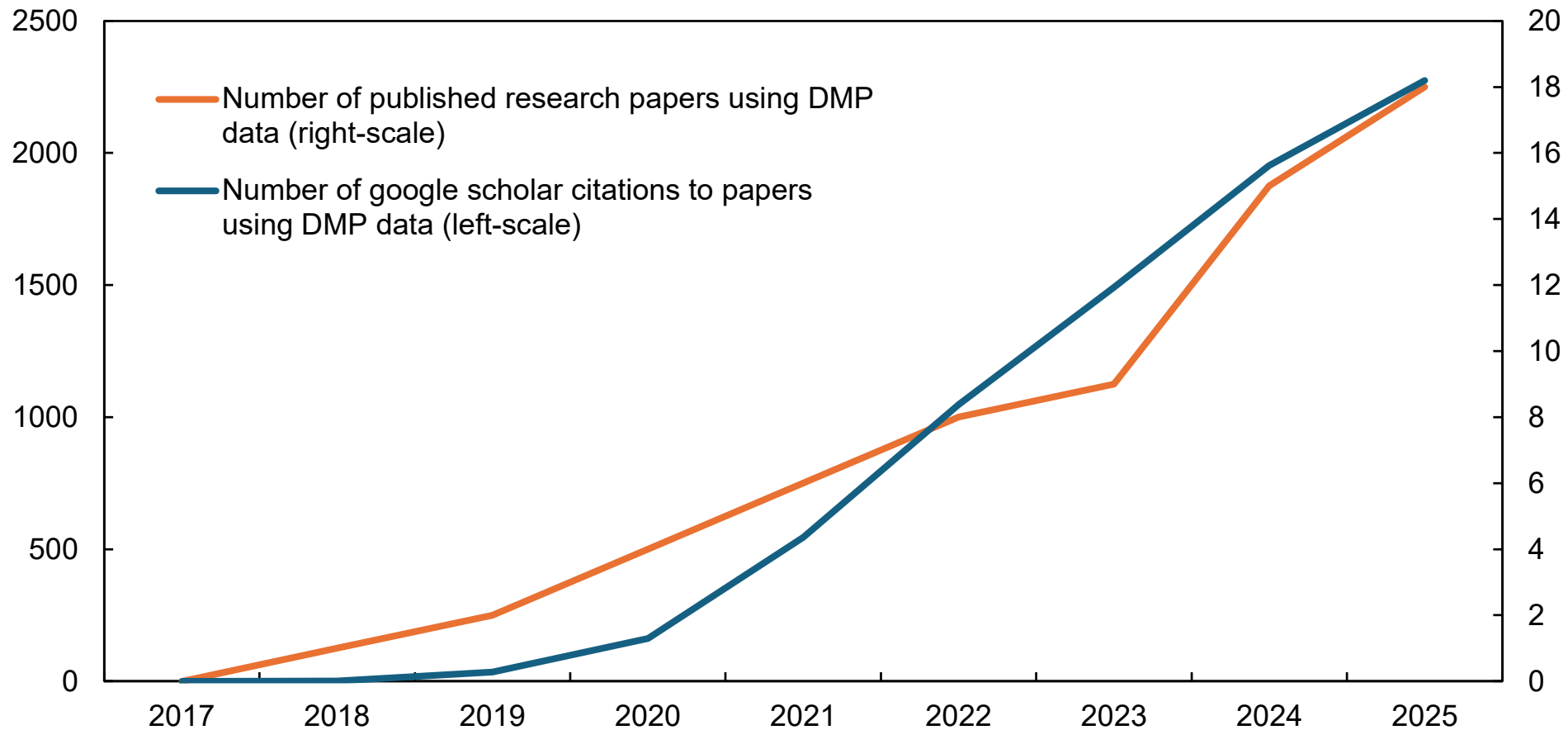


- Over 300 references to DMP data in MPRs since 2017.
- DMP data also used in policy work by other organisations such as HMT, OBR and Low Pay Commission.

UK businesses have been hit by a succession of shocks over the past 9 years. A lot of our research has analysed how firms are responding to these shocks.

1. Brexit referendum and UK leaving the EU (Bloom et al. [2018](#), [2019](#), [2025](#);))
2. Covid-19 pandemic ([Altig et al. 2020](#); [Bloom et al. 2025](#))
3. Russia-Ukraine war; Energy price shock; High inflation and cost of living crisis ([Yotzov et al. 2022](#); Bunn et al. [2022](#), [2025](#); [Yotzov et al. 2025](#))
4. Sharp increases in interest rates since 2021 (Shah et al. [2024a](#), [2024b](#), [2025](#))
5. 2025 US trade policy uncertainty ([Bloom et al. 2025](#))

Research impact of DMP: number of published papers using DMP data and google scholar citations to those



- 18 full research papers published using DMP data so far (6 in journals) + plenty more in the pipeline
- 18 registered research projects using DMP data outside of the DMP team

What's next?

- Inflation – More on firm price-setting, inflation expectations and wages
- Impact of labour market policies – effects of increases in employer National Insurance contributions and National Living Wage
- Monetary policy – businesses' expectations for Bank Rate, role of hurdle rates in the transmission mechanism
- Growth and productivity – financial constraints and their impact on investment, expectations for the impact of AI (including international comparisons)
- Matching DMP data to ONS (and other) datasets

Bank of England

Understanding Business Conditions, Expectations and Uncertainty

King's College London

17 November 2025

Dr. Catherine L. Mann

External Member of the Monetary Policy Committee



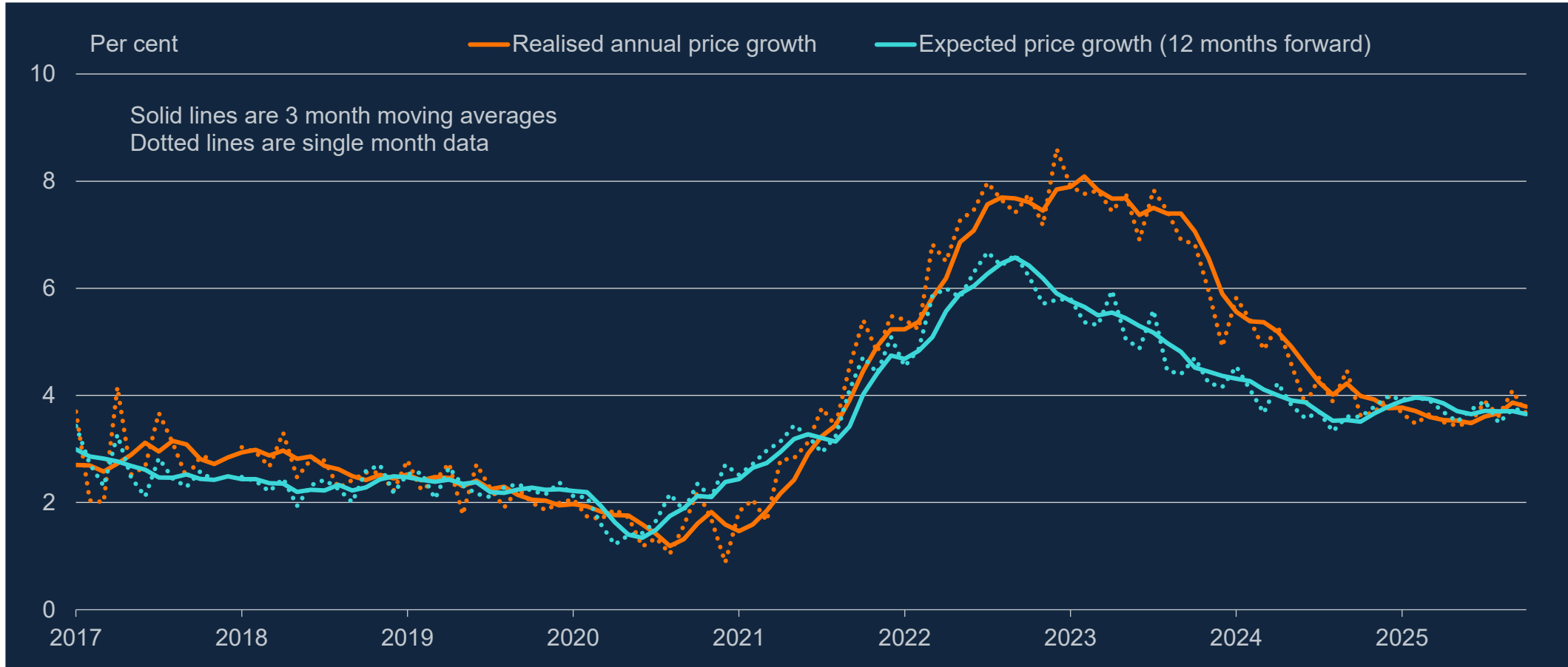


Why do monetary policymakers care
about firms?

1) Their role as price setters in the economy:

Expected price growth has flattened, but above pre-Covid levels

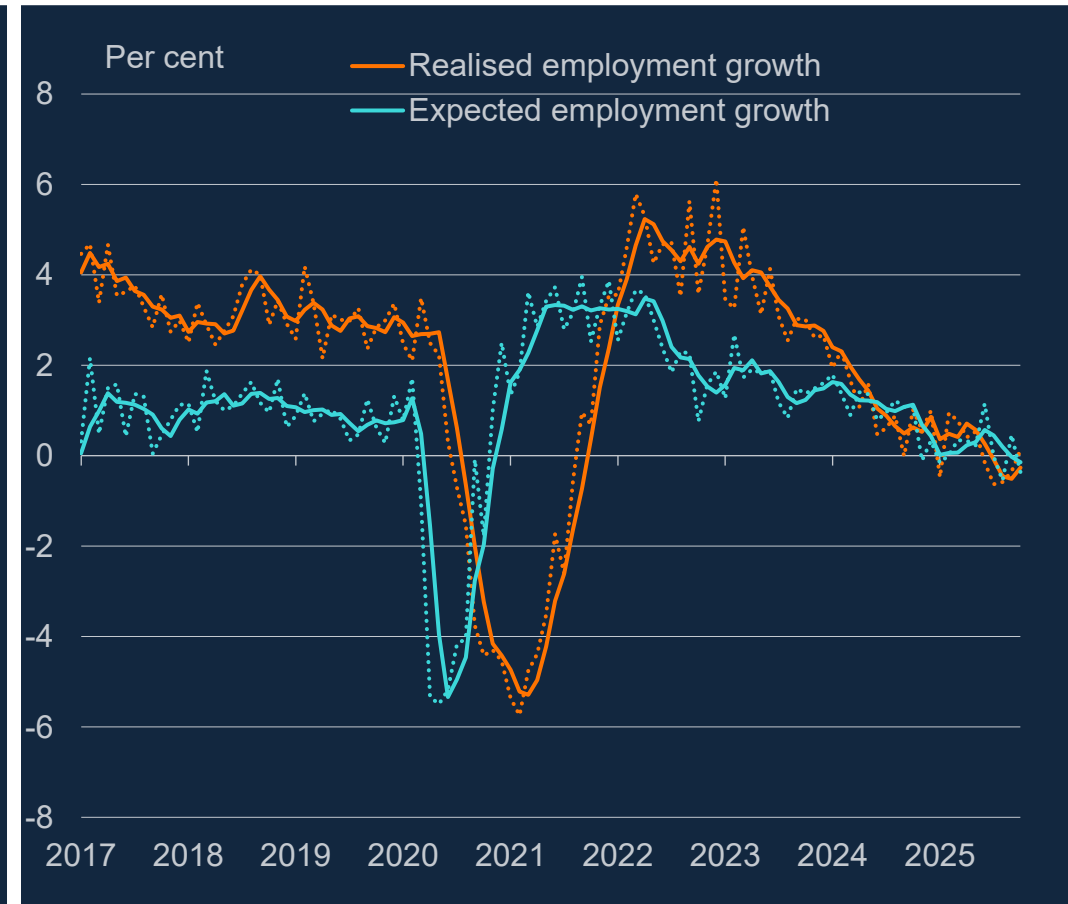
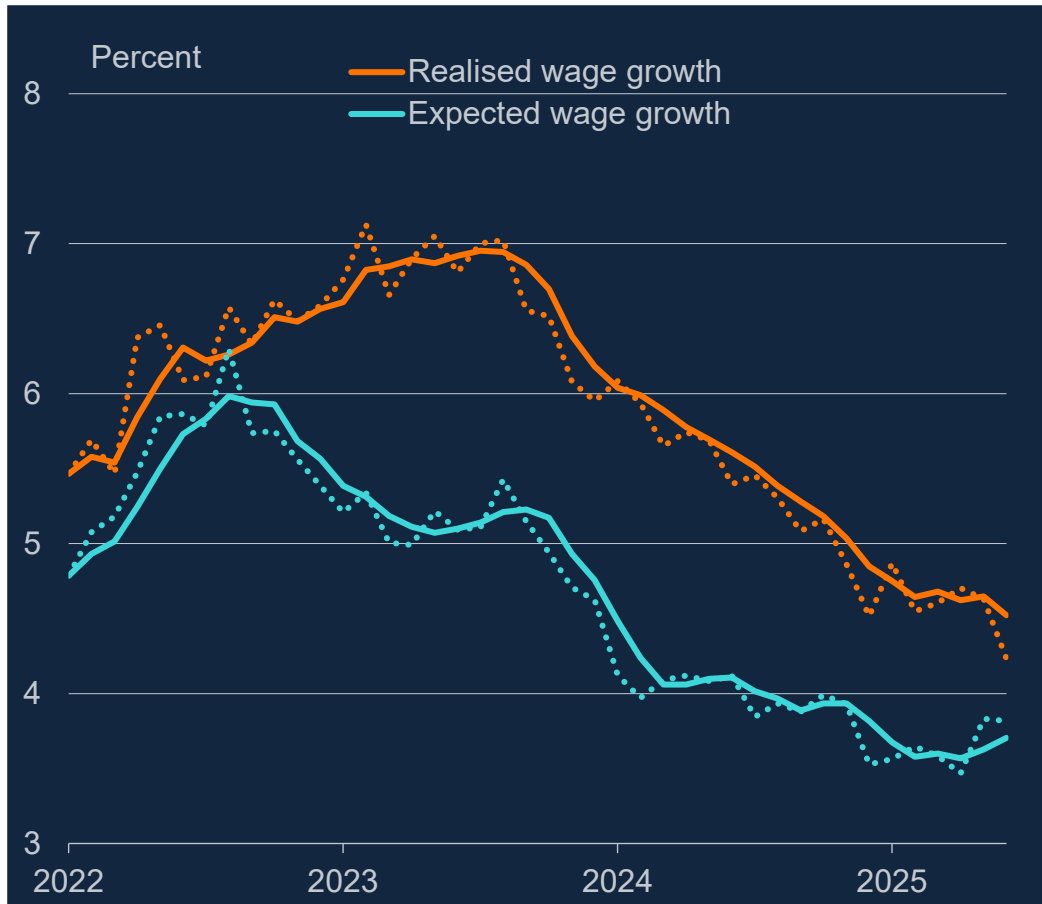
Realised and expected 1-year ahead own price growth



Source: Decision Maker Panel.
Latest data: October 2025.

2) Their role as wage setters and employers in the economy:

Employment growth is slowing, as has wage growth, but which is not yet target-consistent
Realised and expected 1-year ahead wage (LHS) and employment (RHS) growth

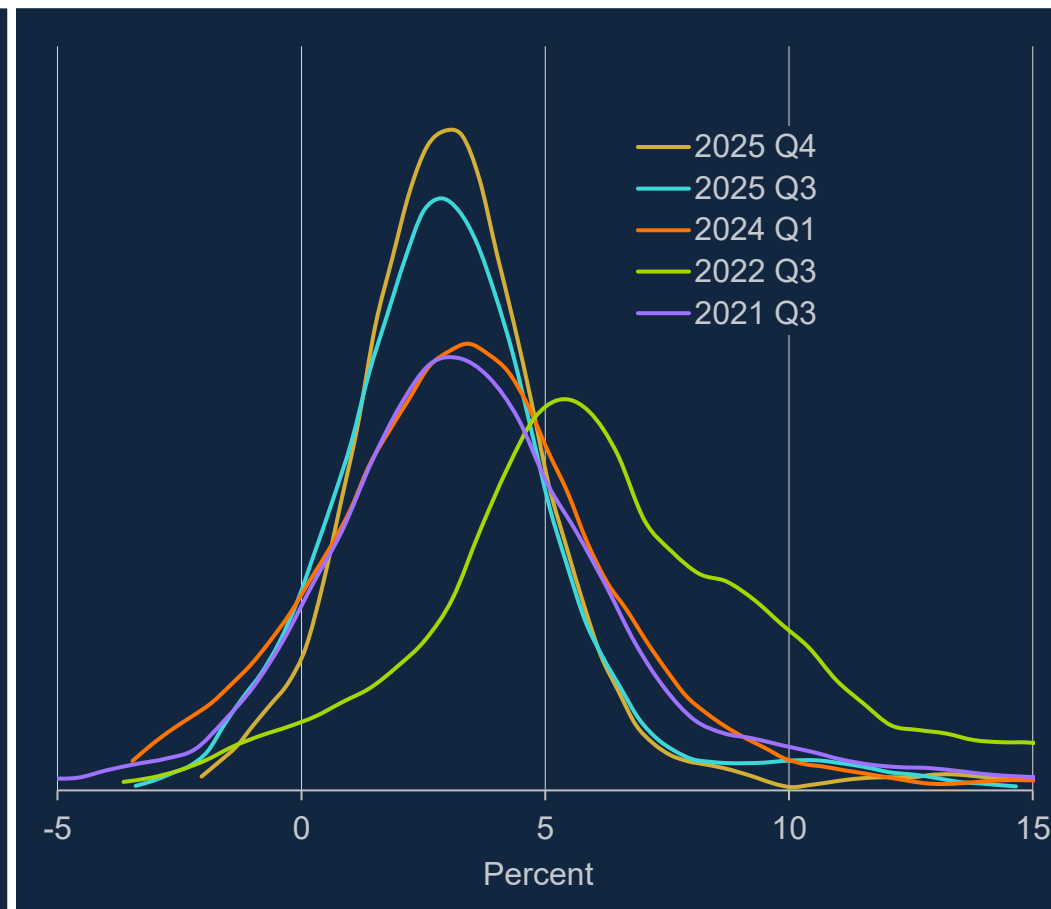
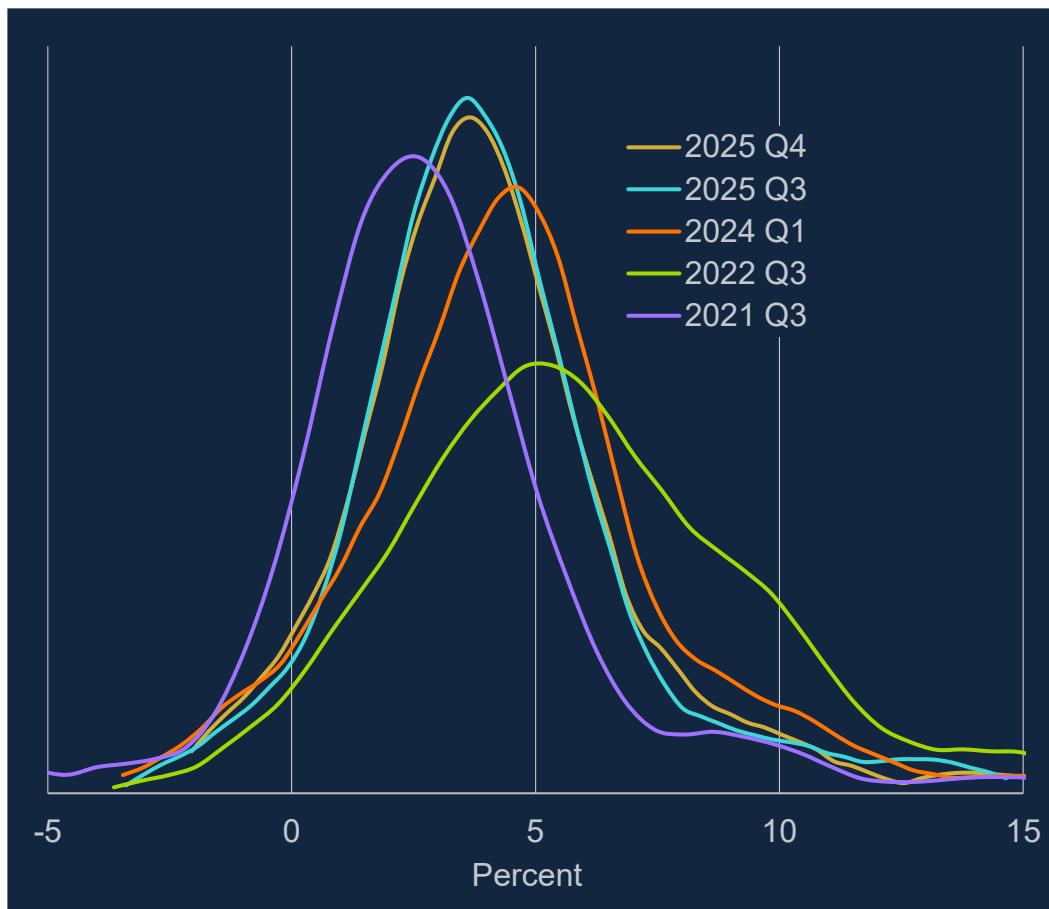


Source: Decision Maker Panel.
Latest data: October 2025.

1) Their role as price setters in the economy:

Underlying expectations distributions are informative about inflation prospects

1-year ahead price expectations (LHS: services, RHS: goods)

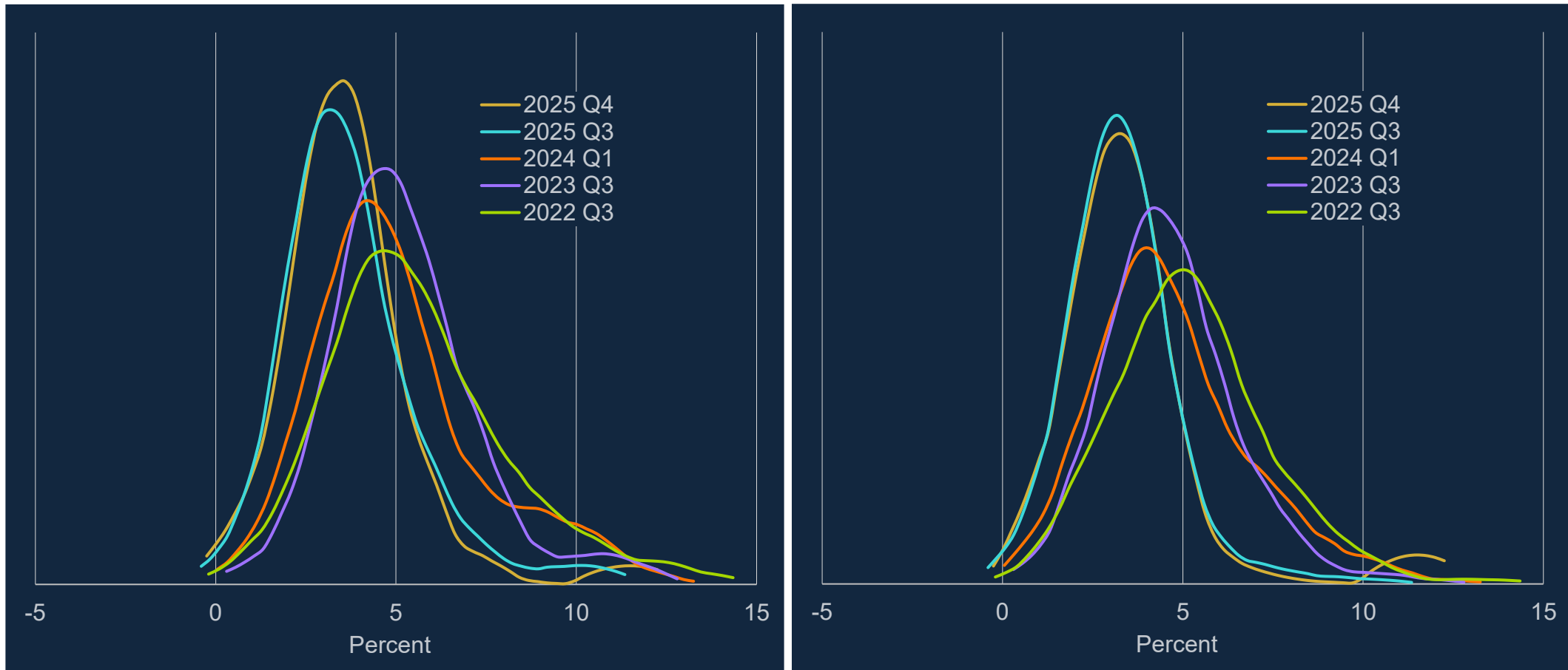


Source: Decision Maker Panel.
Latest data: October 2025.

2) Their role as wage setters in the economy:

Skew in underlying expectations distributions has been useful to assess normalization

1-year ahead wage expectations (LHS: services, RHS: goods)

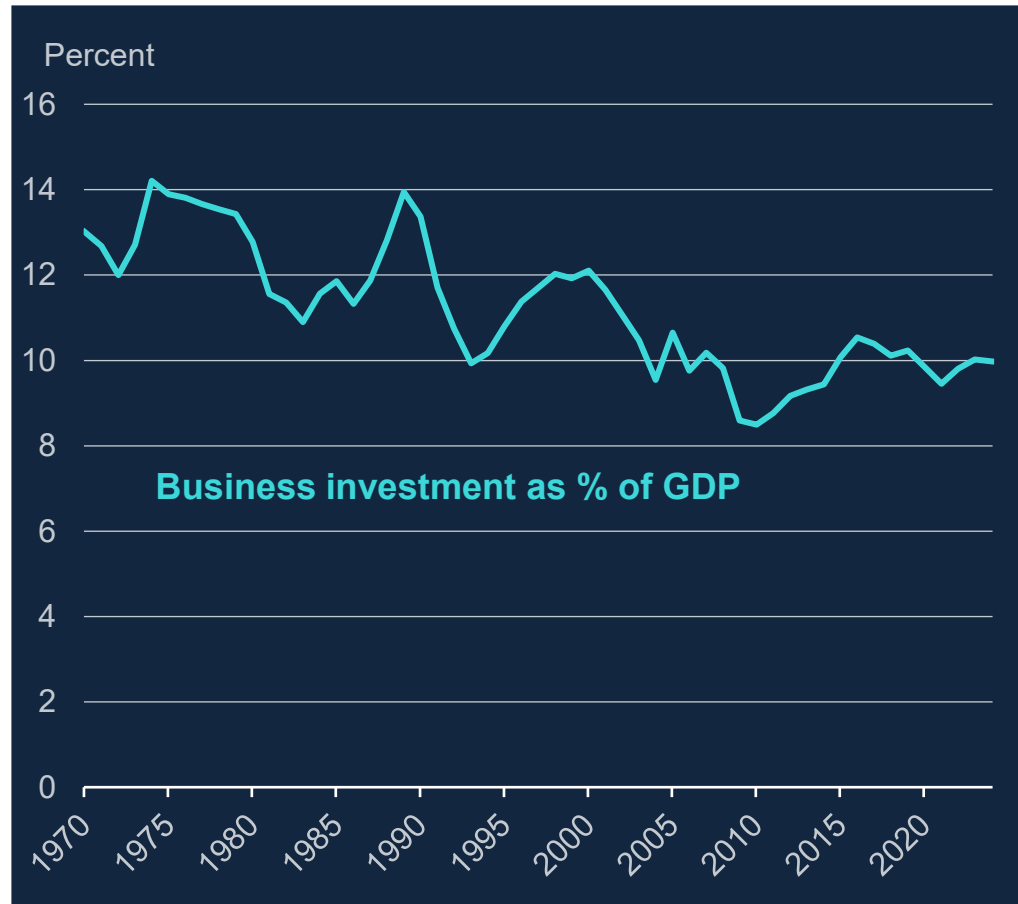


Source: Decision Maker Panel.
Latest data: October 2025.

3) Their role in investment:

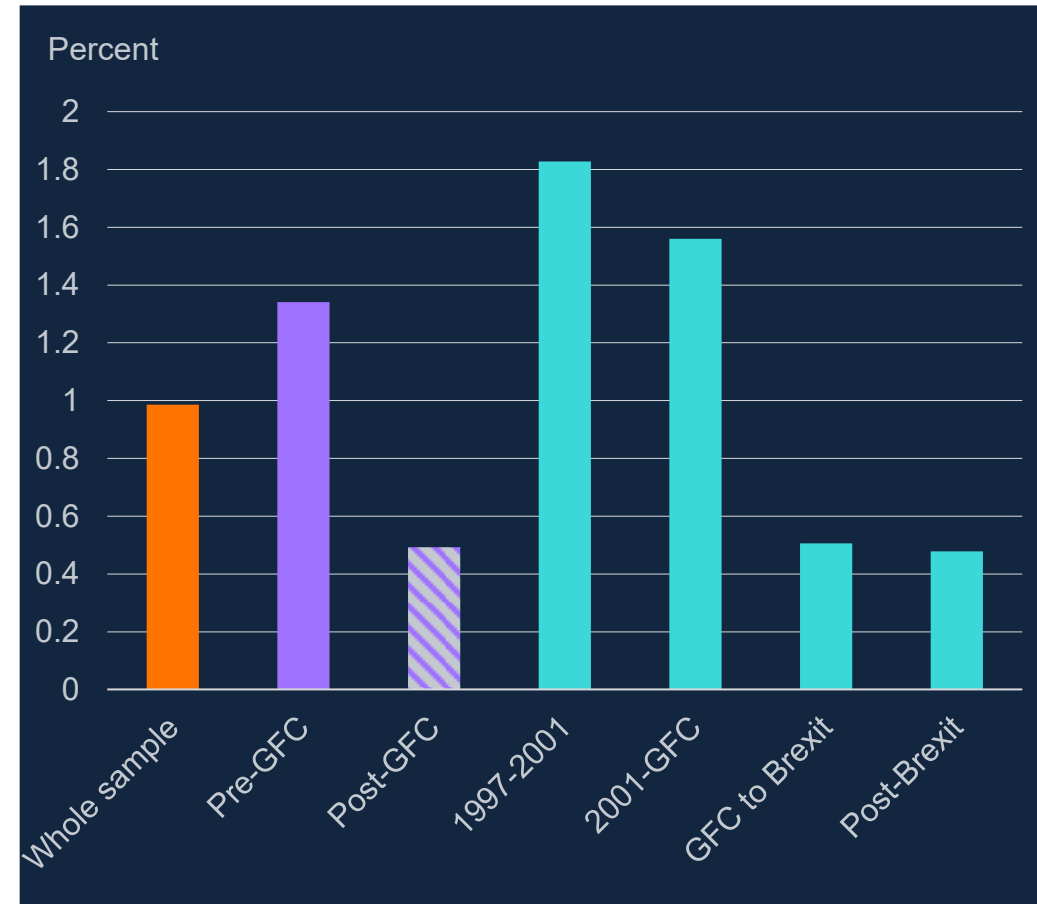
Central bank 'speed limit' is reduced by weakness in UK investment & productivity growth

UK Business Investment as % of GDP



Source: ONS, reproduced from [Alayande and Coyle \(2023\) 'Investment in the UK: Longer Term Trends', Working Paper No. 040, The Productivity Institute](#)
Latest observation: 2023 Q4.

UK multi-factor productivity, avg. annual growth



Source: ONS and Bank calculations.
Latest observation: 2022.

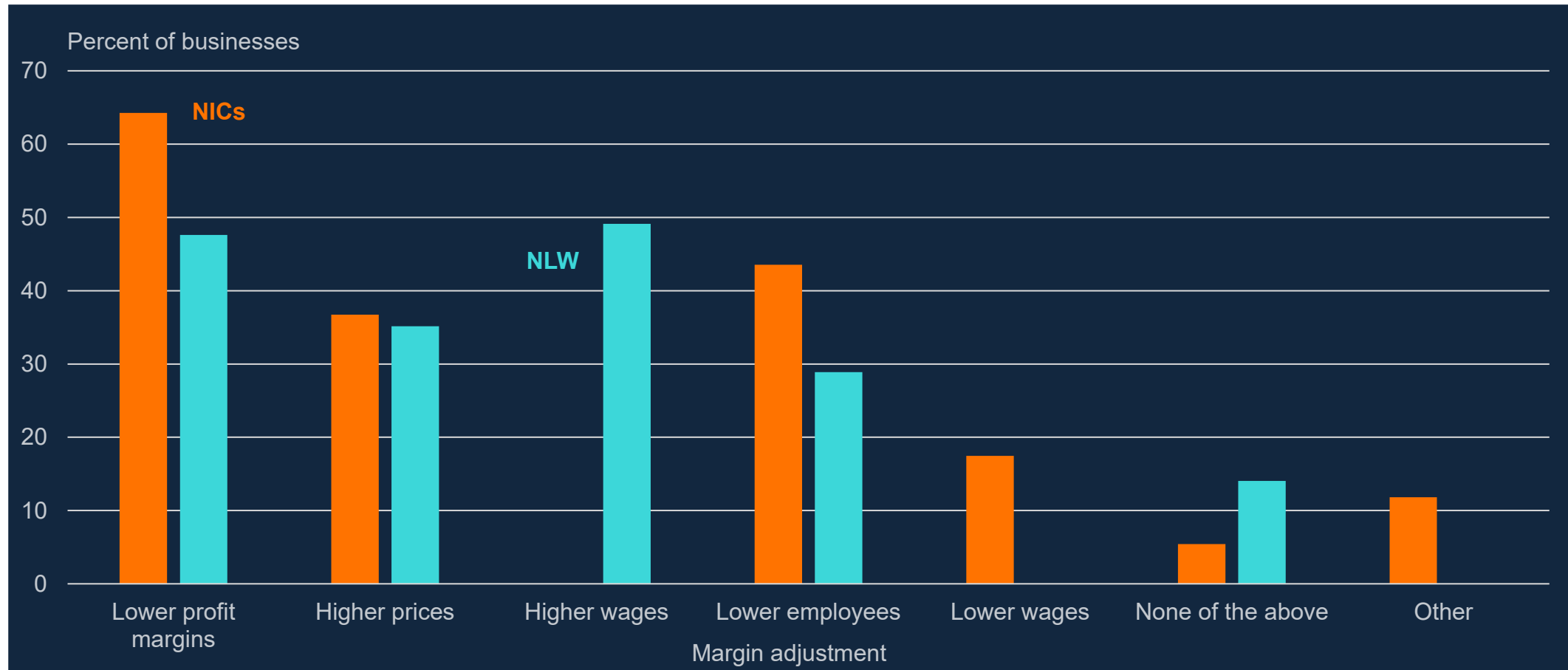


Topical policy and research issues

1) Impact of fiscal policy (NICs and NLW):

More firms reduced margins and employees in response to NICs

Share of firms reporting different margins of adjustment due to NICs and NLW

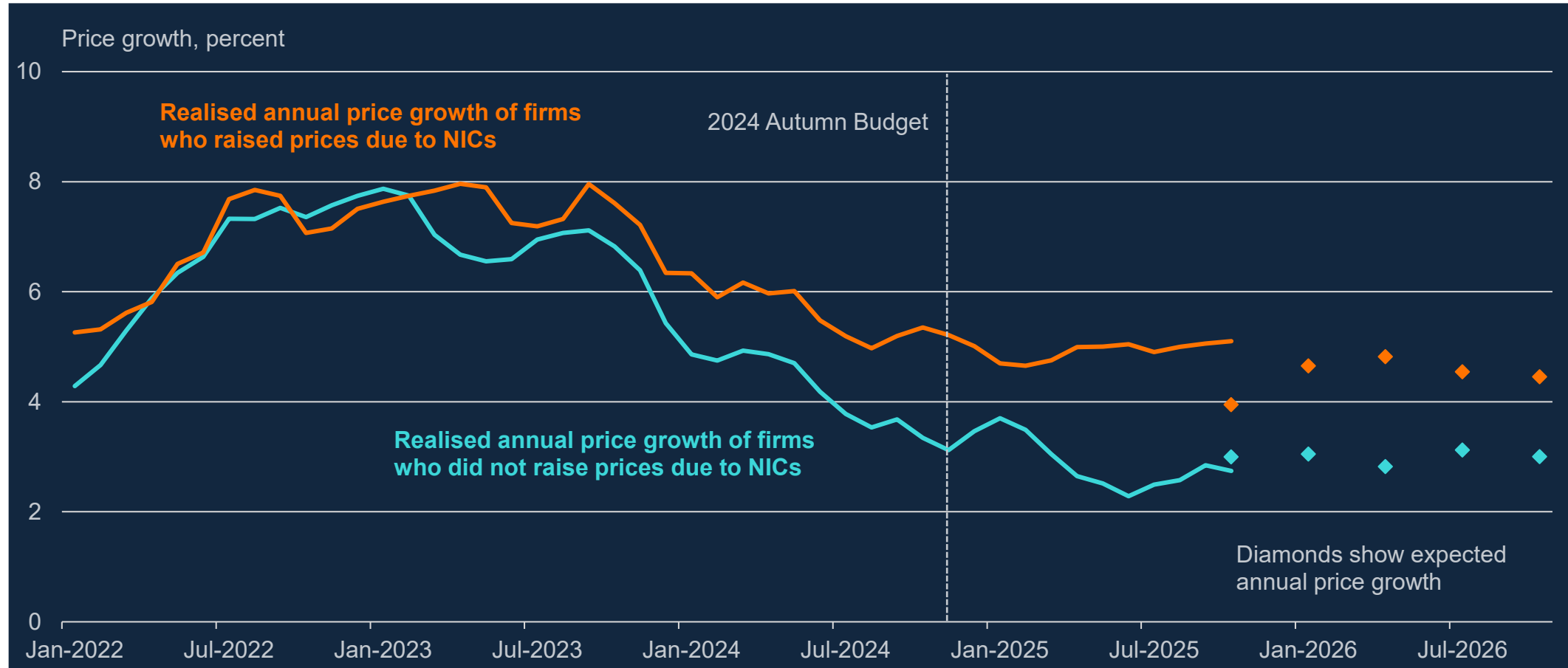


Source: Decision Maker Panel.
Latest data: October 2025.

1) Impact of fiscal policy (NICs and NLW):

Firms that raised prices due to NICs expect higher price growth for the year ahead

Realised and expected 1-year ahead own price growth



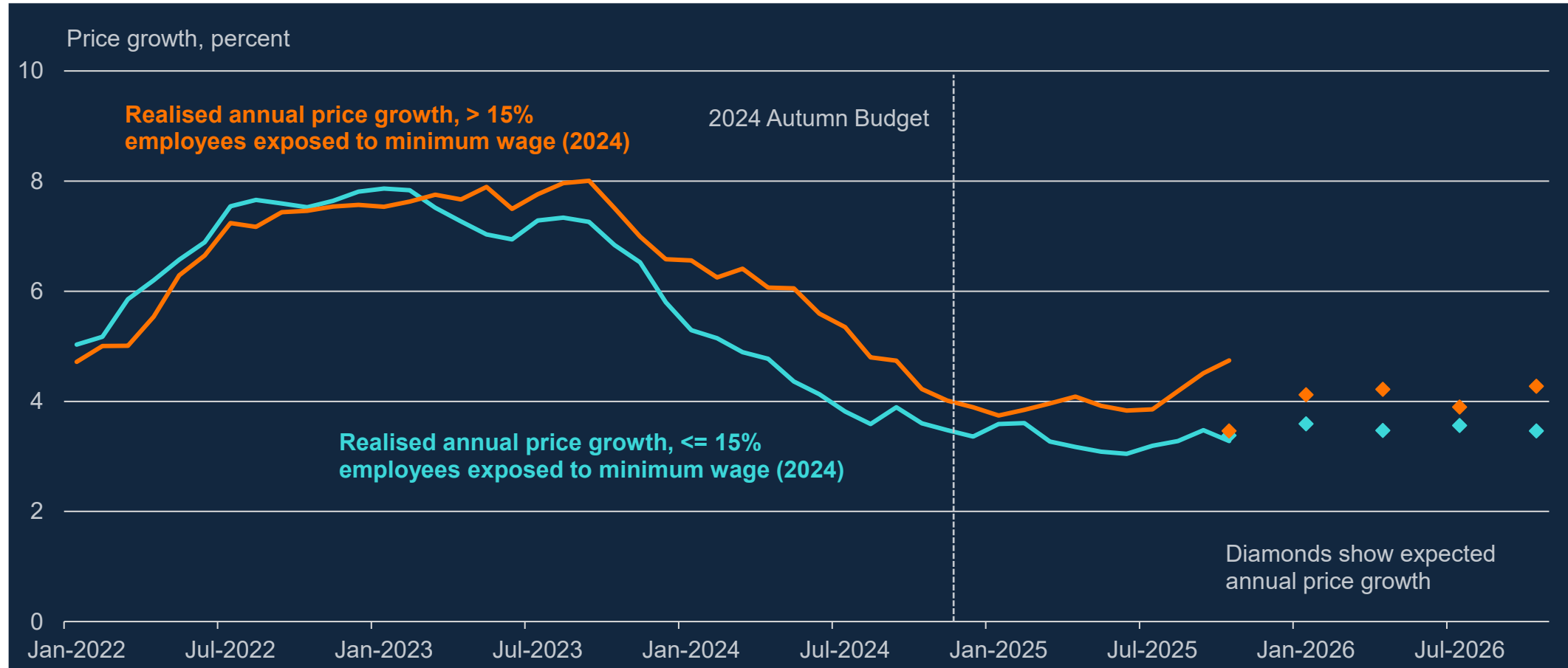
Source: Decision Maker Panel.

Notes: Solid lines and diamonds show 3 month moving averages. Latest data: October 2025.

1) Impact of fiscal policy (NLCs and NLW):

Firms exposed to NLW reported higher realised and expected price growth

Realised and expected 1-year ahead own price growth



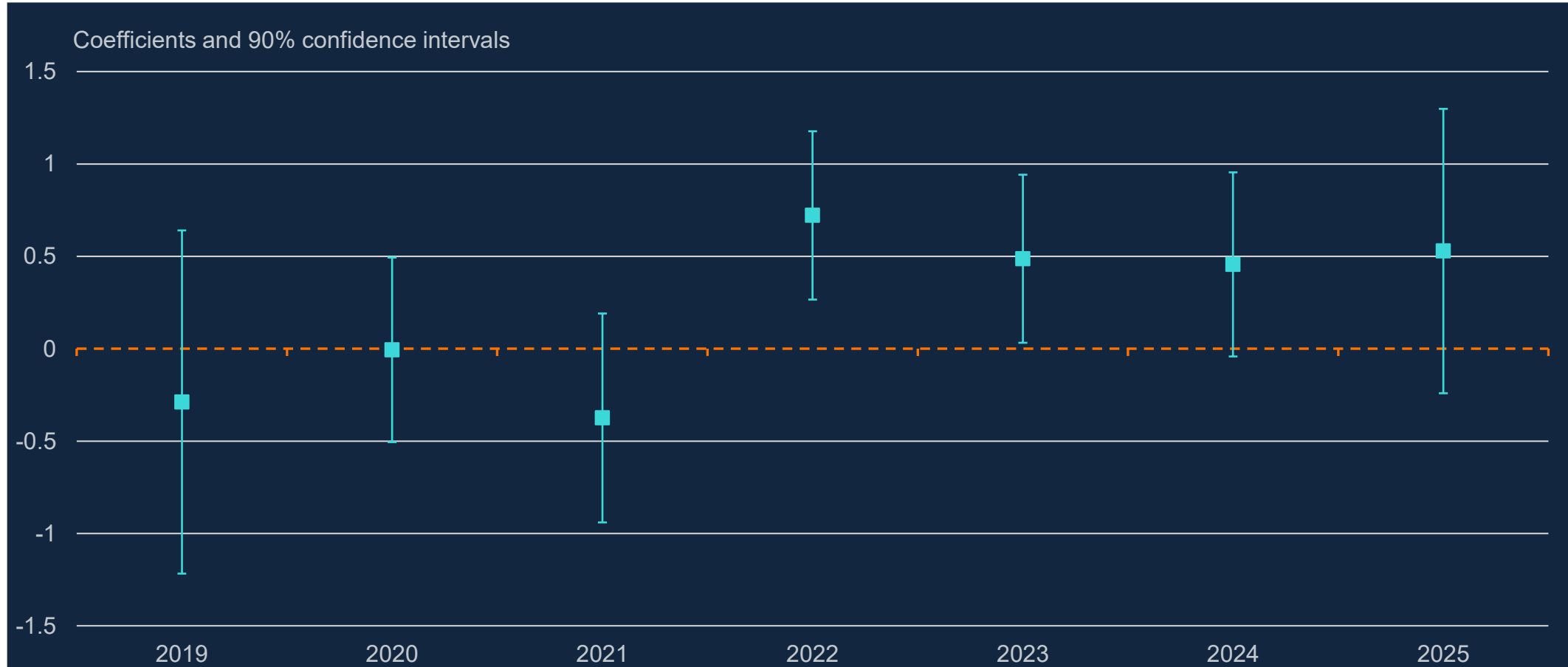
Source: Decision Maker Panel.

Notes: Solid lines and diamonds show 3 month moving averages. In 2024, the percentage of firms with >25% at the NLW was 25%. Latest data: October 2025.

2) Firms' attentiveness to CPI releases:

Firms' own-price expectations have become more sensitive to CPI news

Sensitivity of firms' own-price growth expectations and 90% confidence intervals

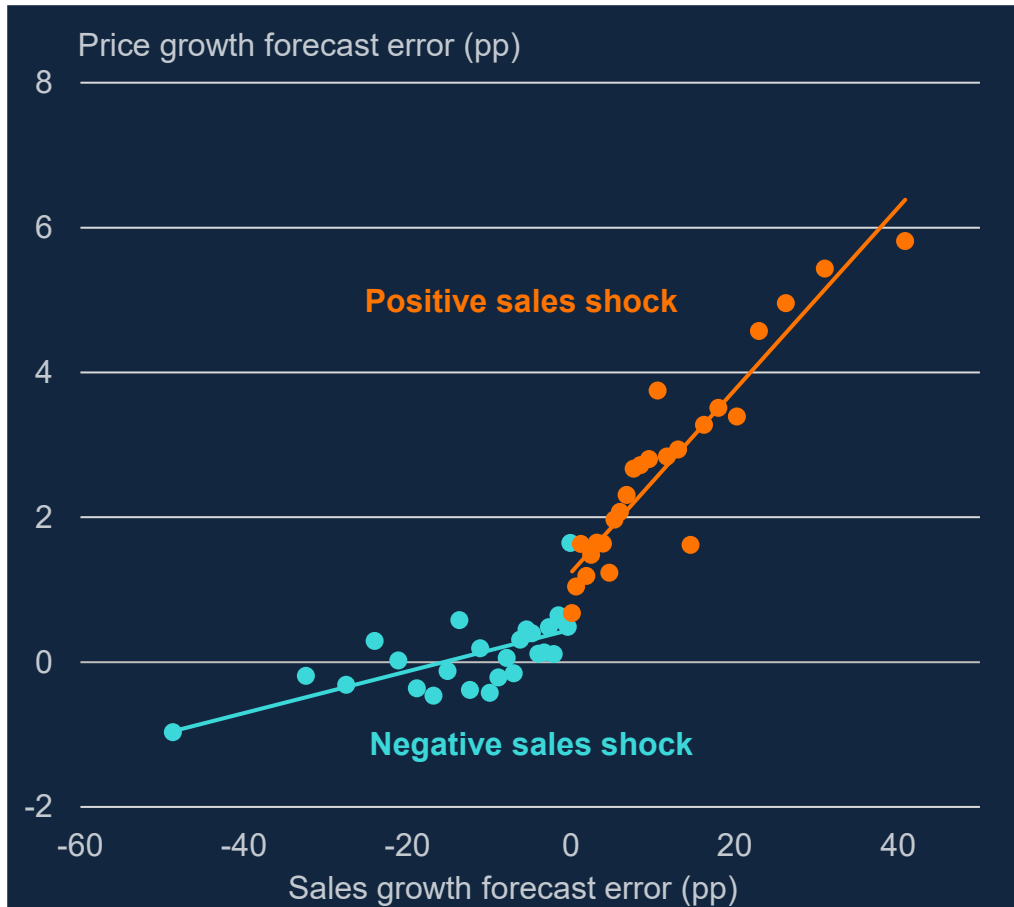


Source: [Yotzov et al. \(2025\)](#), as shown in [Greene \(2025\)](#).

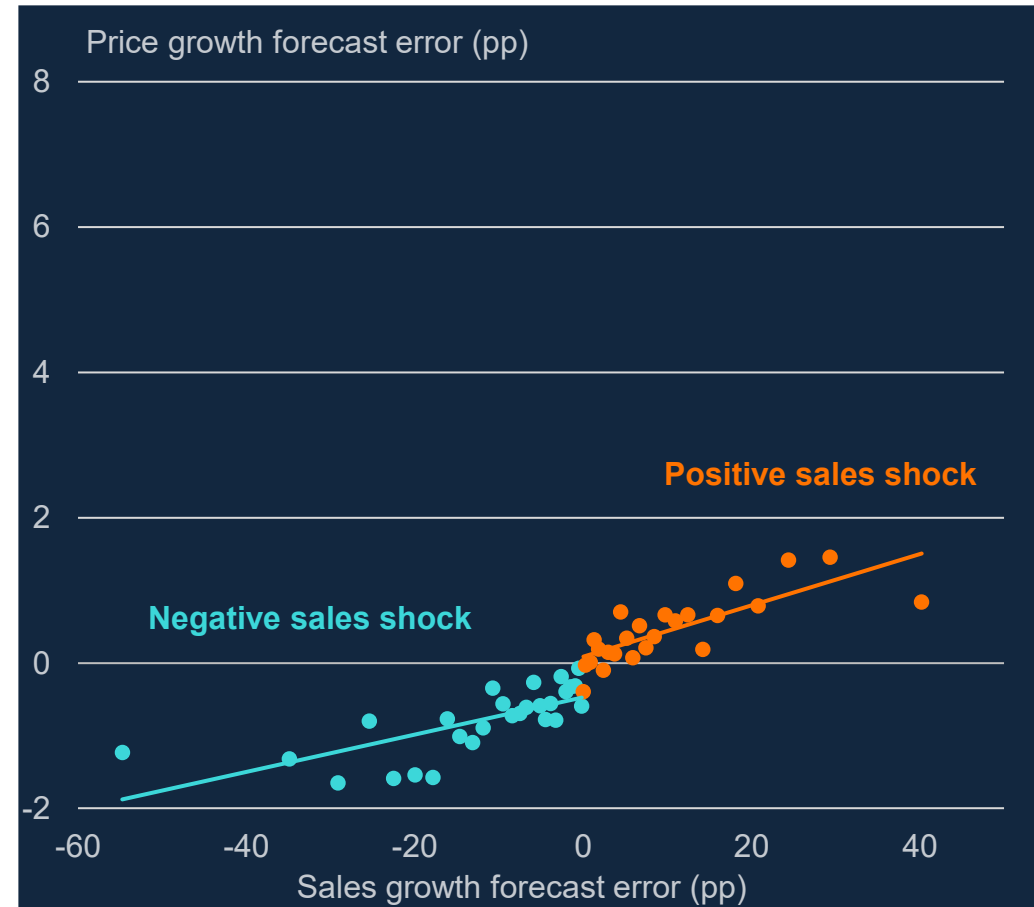
2) Firms' pricing is asymmetric to demand at the 4% threshold

State-dependency has increased, which is part of the stickiness story

High-inflation firms



Low-inflation firms

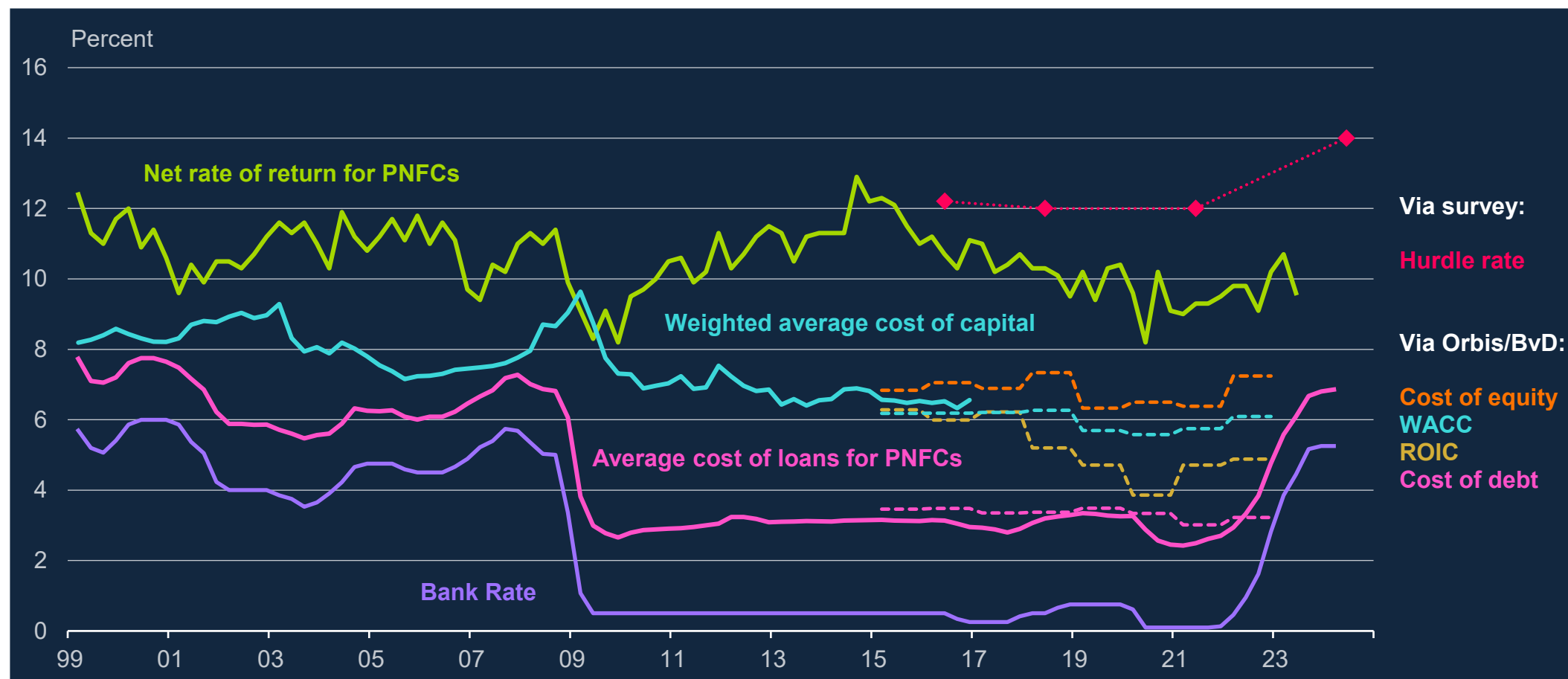


Source: [Bunn et al. \(2025\)](#).

Note: High-inflation firms are firms with average price growth across the full sample above 4% (sample average). Low-inflation firms are firms with average price growth across full sample below 4%. All figures are based on data from UK firms in the Decision Maker Panel.

3) Inputs to investment: Cost of capital measures vary

How much does management (hurdle rate) matter relative to monetary policy (interest rate)?



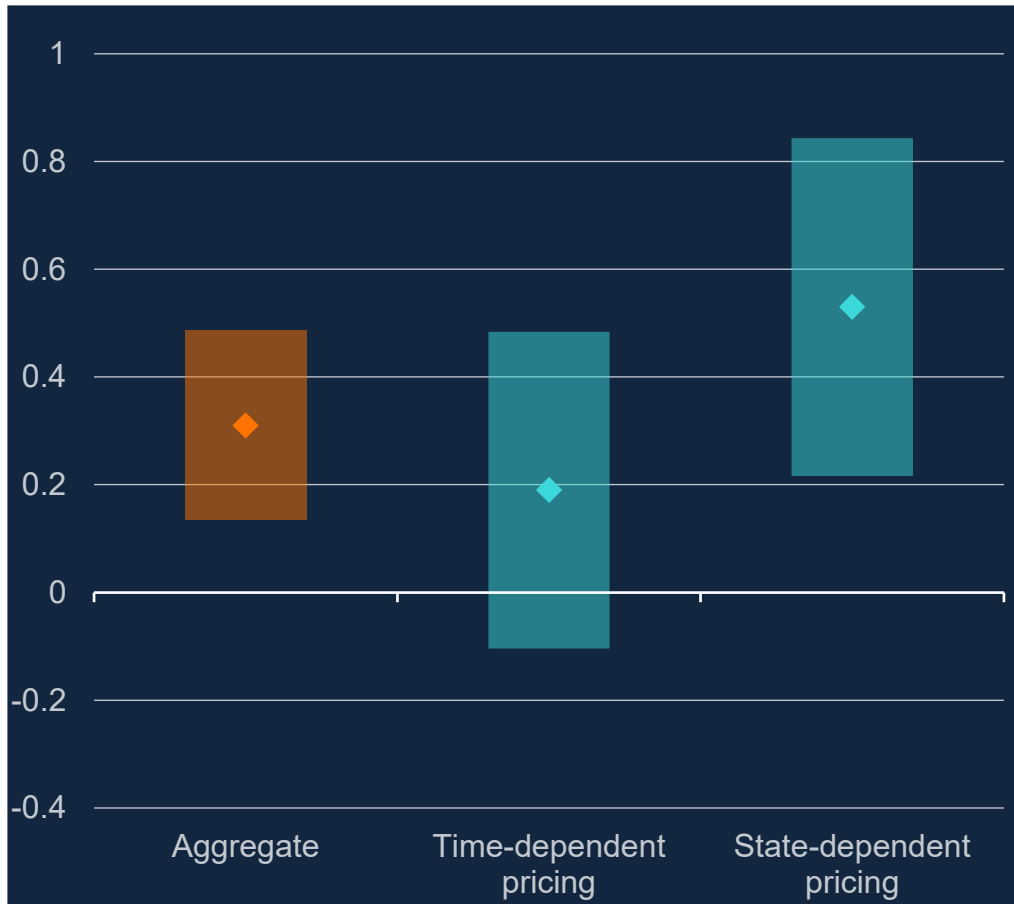
Source: Adapted from [Saleheen, Levina, Melolinna, and Tatomir \(2017\)](#), 'The financial system and productive investment: new survey evidence' and [Melolinna, Miller, and Tatomir \(2018\)](#), 'Business investment, cost of capital and uncertainty in the United Kingdom—evidence from firm-level analysis'.

Notes: Dashed lines show different measures of cost of capital derived from a cross-section of firms. Survey evidence on businesses' hurdle rates for 2016 is based on Saleheen et al. (2017) and thereafter from the Decision Maker Panel.

3) Firms' investment decisions are state dependent:

These results suggest that sales surprises matter, but financial constraints do not

Gross investment response to 1% unexpected sales surprise



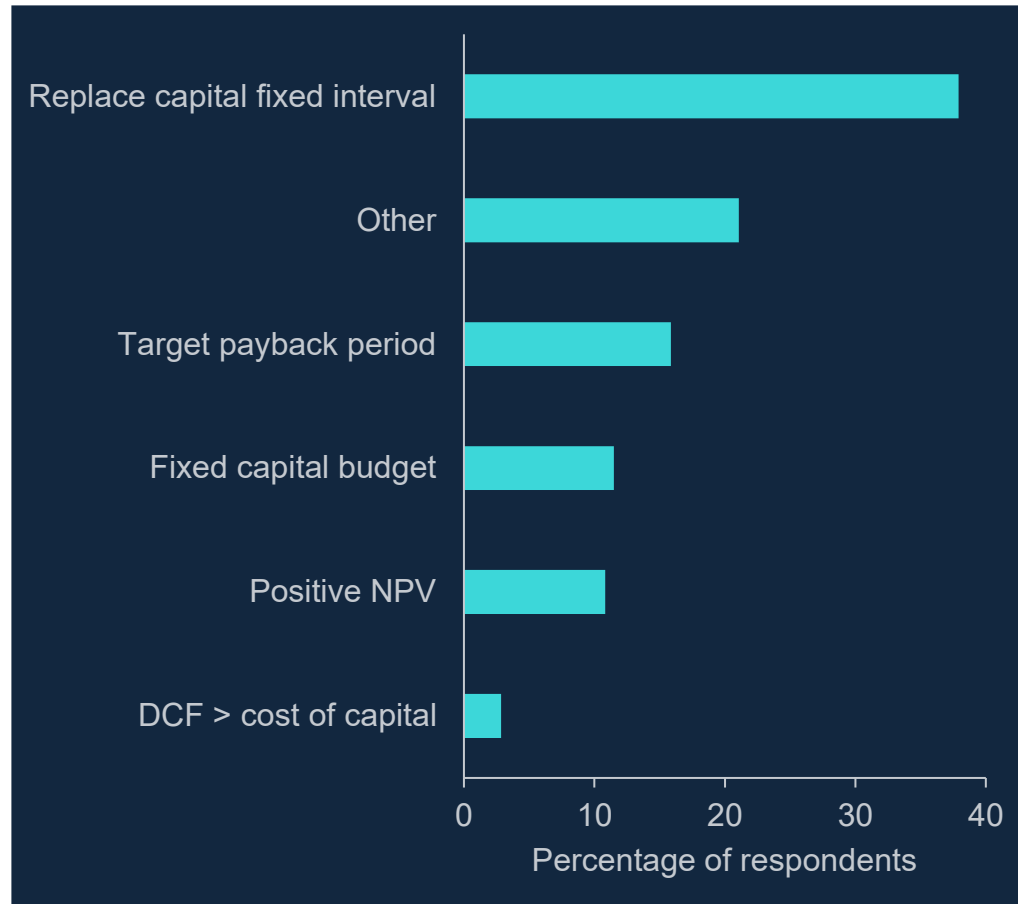
Source: [Alati, Fischer, Froemel and Ozturk \(2024\), 'Firms' Sales Expectations and Marginal Propensity to Invest'](#).
Notes: Regression coefficients in diamonds and confidence intervals in shaded areas. All firms are shown in orange, and the sample split by firms that, in the DMP, reported using time-dependent and state-dependent pricing are in aqua.

- A measure of a firm's marginal propensity of invest
 - A 1 % unexpected sales surprise increases gross investment by 0.31 %.
 - The effects are stronger for firms using state-dependent pricing (more attentive to the environment)
 - Uncertainty increases a firm reaction to sales growth surprises – consistent with gaining more information and learning from the surprise.
- On cost of capital?
 - No statistical finding for financial constraints to explain firm investment

3) Firms' investment decisions: hurdle rates vs. interest rate

These observations point to interest rate sensitivity

Alternatives to hurdle rates



Interest rate sensitivity of investment

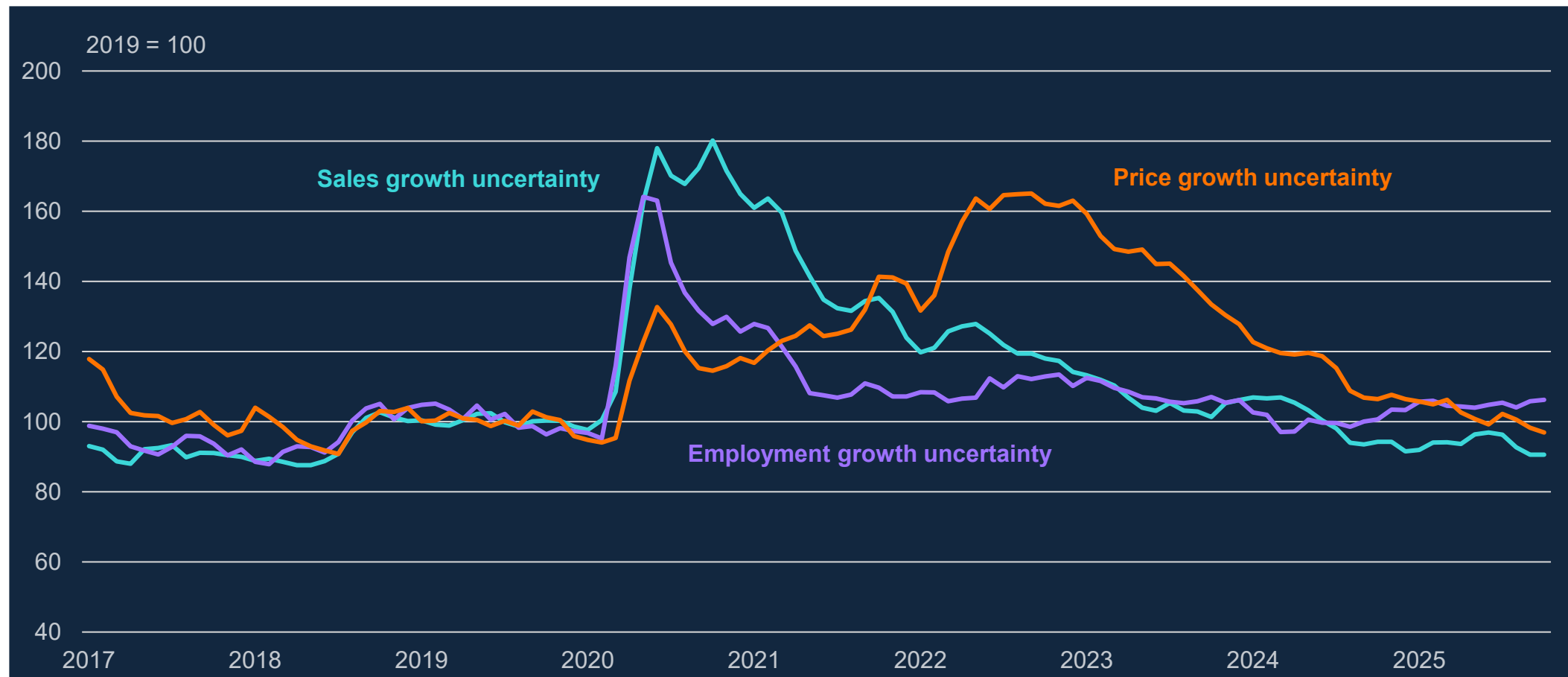


Source: Decision Maker Panel.
Notes: Results from March 2024 survey.

4) Uncertainty and anchoring:

Firms' subjective price-growth uncertainty has returned to pre-COVID levels

Measures of uncertainty, by type



Source: Decision Maker Panel.
Latest data: October 2025.

Research Opportunities, Monetary Policy Focus

- DMP survey data will continue to be key to assess normalization
 - Distributions, state-dependency, threshold, asymmetries, CPI sensitivity
 - Ongoing questions of relevance for monetary policy
 - International exposure (to trade, international prices, Sterling) and firm margin of adjustment
 - Sector, size and differential margin of adjustment to NICs, NLW
 - Ownership (MNC vs. domestic, listed vs. private) and cost – price relationships
 - Interest rate vs. hurdle rate sensitivity
 - Sector competition and price-cost margins
-



The Low Pay Commission and use of data and information from the Decision Maker Panel

Panel discussion at the
Understanding Business Conditions, Expectations and Uncertainty conference

17 November 2025

Tim Butcher

Overview of the LPC

- Low Pay Commission makes recommendations on the National Minimum Wage, including the National Living Wage.
- Our remit for the NLW in 2026 asked us to:
 - Ensure that the rate does not drop below two-thirds of median earnings for workers in the NLW population.
 - Take account of the cost of living, including inflation forecasts between April 2026 and April 2027.
 - Take account of the impact on business, competitiveness, the labour market and the wider economy.
- We were required to report to the Government by the end of October (which we have done and are now awaiting its response).

The evidence required for our remit

- Need background economic context:
 - Macroeconomy
 - Labour market
 - Inflation
 - Earnings
- Impact of the National Minimum Wage in greater detail
 - Low-paying sectors
 - Low-paid groups of workers
 - Low-paying geographic areas
 - Size of firm

Sources include:

- ONS
- Business insights (BICS, DMP and BoE Regional agents)
- Pay settlements (IDR, Brightmine, LRD)
- LM insights (CIPD, Indeed, REC)
- Business and consumer confidence (GfK, Deloitte, CBI, FSB etc)
- Forecasts (BoE, HMT panel, OBR)
- Stakeholder evidence – consultations, surveys of members (CBI, CIPD, FSB), visits around UK, focus groups
- Impacts on workers (household incomes (FRS), focus groups, visits

Decision Maker Panel

- Regular and timely business survey
- Larger than many
- Includes firms of all sizes greater than 10 employees
- Quantitative as well as qualitative – useful bridge to understand data from other sources. Quantitative aspect of the answers provides useful/better insights than the usual balance of responses
- Ability to link with other sources to enable further insights
- Good insights on earnings growth, inflation and employment
- Helps supplement information from elsewhere

Wage growth was expected to slow by around 1 ppt according to the DMP (this was in line with forecasts from the Bank and the HMT panel)

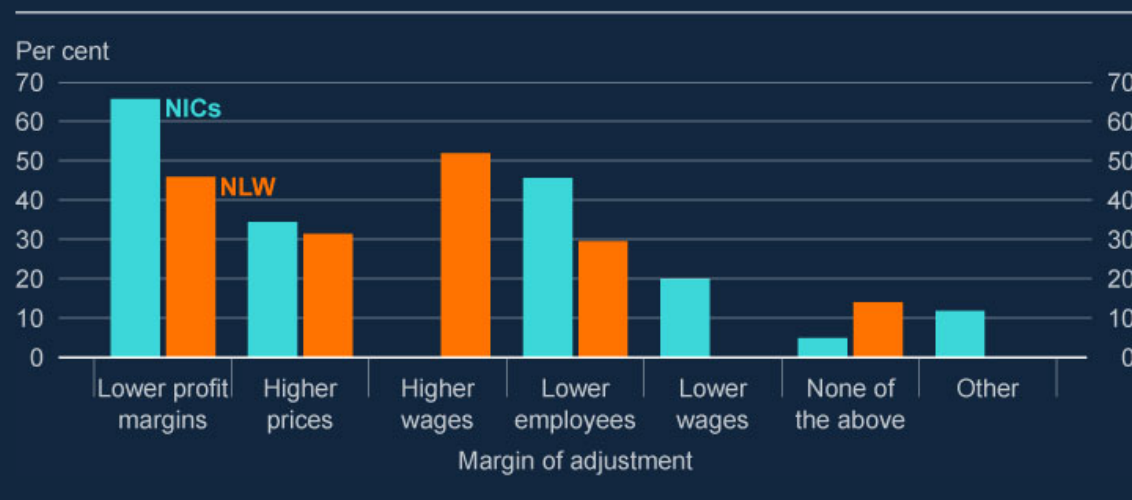


- We use ASHE as a baseline for the median supplemented by AWE and wage forecasts (HMT panel and BoE)
- Other sources (RTI, pay settlements) for robustness checks and further insights
- The DMP data is monthly and projects twelve months ahead giving us an indication of employer expectations of pay growth over the coming months (for our recommendations it would help to have an 18-24 month horizon)

Changes to NICs affected ability to identify minimum wage effects

Chart 5: Firms expect lower profit margins as the main adjustment to NICs, and higher wages in response to NLW changes

Firms' margins of adjustment to NICs and NLW changes ^(a)



- Last autumn, changes to employer NICs were announced.
- Implemented in April at the same time as the NMW upratings
- Creating difficulty for us to identify NMW effects
- The NICs changes had greater effects on firms most exposed to the NMW (creating similar difficulties to the pandemic)
- The DMP can potentially help identify separate effects. We are not aware of other data sources that can potentially do this.

Research on the impact of the NMW/NLW

- We commissioned Decision Maker Services to conduct research for us to assess the impact of the minimum wage increases in April 2025 and April 2026
- It is a two-year project with a final report due in the autumn of 2026
- An interim report uses analysis based on firm-level survey data collected through the Decision Maker Panel (DMP) and focuses on the impact of NLW upratings on wage growth, employment, and pricing
- It looks at whether:
 - Firms more exposed to the NLW have experienced higher wage growth over recent years up to 2025
 - Having more workers above but close to the NLW, is also correlated with higher recent wage growth
 - Looking ahead to 2026, to assess how the differences in expected wage growth for firms with high versus low NLW exposure have varied in recent years.
 - Whether firms more exposed to the NLW have reported higher recent own-price inflation and lower employment growth

Conclusion

- The Decision Maker Panel is a useful resource to complement our other evidence from:
 - In-house analysis
 - Commissioned and independent research
 - Stakeholder evidence
- In particular this year, it has helped our understanding of the impact of the changes in employer NICs and increases in the NMW which were implemented in April. The data was very timely.
- The commissioned research using the DMP has enabled us to address questions that we would not be able to do using other data sources available to us. It also provides us with much more timely analysis than is usual when looking at firms.