

# Bedfordshire Quarterly Economic Survey Results

Q1 2017

*Based on data collected 20th February to 13th March 2017*



Bedfordshire Chamber of Commerce

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- Manufacturers export sales up from Q4 2016 but advanced orders for next quarter show sharp downturn.
- 11% of respondents expect their workforce to reduce in the next 3 months.
- Domestic sales highest reported since Q4 2015.

*“83 businesses responded that collectively employed over 10,000 people”*

## Introduction to Findings

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### Background

Bedfordshire Chamber of Commerce provides business support services to members who collectively employ approximately 25% of Bedfordshire’s workforce.

The aim of the Chamber is to support businesses to grow and help create the best climate for the county to prosper. This is achieved by ensuring that those taking decisions on key issues such as skills, infrastructure, taxation and business regulation hear the voice of our members.

The representation of members’ views is an essential part of the Chamber service, where our mission is to nurture a winning business network that helps people connect, grow and ensure their message is heard.

### The national survey...

Forming part of the British Chamber of Commerce’s national survey, the QES is the principal national business survey and the first to be published in each quarter. Its results are closely watched by both the Bank of England’s Monetary Policy Committee and the Treasury.

The data reveals a timely and accurate snapshot for the economic climate for businesses in Bedfordshire and beyond.

### Local results...

The results for Bedfordshire have been collated and presented below to ensure our members receive a local view ahead of the national publication which will be provided in due course.

## Local Economy Findings

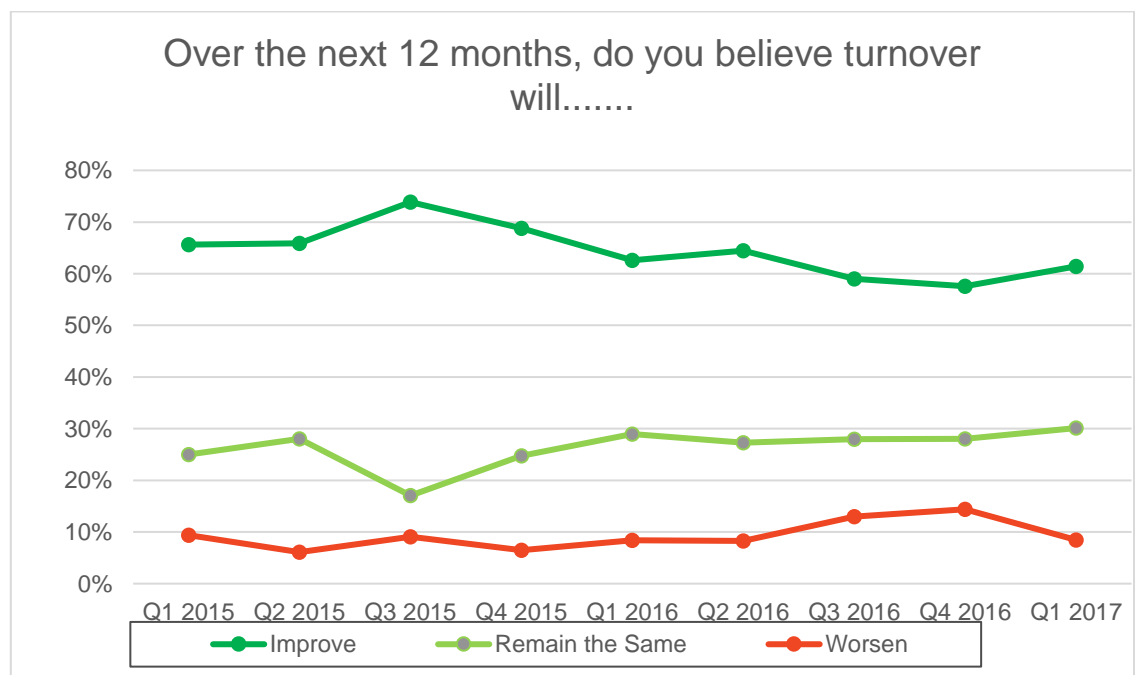
There were 83 respondents to the Quarterly Economic Survey for Quarter 1 2017 and those businesses employed over 10,000 people.

14% of the respondents were sole traders, 58% small businesses (2-49 employees), 16% medium sized (50-249 employees) and 12% large businesses (250+ employees).

25 respondents described Professional Services as being the sector that best fits their main business activity, 21 as Manufacturing and 15 as Other Services. Other sectors represented included Retail/Wholesale, Construction, Marketing/Media, Transport/Distribution, Wholesale/Retail, Tourism and Public or voluntary sector services.

### Business Confidence

There were improvements in business confidence from Q4 2016 survey responses when questioned about turnover and profitability prospects for the next 12 months, seemingly driven by stronger domestic sales and advanced orders.



## Domestic Market

Domestic demand for Bedfordshire businesses improved dramatically in Q1 2017 and reported numbers show the highest reported since Q4 2015. 41% of respondents registered an increase in sales whilst 12% saw a decline compared to 37% and 15% respectively in the previous quarter.

Advanced domestic orders or custom also showed improvement with 35% of businesses expecting orders to increase compared to 31% in Q4 2016 results.

## International Market

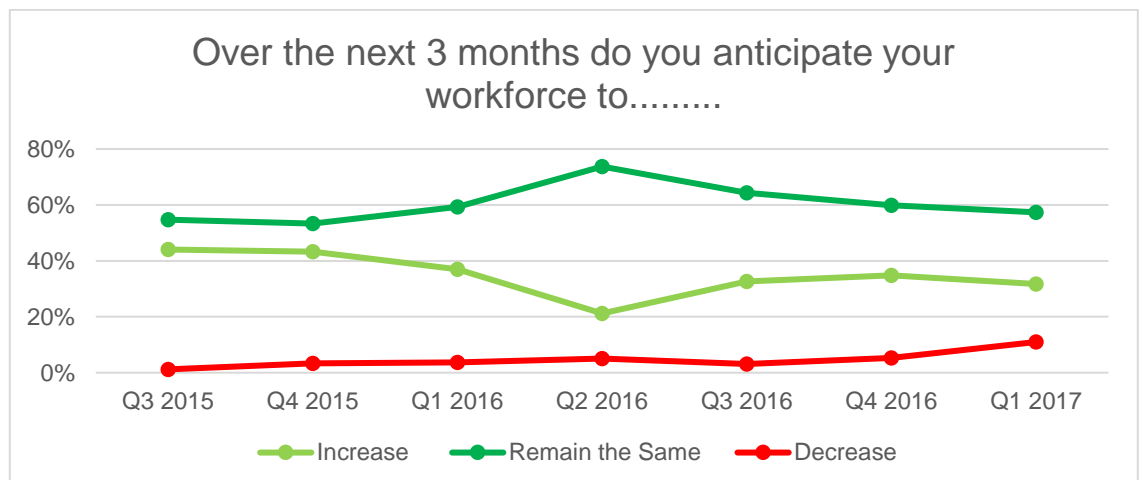
There was a significant recovery for manufacturers in Q1 2017 in export sales, when compared to the previous quarter, but a downturn in fortunes for the service sector.

The business barometer for local manufacturers indicates a +4% for export activity but a contraction of -5% for the services sector.

## Employment & Skills

Over the past 3 months only 23% of respondents increased their workforce, the lowest level in 2 years and the concerning news over the next quarter is that 11% expect their workforce to decrease, the highest level in a number of years.

56% of those businesses recruiting have experienced difficulties with the hardest positions to fill classed as technical/skilled manual, closely followed by professional/managerial.

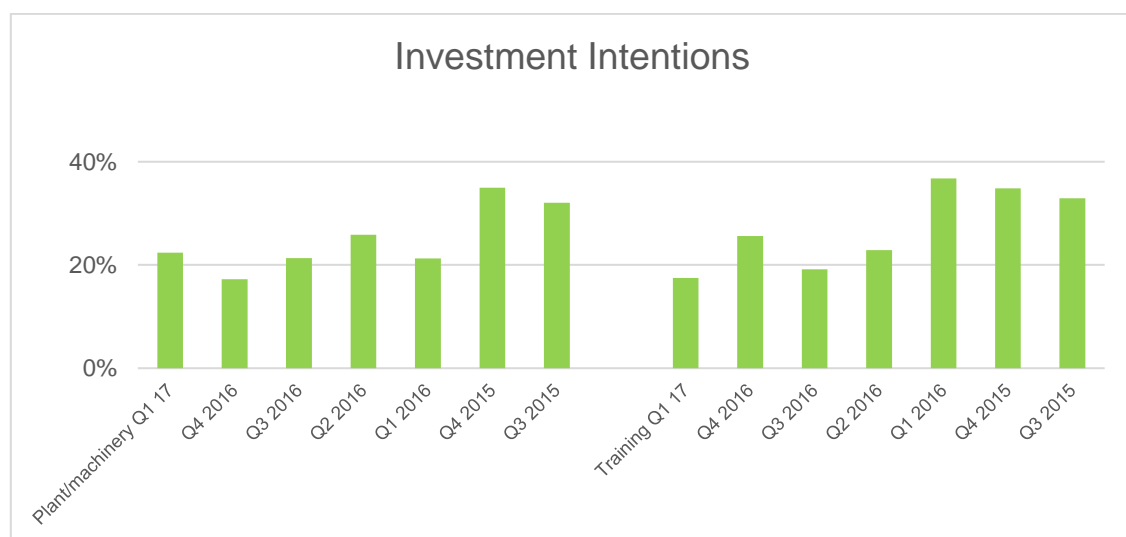


### Investment Intentions

Investment intentions for plant & machinery improved on the previous quarter with expectation levels for investment up with 22% of respondents saying their intentions for investment have increased, 63% to remain constant and 14% expect them to decrease.

There was a sharp decline in investment plans for training on the previous quarter, with only 18% of businesses expecting to invest in training over the next 3 months, compared to 26% in Q4 2016.

Indicators point towards UK labour market conditions cooling over the next few years as the expected slowdown in growth and the rising burden of upfront business costs stifle firms' hiring intentions.



### Cashflow

Just over one in four respondents reported that their cashflow had improved in Q1 2017, whilst 50% of businesses said that it had remained constant over the period. The cashflow barometer -9% down from 12 months ago and continues to remain a concern.

### Capacity

39% of the survey respondents stated they were operating at full capacity.

*Would you like an objective view of how your business is performing? Members, EFM who specialise in Business Advisory and Financial Management, provide an online performance tool to highlight where you could make improvements, which considers a range of measures beyond just profits.*

To take the quiz press here: [Business Performance Analysis](#)

### The bottom line...

*The results of the survey found that businesses are continuing to feel inflationary pressure. The percentage of manufacturers reporting raw materials as the key driver of increased prices is at the highest level since Q4 2011, and in both sectors a significant proportion of firms expect to raise their own prices over the next 3 months.*

*The findings indicate that while confidence in turnover and profitability improved over the previous quarter, investment intentions particularly in recruitment and training remain low.*

*Some key points from the British Chambers of Commerce (BCC) UK forecast:*

- *BCC upgrades its UK economic growth forecast for 2017, but downgrades outlook for 2018.*
- *Inflation breaches the Bank of England's 2% target as earnings growth continues to slow.*
- *Federal Reserve raises US interest rates and more rises are expected this year.*