

# Bedfordshire Quarterly Economic Survey Results

Q2 2017

*Based on data collected 22nd May to 12th June 2017*



Bedfordshire Chamber of Commerce

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- Local businesses have shown resilience during a period of political and economic uncertainty.
- Over the past 3 months 30% of respondents increased their workforce.

*“109 businesses responded that collectively employed over 11,000 people”*

## Introduction to Findings

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### Background

Bedfordshire Chamber of Commerce provides business support services to members who collectively employ approximately 23% 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 109 respondents to the Quarterly Economic Survey for Quarter 2 2017 and those businesses employed over 11,000 people.

10% of the respondents were sole traders, 61% small businesses (2-49 employees), 18% medium sized (50-249 employees) and 11% large businesses (250+ employees).

38 respondents described Professional Services as being the sector that best fits their main business activity, 24 as Manufacturing and 18 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

Business confidence remained in line with Q1 2017 survey responses when questioned about turnover and profitability prospects for the next 12 months.

Local businesses have shown resilience during a period of political and economic uncertainty with 61% of respondents expecting their turnover to increase over the next 12 months, with 55% anticipating improvements in profits.



## Domestic Market

Domestic demand for Bedfordshire businesses continued to improve in Q2 2017 and once again the numbers have shown strong resilience despite uncertainty and inflation becoming a major challenge. 46% of respondents registered an increase in sales whilst 12% saw a decline compared to 41% and 12% respectively in the previous quarter.

Advanced domestic orders or custom remained in line with Q1 results.

## International Market

There was continued recovery for manufacturers in Q2 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 +2% for export activity but a contraction of -1% for the services sector.

## Employment & Skills

Over the past 3 months 30% of respondents increased their workforce, showing on an improvement on the previous quarter but 61% of those businesses recruiting have experienced difficulties. The hardest positions to fill classed as professional/managerial, closely followed by technical/skilled manual.

Although the local jobs market remains on a relatively firm footing, businesses in Bedfordshire continue to highlight the difficulties in finding the right talent to support their growth aspirations.



### Investment Intentions

Investment intentions for plant & machinery declined from the previous quarter with expectation levels for investment down with 18% of respondents saying their intentions for investment have increased, 73% to remain constant and 9% expect them to decrease.

There was a sharp increase in investment plans for training on the previous quarter, with 26% of businesses expecting to invest in training over the next 3 months, compared to 18% in Q1 2017.

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 under one in three respondents reported that their cashflow had improved in Q2 2017, whilst 55% of businesses said that it had remained constant over the period.

### Capacity

37% of the survey respondents stated they were operating at full capacity down 2% points from the previous quarter.

*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...

*Anaemic economic growth reinforces case for action*

*The British Chambers of Commerce (BCC) has today (Monday) slightly upgraded its UK growth forecast for 2017 from 1.4% to 1.5%. Its expectations for growth in 2018 and 2019 remain unchanged at 1.3% and 1.5% respectively.*

*Despite the slight upgrade to our outlook for 2017, growth over the next few years is forecast to remain anaemic – and well below historical averages.*

*Despite slower than expected growth in Q1 2017, the leading business group has slightly upgraded its growth forecast for 2017 as a whole – mainly as a result of stronger global outlook growth, including in key markets for UK businesses. While lower sterling has had mixed results of late, it remains likely to boost short-term export activity this year.*

*Rising inflation is anticipated to remain a key concern for businesses and consumers, and is forecast to peak at 3.4% this year – a five year high. Our new forecast is that the first increase in UK official interest rates, to 0.5%, will occur in Q1 2018. This is three quarters earlier than predicted in our Q1 forecast.*

*With inflation rising and average earnings growth is expected to hold steady, wage growth in real terms is expected to remain negative over the next few years. As a consequence, consumer spending, a key driver of UK growth, is forecast to remain persistently weak over the next few years.*

*Economic growth is expected to remain well below historical averages through the forecast period, which reinforces the need to focus on creating the conditions for growth in the UK economy. Following an inconclusive General Election, the Chamber Network is calling for a cross-party focus on supporting business in all parts of the United Kingdom over the crucial months and years ahead.*