

## Dorset Chamber of Commerce and Industry Quarterly Economic Survey: Quarter 1 2017

The British Chambers of Commerce (BCC) Quarterly Economic Survey, with more than 7,300 respondents nationwide in Quarter 1 of 2017, showed solid growth in both the manufacturing and service sectors with both showing increased domestic and export sales over the quarter. Short term expectations were perceived to be strong but there was less certainty for the medium term. Manufacturers are facing higher costs which are feeding through into price rises. This is set to continue with further pressures from business rates, Apprenticeship Levy, National Living Wage and insurance premium tax. The service sector is moving closer to historic trend levels. In Dorset, whilst growth over the last quarter was largely positive and both cashflow and investment intentions improved, recruitment appeared to slow. Confidence for the coming year grew.

- The survey took place from 20<sup>th</sup> February to 3<sup>rd</sup> March 2017.
- There were 108 respondents to the Dorset survey, up considerably from 27 in Quarter 4 of 2016.
- 33 respondents were exporters.

### Opinion

More than half of Dorset respondents described the **economic climate** as good or strong and positive and just over a third said it was okay.

Almost two-thirds of the respondents said the **economic climate in their sector** was strong/positive or good. Both indicators were more positive than in the previous quarter.

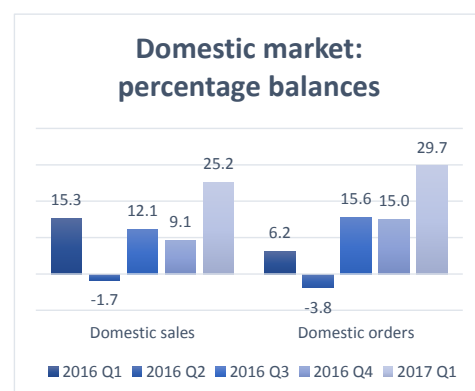
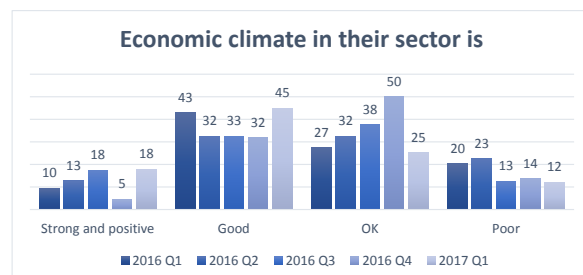
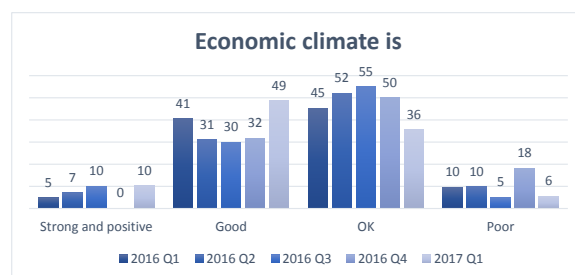
### Performance

**Domestic sales** improved over the quarter with more respondents reporting improved sales than worsening<sup>1</sup>, though more than half remained static. Nationally, domestic sales continued positive and improved.

**Domestic orders** improved again in Dorset with more respondents reporting improving orders than worsening. Again, more than half remained static. Domestic orders also improved nationally.

**Export sales** remained positive in Dorset with more respondents reporting improving export sales than worsening. Nationally, export sales improved in both the manufacturing and service sectors.

Export orders were also positive in Dorset and, nationally, manufacturers saw an improvement over the quarter.



<sup>1</sup> QES results are mostly presented as balance figures – the percentage of firms reporting an increase minus the percentage reporting a decrease. If the balance is a plus figure then it indicates expansion of activity or improvement. A negative balance indicates contraction or worsening. Eg: 30% said sales improved but 50% said sales worsened gives percentage balance of -20.

62% of Dorset employers **attempted to recruit** over the last quarter, down from 68% in Q3 (but there was a very low number of respondents in Q3). Recruitment was largely for permanent and full time posts. Firms continued to experience recruitment difficulties, although this dropped over the quarter. Recruitment difficulties in Dorset firms were largely for professional/managerial positions. Nationally, more employers attempted to recruit, but high levels of recruitment difficulty were experienced.

Employment remained positive with more Dorset employers reporting **employment growth** than shrinkage. There was a positive outlook locally for employment growth in the coming quarter.

**Cashflow** improved in Dorset with a higher percentage of respondents saying it had improved over the last quarter than worsened, although more than half of the respondents remained stable.

**Investment plans for plant/machinery/equipment** improved, with more respondents saying they had revised their plans upwards than downwards, although well over half remained static. Nationally, investment intentions remain low.

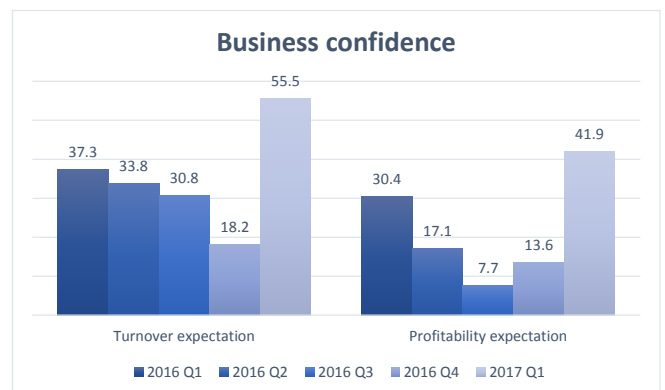
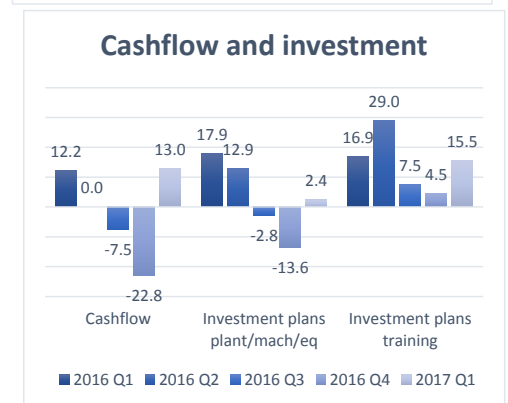
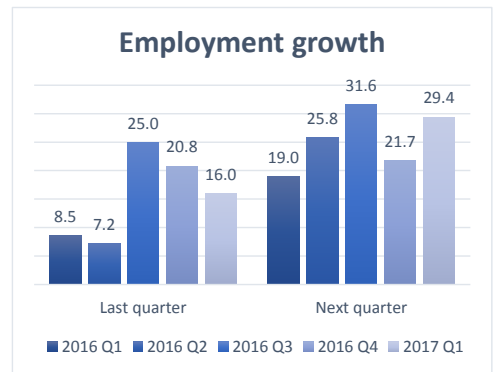
**Investment plans for training** over the quarter continued positive.

About 42% of Dorset respondents were operating at **full capacity**, much in line with the previous quarter.

## Business confidence

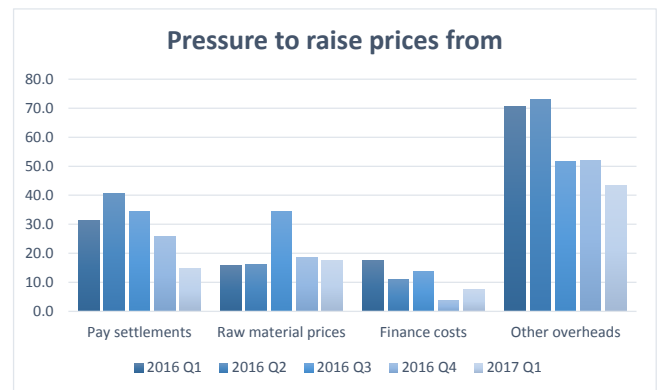
As nationally, **employment expectations** for the next quarter were positive with more than a third of respondents expecting positive employment growth and seven per cent expecting worsening. More than half of the respondents expected employment to remain unchanged.

Dorset businesses had a positive outlook for the year ahead with more respondents expecting **turnover** and **profitability** to improve than decline. Nationally, confidence in turnover and profitability improved.



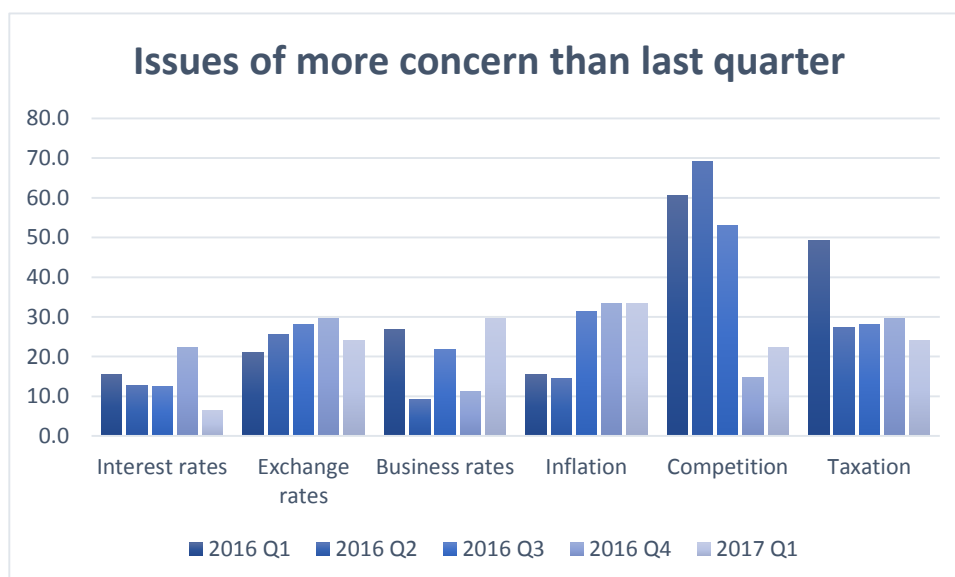
Over the coming year, more Dorset respondents expect that the **price of goods and services** will rise than fall – none expect prices to fall. Pressure is largely from ‘other overheads’.

Nationally, the percentage balance of firms expecting prices to go up remained high with raw materials a particular issue for manufacturers.



## Issues and priorities

A third of Dorset respondents said that inflation was of more concern than in the previous quarter, much unchanged in three quarters now. Growing proportions expressed concern about business rates and competition.



Top priorities for Dorset businesses were: gaining more customers, growing the business and raising business profile followed by recruitment and skills. There are some links with the top local issues and concerns, as shown in the table below.

<b>Top priorities (Dorset):</b>	Gaining more customers	Growing my business	Raising my profile	Recruiting good staff	Developing skills in my business
<b>Local issues:</b>	Development on a local level	Business rates	Competition		Skills gaps
<b>Local concerns:</b>	Legislation and regulation	Leaving the European Union	The threat from competitors		Recruitment