

Dorset Chamber of Commerce and Industry

Quarterly Economic Survey: Quarter 3 2016

The British Chambers of Commerce (BCC) Quarterly Economic Survey, with more than 7,000 respondents nationwide in Quarter 3 of this year, suggests that growth slowed further following the EU referendum, particularly in the service sector. Forward confidence in turnover and profitability flagged for firms across the UK. In Dorset, whilst growth over the last quarter was largely positive, the cashflow situation worsened and confidence for the coming year fell. Employment growth and outlook were positive with more firms attempting to recruit, but also more experiencing difficulties.

- The survey took place from 22nd August to 12th September 2016.
- There were 40 respondents to the Dorset survey, down from 71 in Quarter 2 of 2016.
- Nine respondents were exporters.

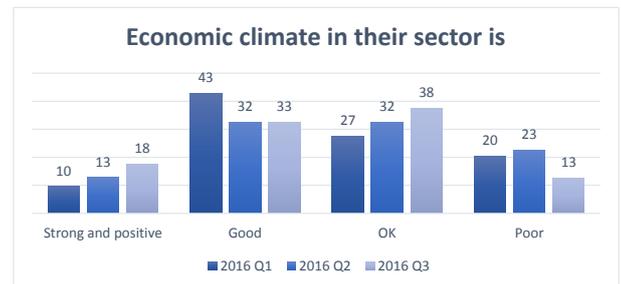
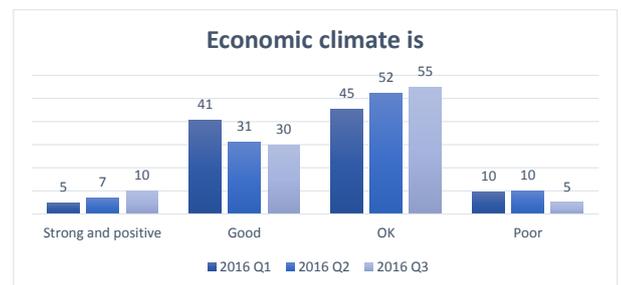
Opinion

40% of Dorset respondents described the **economic climate** as strong/positive or good and more than half said it was okay.

Half of the respondents said the **economic climate in their sector** was strong/positive or good.

Both indicators were slightly more positive over the quarter.

As this survey took place after the referendum, respondents were asked to what extent the EU referendum result had affected investment intentions and recruitment decisions in their business. Almost half said there had been some influence on investment intentions (45%) and more than a third said there had been some influence on their recruitment decisions (35%).

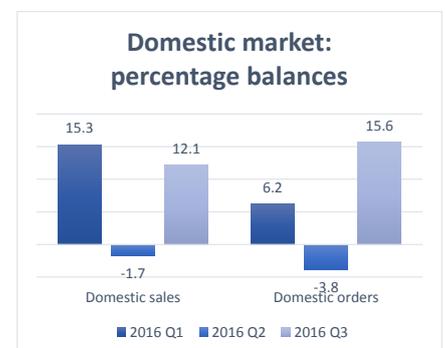


Performance

Domestic sales saw improvement over the quarter with more respondents reporting improving sales than worsening¹ although almost half remained static. Nationally, the picture was much the same.

Domestic orders also shifted back to a positive percentage balance in Dorset with more respondents reporting improving orders than worsening.

Export sales saw some improvement in Dorset with fewer respondents

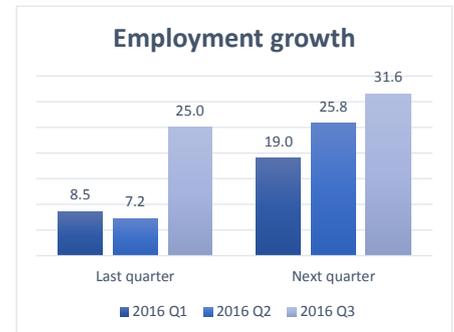


¹ QES results are mostly presented as balance figures – the percentage of firms reporting an increase minus the percentage reporting a decrease. If the balance is a plus figure then it indicates expansion of activity or improvement. A negative balance indicates contraction or worsening. Eg: 30% said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

reporting worsening export sales than in the last quarter. However, exports remained less positive than nationally where improved export sales were seen for manufacturers. As in Q2, more respondents reported worsening than improvement in **export orders** in Dorset.

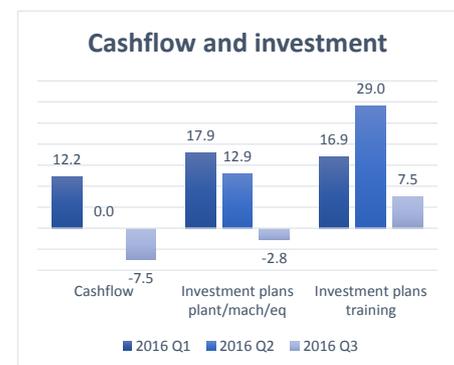
64% of Dorset employers **attempted to recruit** over the last quarter, up from 55% in Q2. Recruitment was largely for full time and permanent posts. Firms continued to experience recruitment difficulties: this increased over the year with 84% reporting difficulty in this quarter. Recruitment difficulties in Dorset firms were largely for professional/managerial positions.

Employment was more positive than in Q2 with more Dorset employers reporting **employment growth** than shrinkage. There was a positive outlook for employment growth in the coming quarter – as nationally.



Under a third of Dorset respondents indicated that they employ **apprentices** and these are **mostly at intermediate level**.

A higher percentage of Dorset respondents said that their **cashflow** had worsened over the last quarter than improved, although almost two-thirds remained stable.



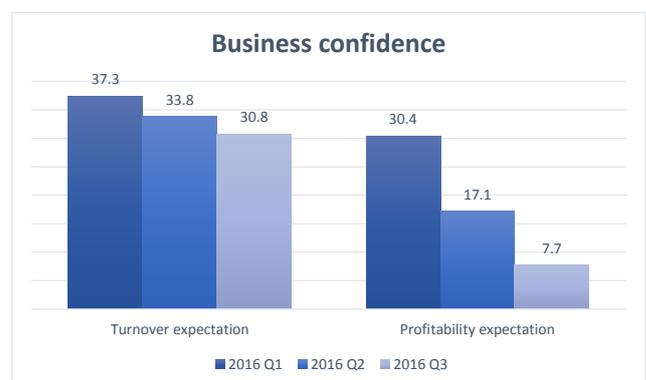
Investment plans for plant/machinery/equipment deteriorated over the quarter, with more respondents saying they had revised their plans downwards than upwards, although almost two-thirds remained static.

Investment plans for training over the quarter remained positive but most respondents remained static.

About 33% of Dorset respondents were operating at **full capacity**, down from earlier quarters this year.

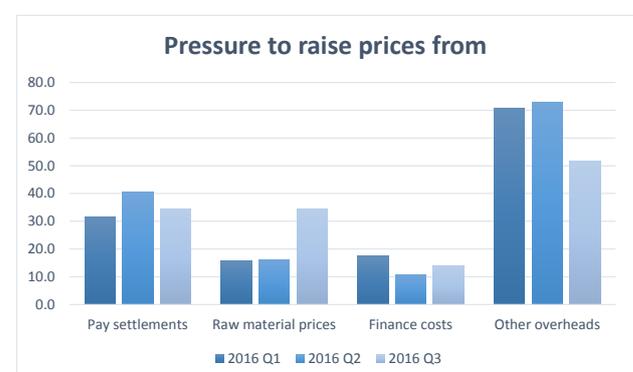
Business confidence

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



Whilst Dorset businesses had a positive outlook for the year ahead with more respondents expecting **turnover** and **profitability** to improve than decline, there was a decline in optimism over the quarter, as nationally. More than two-fifths of Dorset respondents expected turnover and profitability to remain constant.

Over the coming year, there was an increased expectation from Dorset respondents that the **price**



of goods and services will rise. This is much in line with the national picture.

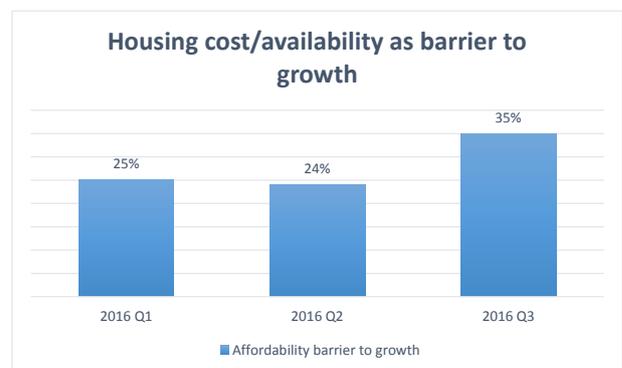
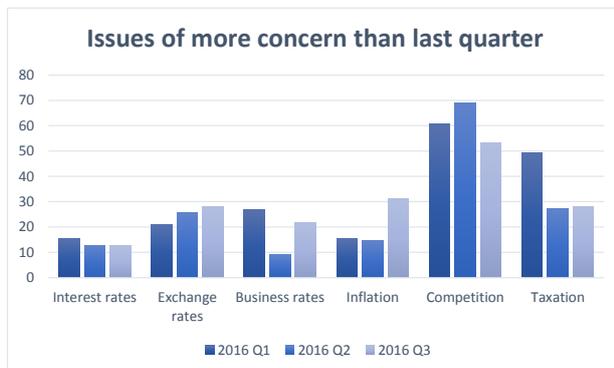
Pressure on prices from raw materials costs rose most over the quarter.

Issues and priorities

Over the quarter, Dorset respondents indicated increased concern about competition, inflation and exchange rates in particular.

Top priorities for Dorset businesses focused on skills and recruitment and business growth. These have close links with the top local issues, concerns and areas where help would be welcomed, as shown in the table below.

35% of Dorset respondents indicated that the cost or availability of **local housing** was a barrier to growth – up on the previous quarter.



Top priorities (Dorset):	Developing skills in my business	Recruiting good staff	Developing innovation in my business	Growing my business	Gaining more customers
Local issues:	Skills gap		Competition	Infrastructure, i.e, roads, rail etc.	
Concerns:		Recruitment	The threat from competitors	Leaving the European Union	

Anne Gray
Dorset County Council, Policy & Research
01305 224575
a.e.gray@dorsetcc.gov.uk
18th October 2016